

**FOOD SAFETY AUTHORITY OF IRELAND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2022**

**Food Safety Authority of Ireland**

**Financial Statements  
for the Year ended 31 December 2022**

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## **Food Safety Authority of Ireland**

### **Governance Statement and Board Members' Report for the year ended 31 December 2022**

#### **Governance**

The Board of the the Food Safety Authority of Ireland (FSAI) was established under the Food Safety Authority of Ireland Act, 1998. The functions of the Board are set out in Section 31 of the Act. The Board is accountable to the Minister for Health and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of the Food Safety Authority of Ireland are the responsibility of the Chief Executive Officer (CEO) and the senior leadership team. The CEO and the senior leadership team must follow the broad strategic direction set by the Board and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of the Authority.

#### **Board Responsibilities**

The work and responsibilities of all those associated with the operation of the Board are set out in the Code of Practice for Board members, Chairperson, Chief Executive Officer and Secretary. The Code also sets out the matters specifically reserved for Board decision. Standing items considered by the Board include:

- declaration of interests,
- reports from committees,
- financial reports/management accounts,
- performance reports, and
- reserved matters.

The Food Safety Authority Act, 1998, Section 26 (5), requires the Board of the Authority to prepare financial statements in such form as may be approved by the Minister for Health with the consent of the Minister for Public Expenditure and Reform, and to keep all proper and usual accounts of money received and expended by it.

In preparing these financial statements, the Board of the Food Safety Authority of Ireland is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in operation; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board confirms that it has complied with the above requirements in preparing the financial statements.

## Food Safety Authority of Ireland

### Governance Statement and Board Members' Report for the year ended 31 December 2022

The Board is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Authority and which enable it to ensure that the financial statements comply with Section 26 of the Act. The maintenance and integrity of the corporate and financial information on the Food Safety Authority's website is the responsibility of the Board.

The Board is responsible for approving the annual plan and budget. There is an on-going evaluation of the performance of the Food Safety Authority of Ireland by reference to its annual business plan and budget. The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board considers that the financial statements of the Authority give a true and fair view of the financial performance and the financial position of the Food Safety Authority of Ireland at 31 December 2022 except for non-compliance with the requirements of FRS 102 in relation to retirement benefit entitlements, as directed by the Minister for Health. The Board approved the signing of this statement and the financial statements for the year ended 31 December 2022 on 27 June 2023.

The Board consists of a Chairperson and 9 ordinary members, all of whom are appointed/re-appointed by the Minister for Health. The members of the Board were appointed for a period of either 3 or 5 years and meet 9 times per annum. The table below details the appointment period for members serving during the year:

Board Members	Role	Date Appointed	Latest Re-appointment Date	Additional Detail
Mr. Martin Higgins	Chairperson	February 2016 (Ordinary Member)	Appointed Chairperson in February 2018	Term ended Feb 2023
Ms. Mary Cullen	Ordinary Member	June 2016	June 2021	–
Prof. Francis Butler	Ordinary Member	May 2019	–	–
Mr. Gerard McCurdy	Ordinary Member	May 2019	May 2022	–
Dr. Cliodhna Foley-Nolan	Ordinary Member	October 2019	October 2022	–
Prof. Martin Cormican	Ordinary Member	June 2021	–	–
Ms. Ann Horan	Ordinary Member	June 2021	–	Appointed as Acting Chairperson Feb 2023
Mr. Patrick Knight	Ordinary Member	June 2021	–	–
Ms. Eilis O'Brien	Ordinary Member	January 2023	–	–
Ms. Lisa Manselli	Ordinary Member	January 2023	–	–

During 2022 the Board completed an effectiveness survey which sought to assess the Board's performance, the strength of its enabling processes and structures as well as its obligations under the annex on gender balance, diversity and inclusion. The Board is scheduled to review the resulting report from the survey in 2023.

## **Food Safety Authority of Ireland**

### **Governance Statement and Board Members' Report for the year ended 31 December 2022**

#### **Gender Balance in the Board membership**

As at 31 December, the Board had 3 (37.5%) female and 5 (62.5%) male members, with 2 positions vacant. The Board therefore did not meet the Government target of a minimum of 40% representation of each gender in the membership of State Boards. In January 2023, the Department of Health appointed 2 new Board members. The impact of these appointments resulted in the gender balance of the Board becoming 50% female, 50% male.

The Board has established two sub-committees, the **Audit and Risk Committee (ARC)**, and the **Performance & Development Committee (PDC)**.

The ARC comprises three Board members and one independent member. The role of the ARC is to support the Board in relation to its responsibilities for issues of risk, control and governance and associated assurance. The ARC is independent from the financial management of the organisation. In particular the Committee ensures that the internal control systems including audit activities are monitored actively and independently. The ARC reports to the Board after each meeting.

The members of the Audit and Risk Committee are: Mr. Gerry McCurdy (Chair), Dr. Cliodhna Foley-Nolan, Ms. Ann Horan and Mr. Fergal Ó'Briain. There were 4 meetings of the ARC in 2022.

The PDC comprises three Board members. The role of the PDC is to devise and implement an appropriate mechanism to assess the performance of the CEO and, through the CEO, to review the performance of the FSAI Executive Team. As required, the PDC sets remuneration for the CEO as directed by the Department of Health, develops the job description, identifies the relevant competencies and ideal candidate profile for the post, agrees the recruitment and search process, and sets a specific timetable. The PDC convenes as required by the Board and reports to the Board after each meeting.

The members of the PDC are Mr. Martin Higgins (Chair), Ms. Mary Cullen and Mr. Patrick Knight. There were 4 meetings of the PDC in 2022.

## Food Safety Authority of Ireland

### Governance Statement and Board Members' Report for the year ended 31 December 2022

#### Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Board and Committee meetings for 2022 is set out in Note 4(c) of the Financial Statements.

#### Key Personnel Changes

There were no changes in the make up of the Board during 2022. In January 2023 Ms. Eilis O'Brien and Ms. Lisa Manselli were both appointed for a 3 year term.

#### Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that the Authority has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

- employee short-term benefits breakdown - set out in note 4 (b) to the financial statements,
- consultancy costs - set out in note 4 (h) to the financial statements,
- legal costs and settlements - set out in note 4 (h) to the financial statements,
- travel and subsistence expenditure - set out in note 4 (a) and 4(c) to the financial statements, and
- hospitality expenditure - set out in note 4 (f) to the financial statements.

#### Statement of Compliance


The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. The Food Safety Authority of Ireland operated in compliance with the Code of Practice for the Governance of State Bodies for 2022.

On behalf of the Board of the Food Safety Authority of Ireland



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**Ms. Ann Horan**  
Acting Chairperson



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**Dr. Pamela A. Byrne**  
Chief Executive Officer

27 June 2023

27 June 2023

## **Food Safety Authority of Ireland**

### **Statement on Internal Control for the year ended 31 December 2022**

#### **Scope of Responsibility**

On behalf of the Food Safety Authority of Ireland (FSAI), we acknowledge the Board's responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

#### **Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in the Authority for the year ended 31 December 2022 and has been maintained up to the date at the time of approval of the financial statements. In addition, the Board is provided with further assurance as to the quality of the Authority's internal control as the FSAI is certified to the Quality Management System Standard ISO 9001:2015. This Standard confirms that the Authority operates a set of policies, processes and procedures appropriate for planning and execution of its core business.

#### **Capacity to Handle Risk**

The FSAI has an Audit and Risk Committee (ARC) comprising 3 Board members and 1 external member, with financial and audit expertise. The ARC met 4 times in 2022.

The FSAI has an internal audit function as defined in the Board's Charter for Internal Audit. The Authority has outsourced its Internal Audit Function to BDO Ireland. The work of the internal audit function is informed by analysis of the risk to which the body is exposed and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans have been endorsed by the ARC and approved by the Board. The Internal Auditor provides the Board with reports of internal audit activity.

The ARC has developed a risk management policy that sets out risk management processes and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are expected to work within the Authority's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

#### **Risk and Control Framework**

The FSAI 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 Authority and these have been identified, evaluated and graded according to their significance. The register is updated by the Senior Leadership Team and presented to the ARC and Board as a standing item. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

## **Food Safety Authority of Ireland**

### **Statement on Internal Control for the year ended 31 December 2022**

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. We confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented,
- financial responsibilities have been assigned at management level with corresponding accountability,
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management,
- there are systems aimed at ensuring the security of the information and communication technology systems,
- there are systems in place to safeguard the assets, and
- control procedures over the use of grant monies and the allocation of funding to outside agencies to ensure adequate control over approval of such monies so as to ensure grant funding has been applied for the purpose intended.

The FSAI makes payments to local authorities in relation to the provision of veterinary services. Annual service contracts are agreed with local authorities. Payments are based on quarterly claims from the local authorities based on activity levels.

#### **Ongoing Monitoring and Review**

Formal procedures which have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. We confirm that the following ongoing monitoring systems are in place:

- 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,
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

#### **Procurement**

We confirm that the FSAI has procedures in place to ensure compliance with current procurement rules and guidelines. Matters arising regarding controls over procurement are highlighted under internal control issues below.

#### **Impact of Covid-19 pandemic to the Control Environment**

The onset of the COVID 19 pandemic, in early 2020, and the resulting public health advice and safety measures rapidly changed the working practices of the FSAI.

The FSAI monitored the developments closely and sought to mitigate the risks that may have impacted affect the FSAI's business operations, staff and stakeholders. Actions taken by the FSAI, during 2022, included: -

- Maintain the operation of FSAI in a remote working environment for the purpose of ensuring continuity of service provision. In October 2022 the FSAI commenced a pilot hybrid working environment to assess the impact on business deliverables. An assessment of this pilot is due to be completed by Q2 2023.
- Ongoing COVID-19 risk assessments for staff and stakeholders.
- Continual assessment of significant risks affecting the FSAI, the impact of COVID-19 on these risks and the agility of FSAI to respond effectively.
- Ensuring robust segregation of duties remains and adequate cover is in place should specific approving authorities be unavailable.
- Ensuring all existing data protection and records management policies and procedures continue to apply as normal.



## Food Safety Authority of Ireland

### Statement on Internal Control for the year ended 31 December 2022

- Assess potential for weaknesses in internal controls resulting from COVID-19 and took measures to monitor and update internal controls where necessary

#### Review of Effectiveness

We confirm that the Authority has procedures to monitor the effectiveness of its risk management and control procedures. The FSAI's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors and the Audit and Risk Committee which oversees their work and the senior management within the Authority responsible for the development and maintenance of the internal control framework.

We confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2022 in March 2023.

#### Internal Control Issues

##### Procurement

During 2022 expenditure of €694,750 including VAT was incurred in relation to seven contracts for services where the procedures employed did not comply with procurement guidelines:

- Approximately €221,000 relates to the provision of temporary ICT staff. These were previously disclosed in 2021. FSAI expects to regularise these contracts, as part of capital project developments, however market constraints have hampered progress in this regard.
- Approximately €107,750 relates to the provision of legal services. A procurement exercise with the OGP has been concluded to regularise this contract.
- The remaining amounts, totalling €366,000, relate to expenditure incurred on expired contracts. The Authority is currently considering its service requirements regarding these contracts.

There were no internal control weaknesses identified during 2022 other than those disclosed above.

On behalf of the Board of the FSAI.

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**Ms. Ann Horan**  
Acting Chairperson

27 June 2023

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**Dr. Pamela A. Byrne**  
Chief Executive Officer

27 June 2023



# Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### Food Safety Authority of Ireland

#### Qualified opinion on the financial statements

I have audited the financial statements of the Food Safety Authority of Ireland for the year ended 31 December 2022 as required under the provisions of section 26 of the Food Safety Authority of Ireland Act 1998. The financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland* and comprise

- the statement of income and expenditure and retained revenue reserves
- the statement of financial position
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion, except for the non-compliance with the requirements of FRS 102 in relation to retirement benefit entitlements referred to below, the financial statements give a true and fair view of the assets, liabilities and financial position of the Food Safety Authority of Ireland at 31 December 2022 and of its income and expenditure for 2022 in accordance with FRS 102.

#### *Basis for qualified opinion on financial statements*

In compliance with the directions of the Minister for Health, the Food Safety Authority of Ireland accounts for the costs of retirement benefit entitlements only as they become payable. This does not comply with FRS 102 which requires that the financial statements recognise the full cost of retirement benefit entitlements earned in the period and the accrued liability at the reporting date. The effect of the non-compliance on the Food Safety Authority of Ireland's financial statements for 2022 has not been quantified.

I conducted my audit of the financial statements 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 Food Safety Authority of Ireland 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.

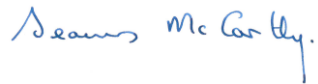
#### Report on information other than the financial statements, and on other matters

The Food Safety Authority of Ireland has presented certain other information together with the financial statements. This comprises the annual report, the governance statement and Board members' report, and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

## Report of the C&AG (continued)

### *Non-compliant procurement*

The statement on internal control discloses that in 2022 the Authority incurred significant expenditure where the procedures followed did not comply with public procurement guidelines. The statement on internal control also sets out steps taken or planned by the Authority to address the weaknesses that gave rise to this.

A handwritten signature in blue ink that reads "Seamus McCarthy".

**Seamus McCarthy**  
**Comptroller and Auditor General**

**30 June 2023**

## Appendix to the report

### Responsibilities of Board members

As detailed in the governance statement and Board members' report, the Board members are responsible for

- the preparation of annual financial statements in the form prescribed under section 26 of the Food Safety Authority of Ireland Act 1998
- ensuring that the financial statements give a true and fair view in accordance with FRS 102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 26 of the Food Safety Authority of Ireland Act 1998 to audit the financial statements of the Food Safety Authority of Ireland and to report thereon to the Houses of the Oireachtas.

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 these financial statements.

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 evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Food Safety Authority of Ireland's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Food Safety Authority of Ireland to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance 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 financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report 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.

## Food Safety Authority of Ireland

### Statement of Income and Expenditure and Retained Revenue Reserves for the year ended 31 December 2022

	Notes	2022 €'000	2021 €'000
<b>Income</b>			
Oireachtas Grant	2	19,091	19,959
Other Income	3	2,162	1,532
<b>Operating Income</b>		<b>21,253</b>	<b>21,491</b>
<b>Total Income</b>		<b>21,253</b>	<b>21,491</b>
<b>Expenditure</b>			
Administration, Operations & Promotion	4	11,326	10,655
Communications activities	5	372	384
Depreciation of Fixed Assets	6 & 14	719	613
Albanian Project	14	1,267	769
Reformulation Taskforce	15	272	148
Local Authority Veterinary Service	7	6,962	8,090
<b>Total Expenditure</b>		<b>20,918</b>	<b>20,659</b>
<b>Surplus/(Deficit) for Year before Appropriations</b>		<b>335</b>	<b>832</b>
Transfer from/(to) the Capital Account	8	97	400
Loss on Disposal		0	0
<b>Surplus/(Deficit) for year after Appropriations</b>		<b>432</b>	<b>1,232</b>
<b>Balance at 1 January</b>		<b>1,090</b>	<b>(142)</b>
<b>Balance at 31 December</b>		<b>1,522</b>	<b>1,090</b>

The Statement of Income and Expenditure and Retained Revenue Reserves includes all gains and losses recognised in the year.

The Statement of Cash Flows and notes 1 to 18 form part of these financial statements.

On behalf of the Board of the Food Safety Authority of Ireland:

**Ms. Ann Horan**  
Acting Chairperson

27 June 2023

**Dr. Pamela A. Byrne**  
Chief Executive Officer

27 June 2023

## Food Safety Authority of Ireland

### Statement of Financial Position as at 31 December 2022

	Notes	2022 €'000	2021 €'000
<b>Non Current Assets</b>			
Property, Plant and Equipment	6	685	852
Intangible Assets	6 (a)	103	33
<b>Current Assets</b>			
Receivables	9	762	661
Cash and Cash Equivalents		2,760	3,285
<b>Net Current Assets</b>		<b>3,522</b>	<b>3,946</b>
<b>Current Liabilities (amounts falling due within one year)</b>			
Payables	10	2,000	2,856
<b>Net Current Assets / Liabilities</b>		<b>1,522</b>	<b>1,090</b>
<b>Total Assets less Liabilities before Pensions</b>		<b>2,310</b>	<b>1,975</b>
<b>Representing</b>			
Capital Account	8	788	885
Retained Revenue Reserves		1,522	1,090
		<b>2,310</b>	<b>1,975</b>

The Statement of Cash Flows and notes 1 to 18 form part of these financial statements.

On behalf of the Board of the Food Safety Authority of Ireland:

**Ms. Ann Horan**  
Acting Chairperson

27 June 2023

**Dr. Pamela A. Byrne**  
Chief Executive Officer

27 June 2023

**Food Safety Authority of Ireland****Statement of Cash Flows for the year ended 31 December 2022**

	<b>Notes</b>	<b>2022 €'000</b>	<b>2021 €'000</b>
<b>Cashflow from operating activities</b>			
(Deficit)/Excess Income over Expenditure		335	832
Depreciation and Impairment of Fixed Assets	6 & 15	719	624
(Increase)/Decrease in Receivables	9	(101)	(67)
Increase/(Decrease) in Payables	10	(855)	(486)
<b>Net Cash Inflow from Operating Activities</b>		<u>98</u>	<u>903</u>
<b>Cash Flows from Investing Activities</b>			
Payments to acquire Plant & Equipment	6	(483)	(199)
Payments to acquire Intangible Assets	6 (a)	(140)	(25)
<b>Net Cash Flows from Investing Activities</b>		<u>(623)</u>	<u>(224)</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		(525)	679
Cash and cash equivalents at 1 January		3,285	2,606
<b>Cash and cash equivalents at 31 December</b>		<u><b>2,760</b></u>	<u><b>3,285</b></u>

## **Food Safety Authority of Ireland**

### **Notes to the Financial Statements for the year ended 31 December 2022**

#### **1. Accounting Policies**

The basis of accounting and significant accounting policies adopted by Food Safety Authority of Ireland are set out below. They have been applied consistently throughout the year and for the preceding year.

##### **a) General Information**

The Food Safety Authority of Ireland was set up under the Food Safety Authority of Ireland Act, 1998, with a head office at The Exchange, George's Dock, IFSC, Dublin 1, D01 P2V6. The Food Safety Authority of Ireland's primary objectives as set out in Part II of the Food Safety Authority of Ireland Act are as follows:

To take all reasonable steps to ensure that:

- (a) food produced in the State (whether or not distributed or marketed in the State), and
- (b) food distributed or marketed in the State meets the highest standards of food safety and hygiene reasonably attainable and it shall, in particular, take all reasonable steps to ensure that such food complies
  - (i). with any food legislation in respect of food safety and hygiene standards, or
  - (ii). in the absence of any such legislation, with the provisions of generally recognised standards or codes of good practice aimed at ensuring the achievement of high standards of food hygiene and food safety.

The Food Safety Authority of Ireland is a Public Benefit Entity (PBE).

##### **b) Statement of Compliance**

The financial statements of Food Safety Authority of Ireland for the year ended 31 December 2022 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as modified by the direction of the Minister for Health in relation to superannuation. In compliance with the directions of the Minister for Health, the Authority accounts for the costs of superannuation entitlements only as they become payable (see 1 (i) below). This basis of accounting does not comply with FRS 102, which requires such costs to be recognised in the year in which entitlement is earned.

##### **c) Basis of Preparation**

The financial statements have been prepared under the accruals method of accounting, except as stated below, and under the historical cost convention in the form approved by the Minister for Health with the concurrence of the Minister for Public Expenditure and Reform under Section 26(5) of the Food Safety Authority of Ireland Act, 1998. The accounting policies have been applied consistently in dealing with items which are considered material in relation to the Food Safety Authority of Ireland's financial statements.

##### **d) Capital Funding**

The fixed assets of the FSAI are funded from a combination of capital grants and allocations from current revenue. Funding sourced from grants is transferred to a capital account which is amortised in line with the depreciation of the related assets.

##### **e) Revenue**

###### Oireachtas Grants

Revenue is generally recognised on an accruals basis; one exception to this is in the case of Oireachtas Grants which are recognised on a cash receipts basis.



## Food Safety Authority of Ireland

### Notes to the Financial Statements for the year ended 31 December 2022

#### 1. Accounting Policies (cont.)

##### Deferred Income

Project income received in advance is treated as deferred income and reported as a payable falling due within one year. The income is released to the Statement of Income and Expenditure and Retained Reserves in line with the expenditure incurred in the reporting period.

##### Other Revenue

Other Revenue is recognised on an accruals basis.

#### **f) Plant and Equipment**

Plant and equipment are stated at cost less accumulated depreciation, adjusted for any provision for impairment. Depreciation is provided on all plant and equipment at rates estimated to write off the cost less the estimated residual value of each asset on a straight line basis over their estimated useful lives, as follows:

- (i) Leasehold Improvements 15% per annum
- (ii) Computer Equipment 33% per annum
- (iii) Office Furniture 15% per annum
- (iv) Office Equipment 15% per annum
- (v) Scientific Equipment 15% per annum
- (vi) Motor vehicles 33% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year.

Intangible fixed assets are shown at their net book value having been depreciated at 33% on a straight-line basis.

#### **g) Receivables**

Receivables are recognised at fair value.

#### **h) Operating Leases**

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves over the life of the lease. Expenditure is recognised on a straight-line basis over the lease period, except where there are rental increases linked to the expected rate of inflation, in which case these increases are recognised when incurred. Any lease incentives received are recognised over the life of the lease.

#### **i) Employee Benefits**

##### Short-term Benefits

Short-term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the payables figure in the Statement of Financial Position.

## Food Safety Authority of Ireland

### Notes to the Financial Statements for the year ended 31 December 2022

#### 1. Accounting Policies (cont.)

##### Retirement Benefits

A superannuation scheme has been approved by the Minister in accordance with Section 39 of the Food Safety Authority of Ireland Act, 1998. The scheme provides for a contributory defined benefit pension scheme for employees. Deductions from salaries are retained and are treated as income by the Authority. The Department of Health's annual grant to the Authority is net of the deductions retained.

The Public Service pensions (Single Scheme and Other Provisions) Act, 2012 became law on 28 July, 2012 and introduced the new Single Public Scheme ("Single Scheme") which commenced with effect 1 January 2013. All new employees to the Food Safety Authority of Ireland, who are new entrants to the Public Sector, on or after 1 January 2013 are members of the Single Scheme. Single Scheme members' contributions are paid over to the Department of Public Expenditure and Reform.

By direction of the Minister for Health no provision has been made in the Financial Statements for future pension liabilities. Payments under the schemes are charged to the Statement of Income and Expenditure and retained reserves when paid.

##### **j) Local Authority Veterinary Scheme**

The Food Safety Authority of Ireland provides funding to Local Authorities in relation to the provision of veterinary services. The Authority receives funding from the Department of Health (as part of its annual determination) in this regard.

Funding received from the Department of Health and amounts paid to Local Authorities are recognised on cash received and cash paid basis, in line with Section 34 of FRS 102.

##### **k) Key Estimates and Judgements**

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the reporting date and the amounts reported for income and expenditure during the year. Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of estimation, by definition, means that the actual results may differ from the estimates made. The estimates and assumptions that can have a material effect on the amounts recognised in the financial statements are set out below:

###### (i) Establishing useful lives for depreciation purposes of equipment and leases.

Equipment and leases comprise of a significant portion of the Authority's assets. The annual depreciation charge depends on the estimated useful lives of each type of asset. Given the relative short-term nature of the equipment assets, the estimation of the useful life of these assets is subject to regular review.

Details of the useful economic lives is included in the accounting policies.

###### (ii) Establishing useful economic lives for amortisation purposes of capital grants

The annual amortisation charge depends primarily on the estimated useful lives of each type of asset. The useful economic lives are subject to regular review. Details of the useful economic lives are included in the accounting policies.

## Food Safety Authority of Ireland

### Notes to the Financial Statements for the year ended 31 December 2022

#### 2. Oireachtas Grants

The Oireachtas Grants voted to Food Safety Authority of Ireland from Vote 38 Department of Health as shown in the financial statements consist of:

	Sub-head	2022 €'000	2021 €'000
Grants for current expenditure	E.1.	18,583	19,713
Grant for capital expenditure	L.1.	508	246
<b>Total</b>		<b>19,091</b>	<b>19,959</b>

#### 3. Other Income

	Note	2022 €'000	2021 €'000
Superannuation Deductions		235	234
Sale of Publications		209	184
Sundry Income		166	198
Reformulation taskforce		285	147
Albania CE Fund	14	1,267	769
		<b>2,162</b>	<b>1,532</b>

#### 4. Administration, Operations & Promotion

	Note	2022 €'000	2021 €'000
Remuneration and Other Pay Costs	4(a)	7,377	6,832
Rent, rates, service charges and insurance		1,544	1,470
Research costs		93	54
Legal and consulting fees	4(h)	272	212
IT, telephone and internet		1,349	1,064
Operating expenditure	4(g)	691	1,023
		<b>11,326</b>	<b>10,655</b>

#### 4(a) Remuneration and other pay costs

	Note	2022 €'000	2021 €'000
Staff Salaries, basic pay		5,645	5,346
Staff salaries, overtime		1	2
Retirement benefit costs		240	205
Retirement lump sum costs		157	364
Employer's contributions to social welfare		588	552
Staff training and development		163	174
Staff travel and subsistence cost -national travel		41	32
Staff travel and subsistence cost -international travel		41	2
Agency staff		448	105
Board members' emoluments	4 (c)	53	50
		<b>7,377</b>	<b>6,832</b>

The FSAI paid €118,079 (2021: €86,472) to the Department of Public Expenditure and Reform in respect of employee contributions under the single pension scheme.

In 2022 €218,278 was paid to the Department of Health in respect of additional superannuation contributions (ASC) deducted from staff salaries (2021: €204,931).

## Food Safety Authority of Ireland

### Notes to the Financial Statements for the year ended 31 December 2022

#### 4(b) Employee benefits breakdown

Range of total employee benefits			Number of Employees	
From		To	2022	2021
60,000	-	69,999	15	16
70,000	-	79,999	9	8
80,000	-	89,999	4	7
90,000	-	99,999	4	3
100,000	-	109,999	8	2
110,000	-	119,999	1	4
120,000	-	129,999	2	0
130,000	-	139,999	0	0
140,000	-	149,999	0	0
150,000	-	159,999	0	0
160,000	-	169,999	0	1
170,000	-	179,999	1	0

Note: for the purposes of this disclosure, short term employee benefits in relation to services rendered during the reporting period include salary, overtime allowances and other payments made on behalf of the employee, but exclude employers PRSI.

#### 4(c) Board Members' Attendance, Fees and Expenses

Board Member		Board	Travel	Meetings	Meetings
		Fee	Expenses	Attended	Attended
		€	€	Board	Audit & Risk
Martin Higgins	Chairperson	11,970	483	9 of 9	
Mary Cullen		7,695		8 of 9	
Gerard McCurdy		7,695	228	7 of 9	3 of 4
Clíodhna Foley-Nolan		7,695	678	7 of 9	3 of 4
Francis Butler		0		8 of 9	
Martin Cormican		0	40	9 of 9	
Ann Horan		7,695		9 of 9	4 of 4
Patrick Knight		7,695	127	9 of 9	
		<b>50,446</b>	<b>1,555</b>		

During 2022, 9 Board meetings were held (2021: 6).

Two Board members did not receive a Board fee under the One Person One Salary Principle (OPOS), as they are employed by other State organisations.

The Audit and Risk Committee includes one external member. This position is held by Fergal Ó'Briain. Fergal Ó'Briain attended 4 of 4 ARC meetings in the year and was not in receipt of a fee under the OPOS principle.

## Food Safety Authority of Ireland

### Notes to the Financial Statements for the year ended 31 December 2022

#### 4(d) Chief Executive Officer Salary and Benefits

	2022	2021
	€'000	€'000
Chief Executive Officer, Pamela Byrne	172	163
	<b>172</b>	<b>163</b>

The CEO remuneration package for 2022 was annual basic salary of €172,400 (2021: €163,300) with standard public sector arrangements.

The above salary values do not include the value of retirement benefits earned in the period. The key management personnel (excluding Board members) are members of the FSAI's contributory defined benefit pension scheme.

#### 4(e) Key management personnel compensation

Key management personnel in the Food Safety Authority of Ireland consist of the CEO, five Directors and members of the Board. Total compensation paid to key management personnel, including Board members' fees and expenses and total CEO remuneration amounted to €758,060 (2021: €762,275)

#### 4(f) Hospitality Expenditure

	2022	2021
	€'000	€'000
Staff hospitality	4	2
Advisory Committee hospitality	0	0
Client hospitality	0	0
Board hospitality	2	0
	<b>6</b>	<b>2</b>

In 2022 a voucher for €100 was given to members of the FSAI Scientific Committee, and subcommittees, who work on a voluntary basis. The total value of these vouchers was €6,300. No such vouchers were provided in 2021.

#### 4(g) Operating Expenditure

	Note	2022	2021
		€'000	€'000
Recruitment Expenditure		76	45
Stationery and Postage		24	42
Cleaning and Catering		13	0
Repairs and Maintenance		234	210
Audit Fee		15	15
Food Legislation Compliance		149	115
Training - Official Agency Staff		134	23
Food supplement database		14	14
Committee Expenses		7	0
Library Supplies		73	60
Dilapidations		0	208
General Expenditure (including hospitality)	4(f)	(48)	291
		<b>691</b>	<b>1,023</b>

## Food Safety Authority of Ireland

### Notes to the Financial Statements for the year ended 31 December 2022

#### 4 (h) Consultancy Costs

Consultancy Costs include fees paid to external parties providing advisory services of any nature.

	<b>2022</b>	<b>2021</b>
	<b>€'000</b>	<b>€'000</b>
Legal (i)	97	148
Consultancy	175	64
Total consultancy costs	<u>272</u>	<u>212</u>
legal costs capitalised	0	0
Consultancy costs capitalised	0	0
Consultancy costs charged to income and expenditure	272	212
<b>Total</b>	<u><b>272</b></u>	<u><b>212</b></u>

(i) This refers to general legal advice. No expenditure was incurred in the reporting period in relation to legal costs, settlements and conciliation and arbitration proceedings relating to contracts with third parties.

#### 5. Communication activities

	<b>2022</b>	<b>2021</b>
	<b>€'000</b>	<b>€'000</b>
Public Relations	151	115
Industry Events	78	61
Industry Liaison	0	11
Publications	143	197
	<u><b>372</b></u>	<u><b>384</b></u>

## Food Safety Authority of Ireland

### Notes to the Financial Statements for the year ended 31 December 2022

#### 6. Tangible Fixed Assets

	Motor Vehicles	Computer Equipment €'000	Office Equipment €'000	Office Furniture €'000	Leasehold Improve. €'000	Scientific Equipment €'000	Total €'000
<b>Cost</b>							
At 1 January 2022	22	1,268	145	329	2,165	311	4,240
Additions	0	439	0	0	14	30	483
Disposals		(29)				(73)	(102)
<b>At 31 December 2022</b>	<b>22</b>	<b>1,678</b>	<b>145</b>	<b>329</b>	<b>2,179</b>	<b>268</b>	<b>4,621</b>
<b>Accumulated Depreciation</b>							
At 1 January 2022	21	1,090	113	249	1,604	311	3,388
Charge for the year	1	258	13	46	327	4	649
Depreciation on Disposals		(28)				(73)	(101)
<b>At 31 December 2022</b>	<b>22</b>	<b>1,320</b>	<b>126</b>	<b>295</b>	<b>1,931</b>	<b>242</b>	<b>3,936</b>
<b>Net Book Value</b>							
<b>At 31 December 2022</b>	<b>0</b>	<b>358</b>	<b>19</b>	<b>34</b>	<b>248</b>	<b>26</b>	<b>685</b>
<b>At 31 December 2021</b>	<b>1</b>	<b>178</b>	<b>32</b>	<b>80</b>	<b>561</b>	<b>0</b>	<b>852</b>

The assets disclosed above include motor vehicles, computer equipment, office equipment and office furniture assets, relating to the Albanian project, for which FSAI is receiving the benefit. The original cost of these assets is €36,655 (2021: €36,655). These assets will transfer to the Albanian equivalent of FSAI at the end of the project. See note 14 for further information in relation to the project.

## Food Safety Authority of Ireland

### Notes to the Financial Statements for the year ended 31 December 2022

#### 6(a) Intangible Fixed Assets

	2022 €'000	2021 €'000
1 January, Opening Net Book Value	34	74
Additions at Cost	140	25
Less Depreciation Charge for the year	(71)	(66)
	<u>103</u>	<u>33</u>
31 December, Closing Net Book Value		

Intangible fixed assets consist of software licences which are written off over their useful life.

#### 7. Local Authority Veterinary Service (LAVS)

	2022 €'000	2021 €'000
LAVS Payments	<u>6,962</u>	<u>8,090</u>

Payments are made to 25 Local Authorities for the provision of veterinary services, quarterly in arrears. Funding is channelled through the Department of Health and the Food Safety Authority of Ireland and is included as part of the annual determination.

The obligation to transfer funding to LAVS is only triggered when corresponding funding is received from the Department of Health.

#### 8. Capital Account

	2022 €'000	2022 €'000	2021 €'000	2021 €'000
At 1 January		885		1,285
Transfer from/(to) Income and Expenditure and Retained Reserves Account				
Additional funds allocated to acquire Fixed Assets	483		199	
Funded through operations				
Funds allocated to acquire Intangible Assets	140		25	
Amount Released on Disposal	0		0	
Amortisation in line with asset depreciation	<u>(720)</u>	<u>(97)</u>	<u>(624)</u>	<u>(400)</u>
<b>Balance at 31 December</b>		<u><b>788</b></u>		<u><b>885</b></u>

#### 9. Receivables

	2022 €'000	2021 €'000
Prepayments	756	661
Debtors	6	0
	<u>762</u>	<u>661</u>



## Food Safety Authority of Ireland

### Notes to the Financial Statements for the year ended 31 December 2022

#### 10. Payables

Amounts falling due within one year

	<b>2022</b>	<b>2021</b>
	<b>€'000</b>	<b>€'000</b>
Trade Creditors	79	363
Accruals	195	279
Deferred Rent Accrual *	914	974
Payroll Accruals	234	223
Deferred Albanian income	263	773
Deferred project income	16	16
Tax Creditor - VAT	22	10
Tax Creditor - PAYE/PRSI	214	171
Tax Creditor - PSWT	63	46
	<b>2,000</b>	<b>2,855</b>

\* Under the terms of the lease agreement there was a provision for a rent free period of one year, which occurred in 2018.

FRS 102 requires that this rent free period be recognised over the lifetime of the lease. The Deferred Rent Accrual represents the balance of the rent free period, which will be recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in future years.

#### 11. Operating Leases

The Food Safety Authority of Ireland commenced a 20 year lease for the first floor of the Exchange Building, George's Dock, IFSC, Dublin 1 in October 2017. The lease is subject to rental reviews every 5 years and includes a rent-free year from 1 January 2018. In accordance with FRS 102 lease incentives are released over the life of the lease. The annual effective cost of the lease, excluding service charge, is €1,147,000.

At 31 December 2022 the FSAI had the following future minimum lease payments under non-cancellable operating leases:

	<b>The Exchange</b>
	<b>€'000</b>
Lease obligations falling due:	
within 1 year	1,147
between years 2 to 5	4,587
after 5 years	11,179

The lease for The Exchange provides for a rent review every 5 years. The FSAI received notification of the first review under this lease in December 2022. Engagement with the landlord is ongoing in order to achieve the best outcome for the FSAI in relation to this review.

#### 12. Dilapidations

In 2017 the FSAI moved premises from Abbey Court to The Exchange. Since moving premises the FSAI have engaged with the former landlord, along with the OPW, in relation to a dilapidation charge arising from the finalisation of the former lease agreement. Following consultation with the OPW, an independent property valuer and with the assistance of the CSSO an amount of approximately

## Food Safety Authority of Ireland

### Notes to the Financial Statements for the year ended 31 December 2022

€358,000 was paid to the former landlord. A provision for €150,000 had previously been recognised in the financial statements in relation to this matter.

#### 13. Board Members' Interests

The Board adopted procedures in accordance with the guidelines issued by the Department of Expenditure and Reform in relation to the disclosures of interests by Board Members and these procedures have been adhered to in the year.

There were no transactions in the year in relation to the Board's activities in which a Board Member had a beneficial interest.

#### 14. External Projects - The Food Safety Project, Albania

A consortium of Irish government agencies and their international partners has successfully tendered for a €5m EU grant to support Albania as a candidate for accession to the European Union, by strengthening its food safety, veterinary and plant health standards. The project covers the period 14 Jan 2019 to 13 Jan 2023. The impact of COVID has resulted in an extension of this contract, on a no cost basis, to 14 October 2023 to ensure the deliverables of the project are achieved. The consortium is led by FSAI and includes the Department of Agriculture, Food and the Marine, Sustainable Food Systems Ireland, the Finnish Food Authority, and an Albanian partner, Creative Business Solutions. The FSAI has received cumulative funding of €3.363 million to date to deliver the project with €757,000 of this received in 2022. Cumulative expenditure to 31 December 2022 was €3.101 million and a balance of €263,000 was on hand at year end (note 10). The expenditure incurred in relation to this project is set out below.

	2022	2021
	€'000	€'000
Remuneration and Other Pay Costs	319	248
Project travel- national	14	3
Project travel - international	59	5
International Expert Support*	617	303
Rent, rates, service charges and insurance	9	13
Industry events	38	44
Publications	131	72
Depreciation of project assets	1	11
Other	79	70
<b>Albanian Project</b>	<b>1,267</b>	<b>769</b>

\* International Expert Support represents the input of personnel with experience in relevant disciplines that have been engaged to enable the successful delivery of the Albanian project. This includes areas such as phytosanitary, senior legislation, veterinary and organisational development experts that have been identified by the FSAI or the consortium partners.

## Food Safety Authority of Ireland

### Notes to the Financial Statements for the year ended 31 December 2022

#### 15. Food Reformulation Taskforce.

In October 2022 the FSAI signed a service level agreement with the Department of Health to establish and operate a Food Reformulation Taskforce (FRT), to deliver on a food reformulation action plan developed by the Obesity Policy Implementation Oversight Group who are charged with delivery on the Government's Obesity Policy and Action Plan 2016-2025. The FRT will be in operation until 31 December 2025 and is expected to cost approximately €2.06 million over the course of the project.

The expenditure incurred during 2022 in relation to the project, funded by the Department of Health is set out below:

	<b>2022</b>	<b>2021</b>
	<b>€'000</b>	<b>€'000</b>
Remuneration and Other Pay Costs	226	
Project travel	5	
Other	12	
Licensing/nutritional information analysis	29	148
	<b>272</b>	<b>148</b>

#### 16. Events after the reporting date

There are no events between the reporting date and the date of approval of these financial statements that require adjustment.

The Board recognises that the Covid-19 pandemic continued to impact the FSAI during 2022. The FSAI, in conjunction with the Board, continues to take the situation seriously and is monitoring it on an ongoing basis. The business continues to operate with measures in place to protect staff with staff working remotely and services continue to be provided. To date, the operations and most of the entity's activities are being maintained while adjusting to the different way in which the business is being delivered. In October 2022 a pilot hybrid working model was introduced to maximise the benefits of remote working while delivering the FSAI's business objectives. This pilot will be monitored and assessed throughout 2023.

As the FSAI is funded by moneys provided by the Exchequer, through the Department of Health, the Board considers it appropriate to prepare the financial statements on a going concern basis.

#### 17. Financial position

Arising from the financial outturn in 2021 resulting in a cash surplus of €903,000, the FSAI engaged with the Department of Health to identify an appropriate use for this funding. It was agreed that this would be offset against the FSAI's 2022 allocation.

#### 18. Approval of Financial Statements

The Financial Statements were approved by the Board on 27 June 2023.