



Appropriation Account 2013

Vote 38

Health

Introduction

As Accounting Officer for Vote 38, 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 2013 for the salaries and expenses of the Office of the Minister for Health and certain other services administered by that Office, including miscellaneous grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €29.527 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 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.

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 Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. 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.

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 Department.
- 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 Department 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 Department is compliant with the exception of three contracts to the value of €162,559. The Department has provided details of these contracts to the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

Internal Audit and Audit Committee

I confirm that the Department 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 Department 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 the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Jim Breslin
Accounting Officer
Department of Health

23 September 2014

Comptroller and Auditor General Report for presentation to the Houses of the Oireachtas

Vote 38 Health

I have audited the appropriation account for Vote 38 Health for the year ended 31 December 2013 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 his control, for the efficiency and economy of administration by his Department 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 38 Health for the year ended 31 December 2013.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Department of Health. The appropriation account is in agreement with the books of account.

Reporting on matters arising from audit

Chapter 13 of my report on the accounts of the public services for 2013 refers to certain other matters relating to Vote 38.

Seamus McCarthy

Comptroller and Auditor General

24 September 2014

Vote 38 Health

Appropriation Account 2013

Service	Estimate provision	2013 Outturn	2012 Outturn	
	€000	€000	€000	
Administration				
A.1	Salaries, wages and allowances	24,742	22,176	23,499
A.2	Travel and subsistence	654	499	375
A.3	Training and development and incidental expenses	947	634	552
A.4	Postal and telecommunication services	628	458	434
A.5	Office equipment and external IT services	1,824	1,539	1,519
A.6	Office premises expenses	625	620	886
A.7	Consultancy services and value for money and policy reviews	2,000	1,221	1,563
A.8	EU Presidency	650	568	286
Grants				
B.1	Grants to research bodies and other research grants	36,016	35,746	36,091
B.2	Grants to health agencies and other similar organisations (part funded by National Lottery)	3,286	3,286	3,286
B.3	Drugs initiative	29,951	29,568	31,475
Other services				
C.	Expenses in connection with the World Health Organisation and other international bodies	2,725	2,676	2,724
D.	Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	19,468	8,623	9,462
E.1	Developmental, consultative, supervisory, regulatory and advisory bodies	57,294	50,291	47,864
E.2	The Food Safety Promotion Board	5,950	5,950	5,250
E.3	The National Treatment Purchase Fund Board and Special Delivery Unit	13,987	17,387	40,587
E.4	Ireland/Northern Ireland INTERREG	2,190	1,524	1,910

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Other services (continued)				
F.1	Payments in respect of disablement caused by thalidomide	745	420	498
F.2	Payments in respect of persons claiming to have been damaged by vaccination	1	—	—
F.3	Payments to a special account established under section 10 of the Hepatitis C Compensation Tribunal Act 1997 and 2002	24,786	21,200	25,300
F.4	Payments to a reparation fund established under section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	3,849	3,000	3,250
G.	Dissemination of information, conferences and publications in respect of health and health services	813	537	403
Capital services				
H.	Grants in respect of building and equipping (including ICT) of agencies funded by the Department	14,527	11,127	7,284
Gross expenditure		247,658	219,050	244,498
<i>Deduct</i>				
I	Appropriations-in-aid	3,916	4,836	5,088
Net expenditure		243,742	214,214	239,410

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	29,527,212	86,470,381

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Expenditure on administration	27,715	29,114
Expenditure on services and programmes	191,335	215,384
Gross expenditure	219,050	244,498
<i>Deduct</i>		
Appropriations-in-aid	4,836	5,088
Net expenditure	214,214	239,410
Changes in capital assets		
Purchases cash	(105)	
Depreciation	170	
Loss on disposals	—	
	65	76
Changes in net current assets		
Decrease in closing accruals	(2,247)	
Increase in stock	(19)	
	(2,266)	(1,343)
Direct expenditure	212,013	238,143
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	9,228	9,483
Notional rents	2,349	2,359
Net programme cost	223,590	249,985

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 38 borne elsewhere.

	2013	2012
	€000	€000
Vote 9 Office of the Revenue Commissioners	e 81	—
Vote 12 Superannuation and Retired Allowances	e 7,231	7,053
Vote 13 Office of Public Works	e 1,640	2,165
Central Fund - Ministerial pensions	e 276	265
	9,228	9,483

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	671	747
Current assets			
Stocks	2.4	82	63
Prepayments		355	310
Accrued income	2.5	8,960	7,236
Other debit balances	2.6	4,123	2,885
Total current assets		13,520	10,494
Less current liabilities			
Accrued expenses		211	689
Other credit balances	2.7	173	349
Bank and cash	2.3	3,333	600
Net liability to the Exchequer	2.8	617	1,936
Total current liabilities		4,334	3,574
Net current assets		9,186	6,920
Net assets		9,857	7,667
Represented by:			
State funding account	2.1	9,857	7,667

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		7,667	6,389
Disbursements from the Vote			
Estimate provision	Account	243,742	
Surplus to be surrendered	Account	(29,528)	
Net vote		214,214	239,410
Expenditure (cash) borne elsewhere	1	9,228	9,483
Non cash expenditure – notional rent	1	2,349	2,359
Other non-cash item – capital accrual		(11)	11
Net programme cost	1	(223,590)	(249,985)
Balance at 31 December		9,857	7,667

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2013	2,469	1,998	4,467
Additions	91	3	94
Disposals	(29)	(39)	(68)
Cost or valuation at 31 December 2013	2,531	1,962	4,493
Accumulated depreciation			
Opening balance at 1 January 2013	1,890	1,830	3,720
Depreciation for the year	110	60	170
Depreciation on disposals	(29)	(39)	(68)
Cumulative depreciation at 31 December 2013	1,971	1,851	3,822
Net assets at 31 December 2013	560	111	671
Net assets at 31 December 2012	579	168	747

2.3 Bank and Cash

	2013 €000	2012 €000
at 31 December		
PMG balances and cash	(3,197)	3,706
Orders outstanding	(136)	(4,306)
	<u>(3,333)</u>	<u>(600)</u>

2.4 Stocks

	2013 €000	2012 €000
at 31 December		
Stationery	26	21
IT consumables	56	42
	<u>82</u>	<u>63</u>

2.5 Accrued Income

	2013 €000	2012 €000
at 31 December		
Pay related deductions due from IBTS	8,701	7,030
Other	259	206
	<u>8,960</u>	<u>7,236</u>

2.6 Other Debit Balances	2013	2012
at 31 December	€000	€000
Advances to OPW	—	94
Recoupable salaries	89	327
Recoupable travel expenditure	31	24
Recoupable travel pass scheme expenditure	134	123
Hepatitis C Compensation Tribunal	3,861	2,309
Other debit suspense items	8	8
	<u>4,123</u>	<u>2,885</u>

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000
Amounts due to the State		
Income Tax and Universal Social Charge	—	23
Pay Related Social Insurance	(3)	(3)
Professional Services Withholding Tax	71	42
Value Added Tax	13	22
Pensions	—	210
	<u>81</u>	<u>294</u>
Other credit suspense items	92	55
	<u>173</u>	<u>349</u>

2.8 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	29,528	86,470
Exchequer grant undrawn	(28,911)	(84,534)
Net liability to the Exchequer	<u>617</u>	<u>1,936</u>

Represented by:**Debtors**

Debit balances: suspense	<u>4,123</u>	<u>2,885</u>
	4,123	2,885

Creditors

Due to State	(81)	(294)
Bank and cash	(3,333)	(600)
Credit balances: suspense	<u>(92)</u>	<u>(55)</u>
	(3,506)	(949)
	<u>617</u>	<u>1,936</u>

2.9 Commitments	2013	2012
at 31 December	€000	€000

(A) Global Commitments

Non capital commitments likely to arise in subsequent years :

Procurement subheads	10,375	31,131
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(B) Multi-Annual Capital Commitments	2013	2012
	€000	€000

1. Legally enforceable capital commitments

Expenditure in year	11,127	7,284
Commitments to be met in subsequent years	31,540	26,769

2. Capital projects over €6.3 million

	Cumulative spend to 31 December 2012	Paid in 2013	To be paid in subsequent years	Total project cost
	€000	€000	€000	€000
Health Research Board				
Clinical Research Facilities				
St James's Hospital and Dublin Clinical Research Network	5,240	2,109	4,651	12,000
University College Hospital, Galway	—	2,000	6,750	8,750
Clinical Applied Biomedical Science	2,258	3,106	6,018	11,382
Total	7,498	7,215	17,419	32,132

3 Programme Expenditure by Subhead

An explanation is provided below in the case of each expenditure subhead where the outturn varied from the amount provided, after any supplementary estimate adjustments, by more than €100,000, and by more than 5% (25% in the case of administration subheads).

Description	Sub-head	Less/ (more) than provided €000	Explanation
Training and development and incidental expenses	A.3	313	Proposals to significantly expand the staff training programme did not commence as planned.
Postal and telecommunication services	A.4	170	The cost of telephone charges was less than anticipated partly due to improved contract prices.
Consultancy services and value for money and policy reviews	A.7	779	Consultancies in relation to the Special Delivery Unit, Universal Health Insurance and Private Health Insurance did not proceed as scheduled.
Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	D	10,845	The saving on miscellaneous legal settlements and fees arises from the length of time taken to settle cases and claims, including claims under the Lourdes Hospital Payment Scheme. As the Department does not have control over the timing of settlements it is difficult to estimate the number or value of cases which will be settled in a given year.

Description	Sub-head	Less/ (more) than provided €000	Explanation
Development, consultative, supervisory, regulatory and advisory bodies	E.1	7,003	<p>Spending on health agencies, particularly within the two largest agencies funded from this subhead, the Mental Health Commission and the Health Information and Quality Authority (HIQA), was less than anticipated. The Department advances funds to these agencies up to the approved level of expenditure or actual expenditure, whichever is the lesser amount.</p> <p>In respect of the Mental Health Commission the following factors gave rise to a saving of €1.98 million on the Commission's allocation for 2013:</p> <ul style="list-style-type: none"> • Posts sanctioned for filling through the re-deployment mechanism were filled later than anticipated; • Sanction for vacant posts was received later than anticipated and therefore subsequent recruitment (in accordance with the sanction provided) commenced later than anticipated; • Due to uncertainties surrounding on-going legal matters, the original projected spending on legal fees did not materialise. This arose due to a new contract for legal services with reduced fees, and successful outcomes regarding relevant legal matters. <p>In relation to the Health Information Quality Authority (HIQA), the organisation has continued to take on additional responsibilities in the area of health and social care in line with policy decisions taken by Government for the inspection and regulation of health and social care services. Approval was given to HIQA in May 2012 and April 2013 to recruit additional staff to carry out these functions. The associated financial resources were provided in the HIQA allocation for 2012 and 2013. However, recruitment of the additional staff has progressed much more slowly than anticipated which resulted in savings on HIQA's 2013 allocation. A saving was also achieved on the rental of additional accommodation at the HIQA Offices in Smithfield, Dublin where the higher rental charge did not come into force as early as originally anticipated. Savings of €2.74 million were made in these two areas.</p> <p>Other agency savings for 2013 include:</p> <ul style="list-style-type: none"> • Food Safety Authority of Ireland €0.126 million – redesign of library postponed and non-purchase of equipment • CORU €0.216 million - delays in recruiting staff and establishing registration boards and their registers • Irish Medicines Board €0.100 million - payroll related savings.
The National Treatment Purchase Fund Board and Special Delivery Unit	E.3	(3,400)	<p>The budget for the National Treatment Purchase Fund & Special Delivery Unit in 2013 was €13.987m. In order to meet all outstanding patient care liabilities by year end a further €3.4m was required. The additional funding requirement relates only to patient care liabilities and not administration costs. The National Treatment Purchase Fund has confirmed that no further patient care liabilities are being incurred.</p>

Description	Sub-head	Less/ (more) than provided €000	Explanation
Ireland/Northern Ireland INTERREG	E.4	666	The saving arose due to delays in approving expenditure under the Programme.
Payments in respect of disablement caused by thalidomide	F.1	325	During 2013, the Department continued to make monthly payments to Irish survivors of thalidomide. In addition, the Department supported a multi-disciplinary clinical team to attend a specialist centre in Sweden to familiarise itself with the clinical and therapeutic needs of thalidomide survivors. The assessment of the needs of individuals by the multi-disciplinary clinical team and the provision of additional health and personal social service supports did not materialise in 2013. The Department remains in discussion with survivors.
Payments to a special account established under section 10 of the Hepatitis C Compensation Tribunals Act 1997 and 2002	F.3	3,586	The Department is not in a position to accurately forecast the number or value of amounts which will be awarded by the Hepatitis C and HIV Compensation Tribunal to claimants in any given year. The actual payments are dependent on the decisions of the Tribunal and these were less than were originally estimated.
Payments to a reparation fund established under section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	F.4	849	A Reparation Fund payment is fixed at 20% of the Tribunal award. The number of awards approved by the Tribunal was less than originally estimated.
Dissemination of information, conferences and publications in respect of health and health service	G	276	When the national health and wellbeing survey project was initially in development, it was envisaged that it would occur over a three year period with costs arising over each of the years. As 2013 was the second year of the project, this survey had not commenced while work continued on finalisation of the Healthy Ireland Framework and development of the research and data needs analysis.
Grants in respect of building and equipping (including ICT) of agencies funded by the Department	H	3,400	Savings were due to timing issues on projects, in particular the construction of the Clinical Research Facility at University College Hospital Galway.

4 Receipts

4.1 Appropriations-in-aid	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
1. Miscellaneous	1	217	227
2. Receipts from pension-related deductions on public service remuneration	3,915	4,619	4,861
Total	3,916	4,836	5,088

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
Miscellaneous	(216)	As amounts due in any year are difficult to predict, a nominal amount of €1,000 is included in the estimate. The variance is due to receipts for licence fees under the Misuse of Drugs Act, refunds of unspent Drugs Initiative funding and pension scheme remittances.
Receipts from pension-related deductions on public service remuneration	(704)	The amount due to the Department from health agencies in respect of the pension related deduction on public service remuneration is difficult to estimate as it is dependent on the number of public sector employees and the pay rates applying in the agencies, both of which can vary (see note 2.5).

5 Employee Numbers and Pay

The number of staff at year end in the Department's agencies includes a number of non-commercial state agencies that are not in direct receipt of Exchequer funding.

The pay, allowances and other remuneration details in this note relate to Department of Health staff only. Detailed information in relation to pay in respect of agencies under the aegis of the Department is available from the relevant annual reports or directly from the agencies concerned.

	2013	2012
Number of staff at year end (full time equivalents)		
Department	351	355
Agencies	1,349	1,433
	<u>1,700</u>	<u>1,788</u>
	2013	2012
	€000	€000
Pay	21,061	22,130
Higher, special or additional duties allowance	144	177
Other allowances	3	7
Overtime	221	243
Employer's PRSI	1,027	1,031
Total pay	<u>22,456</u>	<u>23,588</u>

5.1 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	20	5	19,071	20,614
Other Allowances	17	—	337	3,381
Overtime	63	5	27,384	29,384

Certain individuals received extra remuneration in more than one category.

5.2 Re-engaged civil servants

Four retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €97,873. The pensions of these staff were subject to pension abatement rules.

6 Miscellaneous

6.1 National Lottery Funding

Sub-head	Description	2013		2012
		Estimate	Outturn	Outturn
		€000	€000	€000
B.2	Grants to health agencies and other similar organisations (part funded by National Lottery)	3,286	3,286	3,286

Under subhead B.2, a total of €3.286 million was paid to health agencies and other similar organisations. Details of the funding paid are available on the Department's website "www.dohc.gov.ie"

6.2 Legal Costs

	2013	2012
	€000	€000
Legal costs paid during the year are categorised as follows:		
Legal fees	—	—
Compensation	8,589	9,287
	<u>8,589</u>	<u>9,287</u>

6.3 Special Obstetrics Investment Fund

The Special Obstetrics Investment Fund is invested by the National Treasury Management Agency for the Minister in respect of payments required as a result of claims arising from historic obstetric incidents against the named participating hospitals.

6.4 Contingent Liabilities

The Department is involved in a number of claims involving legal proceedings which may generate liabilities, depending on the outcome of the litigation.