

Appropriation Account 2021

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 2021 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 2021, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €448,400 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 circulars 1 and 9 of 2022, have been applied in the preparation of the account.

Depreciation

A full year's depreciation is charged in the year of acquisition/commissioning and no depreciation is charged in the year of disposal. Depreciation is charged 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 State Chemist. 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 Services 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 National Shared Services Office that the appropriate controls are exercised in the provision of shared services to the State 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.

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.

Non-compliance with procurement rules

I confirm that 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. The State Laboratory has provided details of three non-competitive contracts in the annual return in respect of circular 40/2002 to the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

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 State 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 responsibility for operation of controls assigned 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 State 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 2021 that require disclosure in the appropriation account.

Covid-19 control issues

Assessments of the impact of Covid-19 were carried out and the results confirmed that all controls continued to operate during the Covid-19 restrictions as the Laboratory remained open throughout the pandemic.

Ita Kinahan
Accounting Officer
State Laboratory

29 March 2022

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 2021 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 2021, 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 appendix to this report. 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 appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

22 June 2022

Appendix to the report

Responsibilities of the Accounting Officer

The Accounting Officer is responsible for

- the preparation of the appropriation account in accordance with Section 22 of the Exchequer and Audit Departments Act 1866
- ensuring the appropriation account complies with the requirements of the Department of Public Expenditure and Reform's *Public Financial Procedures*, and with other directions of the Minister for Public Expenditure and Reform
- ensuring the regularity of transactions, and
- implementing such internal control as the Accounting Officer determines is necessary to enable the preparation of the appropriation account free from material misstatement, whether due to fraud or error.

Responsibilities 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 account and to report thereon to the Houses of the Oireachtas stating whether, in my opinion, the account properly presents the receipts and expenditure related to the vote.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the appropriation account.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I assess whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with.

I communicate with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the appropriation account to be readily and properly audited, or
- the appropriation account is not in agreement with the accounting records.

Reporting on the statement on internal financial control

My opinion on the appropriation account does not cover the Accounting Officer's statement on internal financial control, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the appropriation account, I am required under the ISAs to read the statement on internal financial control and, in doing so, consider whether the information contained therein is materially inconsistent with the appropriation account or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement, I am required to report that fact.

Reporting on other matters

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I am required to report under section 3 of the Comptroller and Auditor General (Amendment) Act 1993 if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I am also required under the 1993 Act to prepare, in each year, a report on such matters arising from my audits of the appropriation accounts as I consider appropriate. In such cases, the certificates of opinion on the relevant appropriation accounts refer to the relevant chapter(s) in my annual *Report on the Accounts of the Public Services*.

Vote 14 State Laboratory

Appropriation Account 2021

| | | 2021 | 2020 |
|---|--------------------|---------------|---------------|
| | Estimate provision | Outturn | Outturn |
| | €000 | €000 | €000 |
| Programme expenditure | | | |
| A Government analytical laboratory and advisory service | 11,559 | 11,190 | 11,061 |
| Gross expenditure | 11,559 | 11,190 | 11,061 |
| <i>Deduct</i> | | | |
| B Appropriations-in-aid | 1,046 | 1,125 | 1,028 |
| Net expenditure | 10,513 | 10,065 | 10,033 |

Surplus

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

| | 2021 | 2020 |
|----------------------------------|----------------|----------------|
| | € | € |
| Surplus to be surrendered | 448,400 | 238,248 |

Ita Kinahan
Accounting Officer
State Laboratory

29 March 2022

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2021

| | | 2021 | 2020 |
|--|-------|---------------|---------------|
| | €000 | €000 | €000 |
| Pay | | 6,219 | 6,030 |
| Non pay | | 4,971 | 5,031 |
| Gross expenditure | | 11,190 | 11,061 |
| <i>Deduct</i> | | | |
| Appropriations-in-aid | | 1,126 | 1,028 |
| Net expenditure | | 10,064 | 10,033 |
| Changes in capital assets | | | |
| Purchases cash | (715) | | |
| Depreciation | 873 | | |
| Loss on disposals | — | 158 | 268 |
| Changes in net current assets | | | |
| Decrease in closing accruals | (326) | | |
| Increase in stock | (36) | (362) | (835) |
| Direct expenditure | | 9,860 | 9,466 |
| Expenditure borne elsewhere | | | |
| Net allied services expenditure (note 1.1) | | 1,666 | 1,488 |
| Notional rents | | 1,688 | 1,688 |
| Net programme cost | | 13,214 | 12,642 |

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.

| | | 2021 | 2020 |
|---------|---------------------------------------|--------------|--------------|
| | | €000 | €000 |
| Vote 9 | Office of the Revenue Commissioners | 8 | 8 |
| Vote 12 | Superannuation and Retired Allowances | 1,550 | 1,447 |
| Vote 13 | Office of Public Works | 98 | 22 |
| Vote 18 | National Shared Services Office | 10 | 11 |
| | | 1,666 | 1,488 |

Note 2 Statement of Financial Position as at 31 December 2021

| | Note | 2021 €000 | 2020 €000 |
|----------------------------------|------|--------------|--------------|
| Capital assets | 2.1 | 1,772 | 1,930 |
| Current assets | | | |
| Bank and cash | | 270 | 237 |
| Stocks | 2.2 | 269 | 233 |
| Prepayments | 2.3 | 1,265 | 933 |
| Other debit balances | | 5 | 8 |
| Accrued income | | 91 | 93 |
| Total current assets | | 1,900 | 1,504 |
| Less current liabilities | | | |
| Accrued expenses | 2.4 | 123 | 120 |
| Other credit balances | 2.5 | 254 | 221 |
| Net Exchequer funding | 2.6 | 21 | 24 |
| Total current liabilities | | 398 | 365 |
| Net current assets | | 1,502 | 1,139 |
| Net assets | | 3,274 | 3,069 |
| Represented by: | | | |
| State funding account | 2.7 | 3,274 | 3,069 |

2.1 Capital assets

| | Equipment | Furniture and fittings | Total |
|---|------------------|-------------------------------|--------------|
| | €000 | €000 | €000 |
| Gross assets | | | |
| Cost or valuation at 1 January 2021 | 13,368 | 559 | 13,927 |
| Additions | 715 | — | 715 |
| Disposals | (532) | — | (532) |
| Cost or valuation at 31 December 2021 | 13,551 | 559 | 14,110 |
| Accumulated depreciation | | | |
| Opening balance at 1 January 2021 | 11,451 | 546 | 11,997 |
| Depreciation for the year | 871 | 2 | 873 |
| Depreciation on disposals | (532) | — | (532) |
| Cumulative depreciation at 31 December 2021 | 11,790 | 548 | 12,338 |
| Net assets at 31 December 2021 | 1,761 | 11 | 1,772 |
| Net assets at 31 December 2020 | 1,917 | 13 | 1,930 |

2.2 Stocks

| at 31 December | 2021 | 2020 |
|--------------------------------------|-------------|-------------|
| | €000 | €000 |
| Chemicals and laboratory consumables | 231 | 196 |
| Stationery and IT consumables | 38 | 37 |
| | 269 | 233 |

2.3 Prepayments

| at 31 December | 2021 | 2020 |
|-------------------|--------------|-------------|
| | €000 | €000 |
| Laboratory and IT | 1,200 | 878 |
| Administration | 65 | 55 |
| | 1,265 | 933 |

2.4 Accrued expenses

| at 31 December | 2021 | 2020 |
|-------------------|-------------|-------------|
| | €000 | €000 |
| Laboratory and IT | 61 | 66 |
| Administration | 62 | 54 |
| | 123 | 120 |

2.5 Other credit balances

| at 31 December | 2021 | 2020 |
|--|-------------|-------------|
| | €000 | €000 |
| Amounts due to the State | | |
| Income tax | 84 | 83 |
| Pay related social insurance | 57 | 54 |
| Universal social charge | 17 | 16 |
| Local property tax | — | 1 |
| Value added tax on intra-EU acquisitions | 47 | 21 |
| | 205 | 175 |
| Payroll deductions held in suspense | 49 | 46 |
| | 254 | 221 |

2.6 Net Exchequer funding

| at 31 December | 2021 | 2020 |
|------------------------------|-------------|-------------|
| | €000 | €000 |
| Surplus to be surrendered | 448 | 238 |
| Exchequer grant undrawn | (427) | (214) |
| Net Exchequer funding | 21 | 24 |
| Represented by: | | |
| Debtors | | |
| Bank and cash | 270 | 237 |
| Debit balances: suspense | 5 | 8 |
| | 275 | 245 |
| Creditors | | |
| Due to the State | (205) | (175) |
| Credit balances: suspense | (49) | (46) |
| | (254) | (221) |
| | 21 | 24 |

2.7 State funding account

| | Note | 2021 | 2020 |
|--------------------------------------|-------------|--------------|--------------|
| | | €000 | €000 |
| Balance at 1 January | | 3,069 | 2,502 |
| Disbursements from the Vote | | | |
| Estimate provision | Account | 10,513 | |
| Surplus to be surrendered | Account | (448) | |
| Net vote | | 10,065 | 10,033 |
| Expenditure (cash) borne elsewhere | 1.1 | 1,666 | 1,488 |
| Non cash expenditure – notional rent | 1 | 1,688 | 1,688 |
| Net programme cost | 1 | (13,214) | (12,642) |
| Balance at 31 December | | 3,274 | 3,069 |

2.8 Commitments

| Global commitments | 2021 | 2020 |
|---|-------------|-------------|
| at 31 December | €000 | €000 |
| Goods and services | 628 | 485 |
| Total of legally enforceable commitments | 628 | 485 |

Note 3 Vote Expenditure

Analysis of administration expenditure

All of the allocation for Vote 14 State Laboratory is classified as administration expenditure applied towards a single programme: Government analytical laboratory and advisory service.

| | | 2021 | | 2020 |
|-----|--|---------------------------|----------------|----------------|
| | | Estimate provision | Outturn | Outturn |
| | | €000 | €000 | €000 |
| i | Salaries, wages and allowances | 6,479 | 6,219 | 6,030 |
| ii | Travel and subsistence | 45 | 1 | 8 |
| iii | Training and development and incidental expenses | 325 | 341 | 278 |
| iv | Postal and telecommunications services | 60 | 52 | 52 |
| v | Office equipment and external IT services | 3,127 | 3,108 | 2,997 |
| vi | Office premises expenses | 1,458 | 1,432 | 1,671 |
| vii | Consultancy and other services | 65 | 37 | 25 |
| | | 11,559 | 11,190 | 11,061 |

Note 4 Receipts

4.1 Appropriations-in-aid

| | | 2021 | | 2020 |
|--------------|--|------------------|-----------------|-----------------|
| | | Estimated | Realised | Realised |
| | | €000 | €000 | €000 |
| 1 | Receipts for various analyses, examinations, tests etc. | 850 | 924 | 834 |
| 2 | Receipts from additional superannuation contributions on public service remuneration | 196 | 200 | 193 |
| 3 | Miscellaneous receipts | — | 1 | 1 |
| Total | | 1,046 | 1,125 | 1,028 |

Note 5 Staffing and Remuneration

5.1 Employee numbers

| Full time equivalents | 2021 | 2020 |
|-----------------------------|------------|------------|
| Number of staff at year end | <u>103</u> | <u>101</u> |

5.2 Pay

| | 2021 | 2020 |
|---|---------------------|---------------------|
| | €000 | €000 |
| Pay | 5,699 | 5,536 |
| Higher, special or additional duties allowances | 28 | 24 |
| Employer's PRSI | 492 | 470 |
| Total pay | <u>6,219</u> | <u>6,030</u> |

5.3 Allowances and overtime payments

| | Number of recipients | Recipients of €10,000 or more | Highest individual payment | |
|---|----------------------|-------------------------------|----------------------------|--------|
| | | | 2021 | 2020 |
| | | | € | € |
| Higher, special or additional duties allowances | 1 | 1 | 24,994 | 21,538 |
| Other allowances | 3 | — | 1,256 | 1,154 |

Under the terms of the AHCPS 1% PCW restructuring agreement, ten officers received PCW allowances. The total amount paid was €35,137. (2020 €33,485).

5.4 Salary of Accounting Officer

As of 31 December 2021, the Accounting Officer's salary was at the level for the grade of State Chemist, i.e. an annual gross salary of €125,888 (as at 31 December 2020, €122,617).