

Appropriation Account 2020

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 2020 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 2020, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €238,000 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 22 of 2020, 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.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

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.

Covid-19 pandemic

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 State Laboratory remained open throughout the pandemic.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2020 that require disclosure in the appropriation account.

Ita Kinahan
Accounting Officer
State Laboratory

31 March 2021

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 2020 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 2020, 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

16 June 2021

Vote 14 State Laboratory

Appropriation Account 2020

	<u>2020</u>	<u>2019</u>
	Estimate provision	Outturn
	€000	€000
Programme expenditure		
A Government analytical laboratory and advisory service	11,317	11,061
Gross expenditure	<u>11,317</u>	<u>11,061</u>
<i>Deduct</i>		
B Appropriations-in-aid	<u>1,046</u>	<u>1,028</u>
Net expenditure	<u><u>10,271</u></u>	<u><u>9,208</u></u>

Surplus

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

	<u>2020</u>	<u>2019</u>
	€	€
Surplus to be surrendered	<u><u>238,248</u></u>	<u><u>586,865</u></u>

Ita Kinahan
Accounting Officer
State Laboratory

31 March 2021

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2020

	2020	2019
	€000	€000
Pay	6,030	5,646
Non pay	5,031	5,185
Gross expenditure	11,061	10,831
<i>Deduct</i>		
Appropriations-in-aid	1,028	1,623
Net expenditure	10,033	9,208
Changes in capital assets		
Purchases cash	(638)	
Depreciation	906	
Loss on disposals	—	268
		(301)
Changes in net current assets		
Decrease in closing accruals	(824)	
Increase in stock	(11)	397
Direct expenditure	9,466	9,304
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,488	1,369
Notional rents	1,688	1,688
Net programme cost	12,642	12,361

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.

	2020	2019
	€000	€000
Vote 9 Office of the Revenue Commissioners	8	8
Vote 12 Superannuation and Retired Allowances	1,447	1,320
Vote 13 Office of Public Works	22	32
Vote 18 National Shared Services Office	11	9
	1,488	1,369

Note 2 Statement of Financial Position as at 31 December 2020

	Note	2020 €000	2019 €000
Capital assets	2.1	1,930	2,198
Current assets			
Bank and cash	2.2	237	85
Stocks	2.3	233	222
Prepayments		933	493
Other debit balances	2.4	8	11
Accrued income		93	58
Net Exchequer funding	2.6	—	112
Total current assets		1,504	981
Less current liabilities			
Accrued expenses		120	469
Other credit balances	2.5	221	208
Net Exchequer funding	2.6	24	—
Total current liabilities		365	677
Net current assets		1,139	304
Net assets		3,069	2,502
Represented by:			
State funding account	2.7	3,069	2,502

2.1 Capital assets

	Equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2020	12,873	559	13,432
Additions	638	—	638
Disposals	(143)	—	(143)
Cost or valuation at 31 December 2020	13,368	559	13,927
Accumulated depreciation			
Opening balance at 1 January 2020	10,690	544	11,234
Depreciation for the year	904	2	906
Depreciation on disposals	(143)	—	(143)
Cumulative depreciation at 31 December 2020	11,451	546	11,997
Net assets at 31 December 2020	1,917	13	1,930
Net assets at 31 December 2019	2,183	15	2,198

2.2 Bank and cash

at 31 December	2020 €000	2019 €000
PMG balances	237	82
Commercial bank account balance	—	2
Petty cash	—	1
	237	85

2.3 Stocks

at 31 December	2020 €000	2019 €000
Chemicals and laboratory consumables	196	187
Stationery and IT consumables	37	35
	233	222

2.4 Other debit balances

at 31 December	2020	2019
	€000	€000
Recoupable salaries	4	—
Recoupable travel expenditure	—	1
Recoupable travel pass expenditure	2	8
Recoupable cycle to work scheme	2	2
	8	11

2.5 Other credit balances

at 31 December	2020	2019
	€000	€000
Amounts due to the State		
Income tax	83	74
Pay related social insurance	54	50
Universal social charge	16	15
Local property tax	1	1
Value added tax on intra-EU acquisitions	21	23
	175	163
Payroll deductions held in suspense	46	45
	221	208

2.6 Net Exchequer funding

at 31 December	2020	2019
	€000	€000
Surplus to be surrendered	238	587
Exchequer grant undrawn	(214)	(699)
Net Exchequer funding	24	(112)
Represented by:		
Debtors		
Bank and cash	237	85
Debit balances: suspense	8	11
	245	96
Creditors		
Due to the State	(175)	(163)
Credit balances: suspense	(46)	(45)
	(221)	(208)
	24	(112)

2.7 State funding account

	Note	2020	2019
		€000	€000
Balance at 1 January		2,502	2,598
Disbursements from the Vote			
Estimate provision	Account	10,271	
Surplus to be surrendered	Account	(238)	
Net vote		10,033	9,208
Expenditure (cash) borne elsewhere	1.1	1,488	1,369
Non cash expenditure – notional rent	1	1,688	1,688
Net programme cost	1	(12,642)	(12,361)
Balance at 31 December		<u>3,069</u>	<u>2,502</u>

2.8 Commitments

Global commitments		
at 31 December	2020	2019
	€000	€000
Goods and services	485	631
Total of legally enforceable commitments	<u>485</u>	<u>631</u>

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.

	2020		2019
	Estimate provision	Outturn	Outturn
	€000	€000	€000
i Salaries, wages and allowances	6,237	6,030	5,646
ii Travel and subsistence	45	8	39
iii Training and development and incidental expenses	325	278	288
iv Postal and telecommunications services	60	52	49
v Office equipment and external IT services	3,127	2,997	3,239
vi Office premises expenses	1,458	1,671	1,507
vii Consultancy and other services	65	25	63
	11,317	11,061	10,831

Note 4 Receipts

4.1 Appropriations-in-aid

	2020		2019
	Estimated	Realised	Realised
	€000	€000	€000
1 Receipts for various analyses, examinations, tests etc.	850	834	965
2 Receipts from additional superannuation contributions on public service remuneration	196	193	195
3 Miscellaneous receipts	—	1	463
Total	1,046	1,028	1,623

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2020	2019
Number of staff at year end	<u>101</u>	<u>98</u>

5.2 Pay

	2020	2019
	€000	€000
Pay	5,536	5,194
Higher, special or additional duties allowances	24	22
Employer's PRSI	<u>470</u>	<u>430</u>
Total pay	<u>6,030</u>	<u>5,646</u>

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2020	2019
			€	€
Higher, special or additional duties allowances	1	1	21,538	19,902
Other allowances	3	—	1,154	1,154

Under the terms of the AHCPS 1% PCW restructuring agreement, 11 officers received PCW allowances. The total amount paid was €33,485 (2019 €28,833).

5.4 Payroll overpayments

	Number of recipients	2020	2019
		€	€
Overpayments	4	3,662	2,172
Recovery plans in place	—	1	2