

Appropriation Account 2016

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 2016 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 2016, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €450,638 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 except for the following:

Motor vehicles are depreciated at a rate of 20% per annum 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 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 for 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.

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 two contracts to the value of €681,140 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 with a value of €32,929 was awarded to a company producing specialised laboratory equipment for which they were the sole supplier.
 - There was a 10 month delay, while a legal opinion was sought, in awarding one contract with a value of €648,211. This contract was awarded and is managed by the Office of Public Works on behalf of the State Laboratory but payments are made through the Laboratory. The contract was formally signed by OPW, as the contracting authority, with a service commencement date of 1 November 2016 and is therefore now compliant.

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.

Ita Kinahan
Accounting Officer
State Laboratory

21 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 14 State Laboratory

I have audited the appropriation account for Vote 14 State Laboratory for the year ended 31 December 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

In accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is required to prepare the appropriation account. By law, the account must be submitted to me by 31 March following the end of the year of account.

The Accounting Officer is also responsible for the safeguarding of public funds and property under her control, for the efficiency and economy of administration by the State Laboratory and for the regularity and propriety of all transactions in the appropriation account.

Responsibility 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 accounts of all Votes and to perform such tests as I consider appropriate for the purpose of the audit.

Upon completion of the audit of an appropriation account, I am obliged to provide a certificate stating whether, in my opinion, the account properly presents the receipts and expenditure related to the Vote. I am also required to refer to any material case in which

- a department or office has failed to apply expenditure recorded in the account for the purposes for which the appropriations made by the Oireachtas were intended, or
- transactions recorded in the account do not conform with the authority under which they purport to have been carried out.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, I am required to prepare each year, a report on any matters that arise from the audits of the appropriation accounts or examinations of accounting controls.

Scope of audit

An audit includes examination, on a test basis, of evidence relevant to the amounts and regularity of financial transactions included in the account and an assessment of whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with.

The audit involves obtaining sufficient evidence to give reasonable assurance that the appropriation account is free from material misstatement, whether caused by fraud or other irregularity or error. I also seek to obtain evidence about the regularity of financial transactions in the course of the audit. In forming the audit opinion, the overall adequacy of the presentation of the information in the appropriation account is evaluated.

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 14 State Laboratory for the year ended 31 December 2016.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, adequate accounting records have been kept by the State Laboratory. The appropriation account is in agreement with the accounting records.

Non compliance with procurement rules

The Accounting Officer has disclosed in the Statement on Internal Financial Control that material instances of non-compliance with national procurement rules occurred in respect of a contract that operated in 2016.

Seamus McCarthy
Comptroller and Auditor General

25 September 2017

Vote 14 State Laboratory Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Government analytical laboratory and advisory service	9,240	8,882	8,626
Gross expenditure		9,240	8,882	8,626
<i>Deduct</i>				
B	Appropriations-in-aid	790	883	888
Net expenditure		8,450	7,999	7,738

Surplus for surrender

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

	2016	2015
	€	€
Surplus to be surrendered	450,638	311,495

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	5,255	4,923	4,948
ii	Travel and subsistence	35	30	31
iii	Training and development and incidental expenses	256	233	226
iv	Postal and telecommunications services	70	56	61
v	Office equipment and external IT services	2,150	2,169	1,868
vi	Office premises expenses	1,460	1,457	1,478
vii	Consultancy services and value for money and policy reviews	14	14	14
		9,240	8,882	8,626

Notes to the Appropriation Account

1 Operating Cost Statement 2016

	2016	2015
	€000	€000
Pay	4,923	4,948
Non pay	3,959	3,678
Gross expenditure	8,882	8,626
<i>Deduct</i>		
Appropriations-in-aid	883	888
Net expenditure	7,999	7,738
Changes in capital assets		
Purchases cash	(889)	
Depreciation	668	
	(221)	(188)
Changes in net current assets		
Decrease in closing accruals	(217)	
Decrease in stock	16	
	(201)	152
Direct expenditure	7,577	7,702
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,143	1,061
Notional rents	1,622	1,485
Total Operating Cost	10,342	10,248

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.

	2016	2015
	€000	€000
Vote 12 Superannuation and Retired Allowances	e 1,133	1,054
Vote 18 National Shared Services Office	e 10	7
	1,143	1,061

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

2 Balance Sheet as at 31 December 2016

		2016	2015
	Note	€000	€000
Capital assets	2.2	1,520	1,299
Current assets			
Bank and cash	2.3	240	237
Stocks	2.4	146	162
Prepayments		652	548
Accrued income		129	61
Other debit balances	2.5	14	18
Net Exchequer funding due	2.7	10	(5)
Total current assets		1,191	1,021
Less current liabilities			
Accrued expenses		89	134
Other credit balances	2.6	264	250
Total current liabilities		353	384
Net current assets		838	637
Net assets		2,358	1,936
Represented by:			
State funding account	2.1	2,358	1,936

2.1 State Funding Account		2016	2015
	Note	€000	€000
Balance at 1 January		1,936	1,900
Disbursements from the Vote			
Estimate provision	Account	8,450	
Surplus to be surrendered	Account	(451)	
Net vote		7,999	7,738
Expenditure (cash) borne elsewhere	1	1,143	1,061
Non cash expenditure – notional rent	1	1,622	1,485
Net programme cost	1	(10,342)	(10,248)
Balance at 31 December		2,358	1,936

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Motor vehicles €000	Total €000
Gross assets				
Cost or valuation at 1 January 2016	13,116	538	20	13,674
Additions	884	5	—	889
Disposals	(217)	—	(16)	(233)
Cost or valuation at 31 December 2016	<u>13,783</u>	<u>543</u>	<u>4</u>	<u>14,330</u>
Accumulated depreciation				
Opening balance at 1 January 2016	11,818	537	20	12,375
Depreciation for the year	667	1	—	668
Depreciation on disposals	(217)	—	(16)	(233)
Cumulative depreciation at 31 December 2016	<u>12,268</u>	<u>538</u>	<u>4</u>	<u>12,810</u>
Net assets at 31 December 2016	<u>1,515</u>	<u>5</u>	<u>—</u>	<u>1,520</u>
Net assets at 31 December 2015	<u>1,298</u>	<u>1</u>	<u>—</u>	<u>1,299</u>

2.3 Banks and Cash

	2016 €000	2015 €000
at 31 December		
PMG balance	234	232
Commercial bank account balance	6	5
	<u>240</u>	<u>237</u>

2.4 Stocks

	2016 €000	2015 €000
at 31 December		
Chemicals and laboratory consumables	120	138
Stationery and IT consumables	26	24
	<u>146</u>	<u>162</u>

2.5 Other Debit Balances

	2016 €000	2015 €000
at 31 December		
Recoupable salaries	—	5
Recoupable travel expenses	1	—
Recoupable travel pass scheme expenditure	12	12
Recoupable cycle to work scheme	1	1
	<u>14</u>	<u>18</u>

2.6 Other Credit Balances	2016	2015
at 31 December	€000	€000
Amounts due to the State		
Income Tax	86	86
Pay Related Social Insurance	59	53
Universal Social Charge	23	29
Local Property Tax	1	1
Relevant Contracts Tax	2	—
Value Added Tax on intra-EU acquisitions	36	25
	<hr/>	<hr/>
	207	194
Payroll deductions held in suspense	55	56
Miscellaneous	2	—
	<hr/>	<hr/>
	264	250
	<hr/>	<hr/>
2.7 Net Exchequer Funding Due	2016	2015
at 31 December	€000	€000
Surplus to be surrendered	451	311
Exchequer grant undrawn	(461)	(306)
Net Exchequer funding due	<hr/>	<hr/>
	(10)	5
	<hr/>	<hr/>
Represented by:		
Debtors		
Bank and cash	240	237
Debit balances: suspense	14	18
	<hr/>	<hr/>
	254	255
Creditors		
Due to State	(207)	(194)
Credit balances: suspense	(57)	(56)
	<hr/>	<hr/>
	(264)	(250)
	<hr/>	<hr/>
	(10)	5
	<hr/>	<hr/>
2.8 Commitments	2016	2015
at 31 December	€000	€000
a) Global Commitments		
Goods and services	66	52
Total of legally enforceable commitments	<hr/>	<hr/>
	66	52
	<hr/>	<hr/>

3 Programme Expenditure by Subhead

	2016		2015
	Estimate provision	Outturn	Outturn
	€000	€000	€000
A Government Analytical Laboratory and Advisory Service			
A.1 Administration - pay	5,255	4,923	4,948
A.2 Administration - non pay	3,985	3,959	3,678
	9,240	8,882	8,626

Explanation of significant variations

Overall the expenditure in relation to Programme A was €358,000 lower than provided. This mainly comprised an underspend in relation to pay (€332,000), due to delays in recruitment.

4 Receipts

4.1 Appropriations-in-aid	2016		2015
	Estimated	Realised	Realised
	€000	€000	€000
1. Receipts for various analyses, examinations, tests etc.	550	657	604
2. Receipts from pension-related deductions on public service remuneration	240	219	283
3. Miscellaneous receipts	—	7	1
Total	790	883	888

Explanation of significant variations

An explanation is provided below in the case of each heading where the outturn varied from the amount estimated by more than €100,000, and by more than 5%.

Description	Less/(more) than estimated (€000)	Explanation
Receipts for various analyses, examinations, tests etc.	(107)	The income under this heading includes Coroner's fees for analysis of post-mortem samples etc. This service is demanded and it is not possible to accurately predict the figure for A-in-A.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	89	82
	2016	2015
	€000	€000
Pay	4,560	4,616
Higher, special or additional duties allowance	19	19
Overtime	1	—
Employer's PRSI	343	313
Total Pay	4,923	4,948

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2016 €	Maximum individual payment 2015 €
Higher, special or additional duties	1	1	14,172	12,665
Other allowances	4	—	2,477	2,430
Overtime	1	—	1,345	—
Extra remuneration in more than one category	—	—	—	—

5.2 Performance and Merit Payments

Under the terms of the AHCPS 1% PCW restructuring agreement, 12 officers received a total of €28,156 in respect of PCW allowances.