

Appropriation Account 2017

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 2017 for the salaries and expenses of the Office of the Minister for Health and certain other services administered by that Office, including grants to the Health Service Executive and miscellaneous grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €2.369 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 except for the following;

Payments to the HSE

Funds are advanced to the HSE in relation to the provision of services on a grant basis, in line with the funding set out in the letter of determination which issues to the HSE setting out its approved level of expenditure. The total amount paid to the HSE was charged against the relevant subheads. Grant funding paid to the HSE in 2017 amounted to €14.60 billion (2016: €13.92 billion). This is accounted for across 17 subheads — each subhead from H. to L.4, excluding L.1 which relates to the Department's capital expenditure. A number of these subheads classify expenditure on a geographical rather than a programme 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 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.

Payroll and human resource functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer of the Department of Public Expenditure and Reform is also Accounting Officer for Vote 18 and is responsible for the operation of controls within the Shared Service Centres.

I have fulfilled my responsibilities in relation to the requirements of the Service Level Agreement/Performance Delivery Agreement between this Department/Office and the National Shared Service Office for the provision of (e.g. HR) shared service. I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department/Office.

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the 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.

There were two contracts to the value of €288,737 included on my annual return in respect of Circular 40/2002 that were not in compliance with procurement guidelines. One contract for €229,375 related to office maintenance where tendering for a new contract was deferred until 2018 pending relocation to new premises. One contract for €59,362 related to telephone and communications services where the OGP advised continuing with a current supplier until a new framework was in place in January 2018.

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.

Risk and Control Framework

The Department 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.

The management board approved a risk management policy in November 2017 and established a risk sub-committee in February 2018.

A risk register is in place which identifies the key risks facing the department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board and its Risk Sub-Committee. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Governance in the Health Sector

The Department worked to strengthen its approach to managing governance across the health sector in 2017, following the publication of the revised DPER Code of Practice for the Governance of State Bodies in late 2016. Oversight of aegis bodies is undertaken by the designated units within the Department led at Principal Officer level with input and support from the Department's Governance Unit and other relevant units.

Responsibility for delivery on the mandate and functions of aegis bodies rests in the first instance with its Board, and the Chairman of the Board, or in the case of the HSE, with its Director General.

The relationship between the Department and the bodies under its aegis is determined primarily by:

- the underpinning legislation establishing the body; and
- the requirements set out in DPER's Code of Practice.

Under the revised Code of Practice, Oversight Agreements and Performance Delivery Agreements were in place with the majority of aegis bodies as at August 2018. This approach focuses on outputs and outcomes and includes performance indicators to ensure that resources are used both in an effective and efficient manner to deliver quality services.

A Corporate Plan covering a three year period is prepared by the HSE and approved by the Minister for Health. In addition, each year, the HSE prepares a National Service Plan setting out the type and volume of services it intends to provide for the funding available. This plan is approved by the Minister for Health. Performance reports are submitted at least monthly by the HSE during the course of the year, and monthly meetings take place between the two organisations.

In relation to other aegis bodies, legislation generally provides for a multi-annual Corporate Plan and an annual Business Plan. These plans allow, respectively for overall corporate strategy and annual priorities to be developed and agreed with the Department.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of Effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that require disclosure in the appropriation account.

Jim Breslin
Accounting Officer
Department of Health

12 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 38 Health

Opinion on the appropriation account

I have audited the appropriation account for Vote 38 Health for the year ended 31 December 2017 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 38 Health for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Health and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Reporting on matters arising from audit

Chapters 15 and 16 of my report on the accounts of the public services for 2017 refer to certain matters relating to Vote 38 Health.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 38 Health

Appropriation Account 2017

| Service | 2017 | | 2016 | |
|-----------------------|--|--------|---------|--------|
| | Estimate provision | | Outturn | |
| | €000 | €000 | €000 | |
| Administration | | | | |
| A.1 | Salaries, wages and allowances | 29,962 | 26,133 | 23,562 |
| A.2 | Travel and subsistence | 654 | 427 | 375 |
| A.3 | Training and development and incidental expenses | 1,150 | 1,046 | 881 |
| A.4 | Postal and telecommunication services | 730 | 353 | 343 |
| A.5 | Office equipment and external IT services | 2,323 | 2,160 | 1,742 |
| A.6 | Office premises expenses | 700 | 440 | 411 |
| A.7 | Consultancy services and value for money and policy reviews | 1,250 | 1,341 | 705 |
| Grants | | | | |
| B.1 | Grants to research bodies and other research grants | 38,000 | 37,093 | 34,763 |
| B.2 | Healthy Ireland Fund | 5,000 | 5,000 | 3,286 |
| B.3 | Drugs Initiative | 6,026 | 5,673 | 5,806 |
| Other services | | | | |
| C. | Expenses in connection with the World Health Organisation and other international bodies | 3,100 | 2,324 | 2,635 |
| D. | Statutory and non-statutory inquiries and miscellaneous legal fees and settlements | 4,000 | 6,256 | 15,494 |
| E.1 | Developmental, consultative, supervisory, regulatory and advisory bodies | 57,366 | 53,016 | 52,200 |
| E.2 | The Food Safety Promotion Board | 5,691 | 5,351 | 5,236 |
| E.3 | The National Treatment Purchase Fund | 20,100 | 22,600 | 5,100 |
| E.4 | Ireland/Northern Ireland INTERREG | 100 | 153 | — |
| F.1 | Payments in respect of disablement caused by Thalidomide | 745 | 381 | 406 |
| 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 Acts 1997 and 2002 | 21,786 | 15,299 | 18,400 |

| | | 2017 | | 2016 | |
|--|---|--------------------|-----------|-----------|-----------|
| | | Estimate provision | | Outturn | |
| | | €000 | €000 | €000 | |
| Other services (continued) | | | | | |
| F.4 | Payments to a reparation fund established under Section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002 | | 3,849 | 2,379 | 3,000 |
| G. | Dissemination of information, conferences and publications in respect of health and health services | | 1,513 | 1,162 | 1,948 |
| Corporate Administrative | | | | | |
| H. | Pension lump sum payments | | 96,000 | 108,570 | 99,030 |
| HSE Regions and Other Health Agencies | | | | | |
| I.1 | HSE – Dublin Mid Leinster Region | | | | |
| | <i>Original</i> | | 1,512,607 | | |
| | <i>Supplementary</i> | | 16,366 | | |
| | | | 1,528,973 | 1,523,537 | 1,435,278 |
| I.2 | HSE – Dublin North East Region | | | | |
| | <i>Original</i> | | 1,352,297 | | |
| | <i>Supplementary</i> | | 14,632 | | |
| | | | 1,366,929 | 1,362,203 | 1,282,842 |
| I.3 | HSE – South Region | | | | |
| | <i>Original</i> | | 2,099,067 | | |
| | <i>Supplementary</i> | | 22,712 | | |
| | | | 2,121,779 | 2,114,444 | 1,991,745 |
| I.4 | HSE – West Region | | | | |
| | <i>Original</i> | | 2,325,438 | | |
| | <i>Supplementary</i> | | 25,161 | | |
| | | | 2,350,599 | 2,342,474 | 2,207,720 |
| I.5 | Grants in respect of certain other health bodies including voluntary and joint hospital boards | | | | |
| | <i>Original</i> | | 2,414,933 | | |
| | <i>Supplementary</i> | | 26,129 | | |
| | | | 2,441,062 | 2,532,125 | 2,398,827 |
| Other HSE Services | | | | | |
| J.1 | Health agencies and similar organisations (part funded by the National Lottery) | | 7,513 | 2,700 | 4,255 |
| J.2 | Payments to Special Account – Health (Repayment) Act 2006 | | 2,000 | — | 650 |
| J.3 | Payment to special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme | | 1,500 | 785 | 1,747 |
| J.4 | Service developments and innovative service delivery projects | | | | |
| | <i>Original</i> | | 60,000 | | |
| | <i>Supplementary</i> | | 40,000 | | |
| | | | 100,000 | 30,010 | 70,000 |

| | | Estimate provision | | 2017 | 2016 |
|--------------------------|---|--------------------|-------------------|-------------------|-------------------|
| | | €000 | €000 | Outturn | Outturn |
| | | €000 | €000 | €000 | €000 |
| J.5 | Payment to State Claims Agency | | | | |
| | <i>Original</i> | 224,000 | | | |
| | <i>Supplementary</i> | 50,000 | 274,000 | 283,221 | 228,911 |
| J.6 | Economic and social disadvantaged (dormant account funding) | | 2,700 | 883 | 1,276 |
| Care Programme | | | | | |
| K.1 | Primary care reimbursement services and community demand led schemes | | 2,807,300 | 2,809,033 | 2,761,633 |
| K.2 | Long term residential care | | 939,902 | 942,522 | 921,656 |
| Capital Services | | | | | |
| L.1 | Grants in respect of building, equipping (including ICT) | | 14,527 | 13,608 | 11,169 |
| L.2 | Building, equipping and furnishing of health facilities and of higher education facilities | | 381,461 | 382,380 | 351,220 |
| L.3 | Building, equipping and furnishing of health facilities (part funded by the National Lottery) | | 2,539 | 2,539 | 2,539 |
| L.4 | Information services and related services for health agencies | | 158,700 | 158,695 | 160,429 |
| Gross expenditure | | | | | |
| | <i>Original</i> | 14,606,530 | | | |
| | <i>Supplementary</i> | 195,000 | 14,801,530 | 14,798,316 | 14,107,220 |
| <i>Deduct</i> | | | | | |
| M. | Appropriations-in-aid | | 460,221 | 459,376 | 460,408 |
| Net expenditure | | | | | |
| | <i>Original</i> | 14,146,309 | | | |
| | <i>Supplementary</i> | 195,000 | 14,341,309 | 14,338,940 | 13,646,812 |

Surplus

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

| | 2017 | 2016 |
|----------------------------------|------------------|------------------|
| | € | € |
| Surplus to be surrendered | 2,369,157 | 2,221,193 |

Jim Breslin
Accounting Officer
Department of Health
29 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

| | 2017 | 2016 |
|--|-------------------|-------------------|
| | €000 | €000 |
| Expenditure on administration | 31,900 | 28,019 |
| Expenditure on services and programmes | 14,766,416 | 14,079,201 |
| Gross expenditure | 14,798,316 | 14,107,220 |
| <i>Deduct</i> | | |
| Appropriations-in-aid | 459,376 | 460,408 |
| Net expenditure | 14,338,940 | 13,646,812 |
| Changes in capital assets | | |
| Purchases cash | (147) | |
| Depreciation | 125 | |
| Loss on disposals | — | (24) |
| Changes in net current assets | | |
| Increase in closing accruals | 238 | |
| Decrease in stock | 22 | |
| | 260 | (66) |
| Direct expenditure | 14,339,178 | 13,646,722 |
| Expenditure borne elsewhere | | |
| Net allied services expenditure (note 1.1) | 15,736 | 9,619 |
| Notional rents | 2,004 | 2,004 |
| Net programme cost | 14,356,918 | 13,658,345 |

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.

| | 2017 | 2016 |
|--|---------------|--------------|
| | €000 | €000 |
| Vote 9 Office of the Revenue Commissioners | e 231 | 167 |
| Vote 12 Superannuation and Retired Allowance | e 8,769 | 7,696 |
| Vote 13 Office of Public Works | e 6,426 | 1,472 |
| National Shared Services Office | e 52 | — |
| Central Fund – Ministerial pensions | e 258 | 284 |
| | 15,736 | 9,619 |

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

Note 2 Statement of Financial Position as at 31 December 2017

| | Note | 2017 €000 | 2016 €000 |
|--|------|---------------|---------------|
| Capital assets | 2.2 | 321 | 623 |
| Current assets | | | |
| Stocks | 2.3 | 69 | 91 |
| Prepayments | | 188 | 167 |
| Accrued income | | 177 | 128 |
| Other debit balances | 2.4 | 8,958 | 19,595 |
| Net Exchequer funding due | 2.6 | 3,394 | 5,481 |
| Total current assets | | 12,786 | 25,462 |
| Less current liabilities | | | |
| Accrued expenses | | 748 | 440 |
| Other credit balances | 2.5 | 1,386 | 475 |
| Bank and cash | | 10,966 | 24,601 |
| Total current liabilities | | 13,100 | 25,516 |
| Net current assets/ (liabilities) | | (314) | (54) |
| Net assets | | 7 | 569 |
| Represented by: | | | |
| State Funding Account | 2.1 | 7 | 569 |

2.1 State funding account

| | Note | 2017 €000 | 2016 €000 |
|---------------------------------------|----------|--------------|--------------|
| Balance at 1 January | | 569 | 470 |
| Disbursements from the Vote | | | |
| Estimate provision | Account* | 14,341,309 | |
| Surplus to be surrendered | Account* | (2,369) | |
| Net vote | | 14,338,940 | 13,646,812 |
| Expenditure (cash) borne elsewhere | 1.1 | 15,736 | 9,619 |
| Non cash expenditure – notional rent | 1 | 2,004 | 2,004 |
| Other non-cash item – capital accrual | | — | 9 |
| Asset adjustments | | (324) | — |
| Net programme cost | 1 | (14,356,918) | (13,658,345) |
| Balance at 31 December | | 7 | 569 |

*Note: "Account" refers to the appropriation account

2.2 Capital assets

| | Office equipment €000 | Furniture and fittings €000 | Total €000 |
|---|-----------------------------|-----------------------------------|---------------|
| Gross assets | | | |
| Cost or valuation at 1 January 2017 | 2,264 | 1,972 | 4,236 |
| Additions | 147 | — | 147 |
| Adjustment ¹ | — | 24 | 24 |
| Disposals ² | (756) | (818) | (1,574) |
| Cost or valuation at 31 December 2017 | 1,655 | 1,178 | 2,833 |
| Accumulated depreciation | | | |
| Opening balance at 1 January 2017 | 1,667 | 1,946 | 3,613 |
| Depreciation for the year | 115 | 10 | 125 |
| Depreciation on disposals ² | (408) | (818) | (1,226) |
| Cumulative depreciation at 31 December 2017 | 1,374 | 1,138 | 2,512 |
| Net assets at 31 December 2017 | 281 | 40 | 321 |
| Net assets at 31 December 2016 | 597 | 26 | 623 |

¹ The adjustment arises from a review of capital assets that was completed in early 2018. This review determined that certain furniture and fittings had been incorrectly removed from the asset register in earlier years. This resulted in capital assets being understated. When these assets were incorrectly removed from the register, the associated accumulated depreciation was not adjusted. Therefore no adjustment is required to the opening balance at 1 January 2017.

² Arising from the above review of capital assets, a number of assets (mostly with a net book value of nil), which were not in place during the inventory were removed from the asset register in 2017. The removal of these assets from the asset register comprises the main part of the disposals figure in 2017.

2.3 Stocks

| at 31 December | 2017 €000 | 2016 €000 |
|----------------|--------------|--------------|
| Stationery | 25 | 20 |
| IT consumables | 44 | 71 |
| | 69 | 91 |

2.4 Other debit balances

| at 31 December | 2017 | 2016 |
|---|--------------|---------------|
| | €000 | €000 |
| Recoupable salaries | 125 | 30 |
| Recoupable travel expenditure | 12 | 5 |
| Recoupable travel pass scheme expenditure | 46 | 152 |
| Hepatitis C Compensation Tribunal | 8,763 | 18,001 |
| HSE funding overdrawn/(undrawn) | — | 1,388 |
| Other debit suspense items | 12 | 19 |
| | 8,958 | 19,595 |

2.5 Other credit balances

| at 31 December | 2017 | 2016 |
|--|--------------|------------|
| | €000 | €000 |
| Amounts due to the State | | |
| Income Tax and Universal Social Charge | 616 | — |
| Pay Related Social Insurance | 257 | — |
| Professional Services Withholding Tax | 31 | 37 |
| Value Added Tax | 2 | 1 |
| | 906 | 38 |
| Other credit suspense items | 480 | 437 |
| | 1,386 | 475 |

2.6 Net Exchequer funding due

| at 31 December | 2017 | 2016 |
|--|----------------|----------------|
| | €000 | €000 |
| Surplus appropriations to be surrendered | 2,369 | 2,221 |
| Exchequer grant due undrawn | (5,763) | (7,702) |
| Net Exchequer funding due | (3,394) | (5,481) |
| Represented by: | | |
| Debtors | | |
| Debit balances: suspense items | 8,958 | 19,595 |
| | 8,958 | 19,595 |
| Creditors | | |
| Due to State | (906) | (38) |
| Bank and cash | (10,966) | (24,601) |
| Credit balances: suspense | (480) | (437) |
| | (12,352) | (25,076) |
| | (3,394) | (5,481) |

2.7 Commitments

| at 31 December | 2017 | 2016 |
|--|---------------|---------------|
| | €000 | €000 |
| a) Global commitments | | |
| Procurement of goods and services | 1,263 | 1,067 |
| Grant programmes | 5,664 | 5,614 |
| Capital grant programmes | 18,835 | 28,789 |
| Total of legally enforceable commitments | 25,762 | 35,470 |
| b) Capital grant programmes | | |
| | 2017 | 2016 |
| | €000 | €000 |
| Opening balance | 28,789 | 38,801 |
| Grants paid in year | (9,954) | (10,012) |
| New grant commitments | — | — |
| Closing balance | 18,835 | 28,789 |

c) Major capital commitments

| | Cumulative expenditure to 31 December 2016 | Expenditure in 2017 | Project commitments in subsequent years | Expected total spend lifetime of project 2017 | Expected total spend lifetime of project 2016 |
|---|--|------------------------|--|--|---|
| | €000 | €000 | €000 | €000 | €000 |
| Health Research Board Clinical Research facilities: | | | | | |
| St James's Hospital and Dublin Clinical Research Network ¹ | 11,264 | 805 | 877 | 12,946 | 12,921 |
| Total | 11,264 | 805 | 877 | 12,946 | 12,921 |

¹ This expenditure relates to capital funding for a series of medical research projects being performed at a research centre based at St. James's Hospital Dublin.

Note 3 Expenditure Variances by Subhead

An explanation is provided below in the case of each expenditure subhead where the outturn varied from the original estimate provision by more than €100,000, and by more than 5% (25% in the case of administration subheads). There is an overall surrender with the excess spending on some subheads met through a virement of savings on some other subheads.

Administration Expenditure

A.2 *Travel and subsistence*

Estimate provision: €0.654 million, outturn: €0.427 million

The underspend of €0.227 million on expenditure on travel and subsistence was due to spending on official travel being less than anticipated. This was due in part to staff vacancies and delays in recruiting personnel.

A.4 *Postal and telecommunications services*

Estimate provision: €0.730 million, outturn: €0.353 million

The underspend of €0.377 million on expenditure on postal and telecommunications services was due to savings on telephone charges and the relocation of the Department being re-scheduled to 2018.

A.6 *Office premises expenses*

Estimate provision: €0.700 million, outturn: €0.440 million

The underspend of €0.260 million on expenditure on office premises expenses was due to reduced spending on building maintenance pending the relocation of the Department.

Grants to Agencies

B.3 *Drugs initiative*

Estimate provision: €6.026 million, outturn: €5.673 million

The estimate included €0.33 million associated with expenditure incurred by the Department in respect of the National Advisory Committee on drugs and alcohol. During 2017 responsibility for this Committee transferred to the Health Research Board and as a result the Department only incurred €0.085 million expenditure. There was also an underspend in local and regional drug taskforces during the year (€0.1 million).

Other Services

- C. Expenses in connection with the World Health Organisation and other international bodies**
 Estimate provision: €3.1 million, outturn: €2.324 million
 The shortfall in expenditure of €0.776 million relative to the estimate provision was due to an additional provision in the subhead for potential currency fluctuations in relation to the payment of the annual subscription to the World Health Organisation. In the event these fluctuations did not arise to the extent provided for.
- D. Statutory and non-statutory inquiries and miscellaneous legal fees and settlements**
 Estimate provision: €4 million, outturn: €6.256 million
 Expenditure was €2.256 million higher than provided for in the estimate. Expenditure in relation to claims was €1.5 million higher than projected due to finalisation of a small number of large claims during 2017. In addition, during 2017, the Department incurred expenditure of €0.522 million in relation to the commission of investigation (certain matters relative to a disability service in the south east) and related matters during 2017. This investigation was set up in March 2017 and therefore the estimate did not include any provision in that regard.
- E.1 Developmental, consultative, supervisory, regulatory and advisory bodies**
 Estimate provision: €57.366 million, outturn: €53.016 million
 Overall, expenditure in this area was €4.35 million less than provided in the estimate. The department advances funds to health agencies up to an approved level of expenditure or actual expenditure whichever is the lesser amount. Actual expenditure was €2.28 million lower than budgeted in a number of agencies largely related to delays in filling staff vacancies during 2017.
- The main agencies affected were the Mental Health commission €1.274 million, the Health Information and Quality Authority €0.823 million and the Irish Blood Transfusion Service €0.158 million. In addition the estimate made provision for expenditure of €2 million to fund once-off developmental costs associated with additional work by the Nursing and Midwifery Board in relation to full implementation of the Nurses and Midwives Act 2011. This funding was not drawn down as planned capital projects were deferred until 2018.
- E.2 The Food Safety Promotion Board**
 Estimate provision: €5.691 million, outturn: €5.351 million
 The shortfall in expenditure of €0.34 million relative to the estimate provision was because funding is subject to appropriate matched funding being provided by the Department of Health Northern Ireland (DOHNI). It was not possible for DOHNI to confirm the last part of this matched funding before the end of the year so the remaining funding was held back.
- E.3 The National Treatment Purchase Fund**
 Estimate provision: €20.1 million, outturn: €22.6 million
 The increase in expenditure of €2.5 million relative to the estimate provision was due to the provision of procedures for an additional 213 patients on waiting lists for cardiothoracic, spinal and orthopaedic treatments. This increase was met through virement. A supplementary estimate of €40 million was voted to J.4 for the Winter Initiative. €2.5 million of the supplementary estimate was vired to E.3.
- E.4 Ireland/Northern Ireland INTERREG**
 Estimate provision: €0.1 million, outturn: €0.153 million
 The increase in expenditure of €0.053 million relative to the estimate provision was due to the fact that payments under this subhead are requested by the Special EU Programmes Body and based on actual payments made to projects under the scheme. The nature of the INTERREG programme is such that the timing of project funding requests may be unpredictable particularly if there are queries to be resolved in the verification process.

F.1 Payments in respect of disablement caused by thalidomide

Estimate provision: €0.745 million, outturn: €0.381 million

The shortfall was because the mediation process has not concluded and costs of €0.364 million which had been provided for in the estimate did not occur.

F.3 Payments to a special account established under Section 10 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002

Estimate provision: €21.786 million, outturn: €15.299 million

The shortfall in expenditure of €6.487 million relative to the estimate provision was due to the average value of awards by the Tribunal decreasing in 2017 and the Department not being in a position to precisely forecast the number or value of awards made by the Hepatitis C and HIV Compensation Tribunal which is independent of the Department.

F.4 Payments to a reparation fund established under Section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002

Estimate provision: €3.849 million, outturn: €2.379 million

Section 11 of the Act provides for the payment of amounts in lieu to claimants who had accepted an award from the Tribunal or an offer of settlement. As set out in F.3, awards by the tribunal in 2017 were lower than budgeted and as a result payments from the reparation fund were lower than budgeted.

G. Dissemination of information, conferences and publications in respect of health and health services

Estimate provision: €1.513 million, outturn: €1.162 million

The shortfall in expenditure of €0.351 million relative to the estimate provision was due to a number of projects associated with Healthy Ireland and other health promotion and protection projects not concluding in 2017.

Corporate Administrative (HSE)

H. Pension lump sum payments

Estimate provision: €96 million, outturn: €108.57 million

The increase in expenditure of €12.57 million relative to the estimate provision was due to the scale of pension lump sums and number of retirements being difficult to predict with certainty.

Other HSE Services

- J.1 Health agencies and similar organisations (part funded by the National Lottery)*
 Estimate provision: €7.513 million, outturn: €2.7 million
 The shortfall in expenditure of €4.813 million relative to the estimate provision was due to grants not being paid until the conditions of the grant are fulfilled. Delays occur due to outstanding information requirements such as tax clearance certificates and quotations.
- J.2 Payments to Special Account – Health (Repayment) Act 2006*
 Estimate provision: €2 million, outturn: €0 million
 The shortfall in expenditure of €2 million relative to the estimate provision was due to the nature of payments under this subhead being such that the timing of funding requests may be unpredictable, particularly if there are queries to be resolved in the verification process, and therefore the timing of payments can be subject to change. Because of the statutory nature of the Scheme, the liabilities arising under the Scheme must be met by the State and therefore it is important to ensure that funding for the Scheme remains in the relevant Subhead to meet final liabilities.
- J.3 Payments to special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme*
 Estimate provision: €1.5 million, outturn: €0.785 million
 The shortfall in expenditure of €0.715 million relative to the estimate provision was due to the fact that this is a quasi judicial process based on claims lodged and the nature of claims and awards vary significantly from year to year.
- J.4 Service developments and innovative service delivery projects*
 Estimate provision: €60 million, outturn: €30.01 million
 The original estimate of €60 million was for the enhancement of mental health services and facilities in 2017. A supplementary estimate of €40 million was voted for the Winter Initiative to manage increased demand for health services during the winter. In the event, €30 million was drawn down under J.4. The balance of €70 million was vired as follows:
- €67.5 million to HSE subhead 1.5 for additional services carried out by voluntary hospitals and joint hospital boards
 - €2.5 million to subhead E.3 the National Treatment Purchase Fund for procedures to be carried out for 213 patients on waiting lists for cardiothoracic, spinal and orthopaedic treatments.
- J.5 Payment to State Claims Agency*
 Estimate provision: €224 million, outturn: €283.221 million
 The provision for the payments to the State Claims Agency (SCA) in 2017 was €224 million. The variance reflects the nature of the SCA scheme with large single payments being difficult to predict. The overspend of €59.2 million was met through a supplementary estimate of €50 million and virement of €9.2 million.
- J.6 Economic and social disadvantaged (dormant account funding)*
 Estimate provision: €2.7 million, outturn: €0.883 million
 The shortfall in expenditure of €1.817 million relative to the estimate provision was due to the funding for projects under the 2016 Action Plan being drawn down over a number of years until 2019 and projects under the 2017 Action Plan not commencing the draw down of funding until 2018 due to the timing of the approval of the 2017 Action Plan by the Department of Rural and Community Development.
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Capital Services

L.1 Grants in respect of building, equipping (including ICT)

Estimate provision: €14.527 million, outturn: €13.608 million

The shortfall in expenditure of €0.919 million relative to the estimate provision was due largely to the Health and Social Care Professionals Council (CORU) not requiring funding for the fit out of new offices (€0.911 million) until 2018.

Note 4 Receipts

4.1 Appropriations-in-aid

| | 2017 | | 2016 |
|---|----------------|----------------|----------------|
| | Estimated | Realised | Realised |
| | €000 | €000 | €000 |
| 1 Recovery of cost of health services provided under regulations of the European Community | 280,000 | 277,655 | 277,655 |
| 2 Receipts from certain excise duties on tobacco products | 167,605 | 167,605 | 167,605 |
| 3 Recoupment of certain Ophthalmic Services Scheme costs from the Social Insurance Fund | 3,000 | 2,690 | 2,829 |
| 4 Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund | 3,000 | 5,814 | 6,031 |
| 5 Miscellaneous receipts | 1 | 105 | 185 |
| 6 Dormant accounts | 2,700 | 883 | 1,275 |
| 7 Receipts from pension-related deduction on public service remuneration | 3,915 | 4,624 | 4,828 |
| Total | 460,221 | 459,376 | 460,408 |

Significant variations

Overall, Appropriations-in-aid were €0.845 million less than the estimate.

Explanations for variances are set out below:

- 3 *Recovery of certain Ophthalmic Services Scheme costs from the Social Insurance Fund*
 Estimate provision: €3 million, outturn: €2.69 million
 The shortfall of €0.31 million was due to claims under the ophthalmic services scheme being difficult to predict. There is a time lag in the availability of information on the level of claims arising. As a result, the estimate for 2017 was based on the level of claims arising in 2016 with provision for a slight increase. In the event, the projected increase did not arise and instead there was a slight decrease.

- 4 *Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund*
 Estimate provision: €3 million, outturn: €5.814 million
 The increase of €2.814 million was due to the estimate being based on previous years and did not take into account the increase in outturn in recent years. It is proposed to develop more precise estimates for this expenditure subhead.

- 5 *Miscellaneous receipts*
 Estimate provision: €0.001 million, outturn: €0.105 million
 The increase of €0.104 million was due to the amounts due in any year being difficult to predict. A nominal amount of €1,000 is included in the estimate. Receipts for 2017 comprised of receipts for licence fees under the Misuse of Drugs Act and Freedom of Information Fees.

- 6 *Dormant accounts*
 Estimate provision: €2.7 million, outturn: €0.883 million
 The funding received from Dormant Accounts is based on the amount paid from Subhead J.6 during the year.

7 *Receipts from pension-related deduction on public service remuneration*

Estimate provision: €3.915 million, outturn: €4.624 million

The increase of €0.709 million was due to the Department's estimates for health agencies in respect of the pension-related deduction on public service remuneration being difficult to estimate. It is dependent on the number of public sector employees and the pay due to these employees by the agencies, both of which can vary.

4.2 Extra receipts payable to the Exchequer

| | 2017 | 2016 |
|------------------------------|------------------|-----------------|
| | €000 | €000 |
| Balance at 1 January | — | — |
| Collected | 16 | — |
| Transferred to the Exchequer | — | — |
| Balance at 31 December | <u>16</u> | <u>—</u> |

Note 5 Employee Numbers and Pay

The pay and allowances and other remuneration details in Note 5 relate to Department of Health staff only. Detailed information in relation to pay in respect of agencies is available in the relevant annual reports or directly from the agencies concerned. The agencies have been requested to provide this information on their websites.

5.1 Employee numbers

| | 2017 | 2016 |
|---|-----------------------|-----------------------|
| Department | 429 | 400 |
| Agencies | | |
| Health Service Executive direct employees | 73,871 | 70,927 |
| Voluntary (Section 38) acute and non-acute services employees | 40,187 | 39,331 |
| | <u>114,058</u> | <u>110,258</u> |
| Other agencies | 1,592 | 1,563 |
| Number of staff at year end (full time equivalents) | <u>116,079</u> | <u>112,221</u> |

'Other agencies' includes all agencies operating under the Department's aegis including those that do not receive direct Exchequer funding.

5.2 Department pay

| | 2017 | 2016 |
|---|----------------------|----------------------|
| | €000 | €000 |
| Pay | 24,366 | 22,133 |
| Higher, special or additional duties allowances | 199 | 141 |
| Other allowances | 1 | 2 |
| Overtime | 102 | 116 |
| Employer's PRSI | 1,465 | 1,170 |
| Total pay | <u>26,133</u> | <u>23,562</u> |

5.3 Allowances and overtime payments - Department

| | Number of recipients | Recipients of €10,000 or more | Highest individual payment 2017 € | Highest individual payment 2016 € |
|--|----------------------|-------------------------------|---|---|
| Higher, special or additional duties | 20 | 7 | 20,584 | 16,653 |
| Other allowances | 5 | — | 338 | 407 |
| Overtime | 43 | 3 | 14,560 | 14,506 |
| Extra remuneration in more than one category | 8 | 4 | 20,723 | 20,399 |

5.4 Other remuneration arrangements

Redundancy and severance payments of €43,183 were paid to 3 staff in 2017.

5.5 Payroll overpayments

Overpayments at year end were €38,976 (23 cases) (2016: €34,910, 8 cases). Of this €13,052 (5 cases) had recovery plans in place at end 2017.

Note 6 Miscellaneous

6.1 National Lottery funding

| Sub-head | Description | 2017 | | 2016 |
|----------|---|----------|---------|---------|
| | | Estimate | Outturn | Outturn |
| | | €000 | €000 | €000 |
| B.2 | Healthy Ireland Fund | — | — | 3,286 |
| J.1 | Health agencies and similar organisations (part funded by the National Lottery) | 7,513 | 2,700 | 4,255 |
| L.3 | Building, equipping and furnishing of health facilities (part funded by the National Lottery) | 2,539 | 2,539 | 2,539 |

Previously, sub-head B.2 was for Grants to health agencies and other similar organisations (part funded by National Lottery). At 1 January 2017, responsibility for these grants transferred to the HSE and this sub-head is now used for the Healthy Ireland Fund which is not funded from National Lottery moneys.

6.2 Compensation and legal costs

| | No. of cases | Compensation awarded | Legal costs awarded | Legal cost paid by Department / Office | 2017 Total | 2016 Total |
|---------------------------------|--------------|----------------------|---------------------|--|--------------|---------------|
| | | €000 | €000 | €000 | €000 | €000 |
| Claims by Employees | | — | — | — | — | — |
| Claims by members of the public | | | | | | |
| Awards and claim settlements | 70 | 3,773 | 1,926 | — | 5,699 | 14,655 |
| Total | | 3,773 | 1,926 | — | 5,699 | 14,655 |

6.3 Commissions and special inquiries

| | Year of Appointment | Cumulative Expenditure to 31 December 2017 €000 | Expenditure in 2017 €000 | Expenditure in 2016 €000 |
|---|---------------------|--|-----------------------------|-----------------------------|
| Commission of Investigation (Certain matters relative to a disability service in the South East and related matters) | 2017 | 522 | 522 | — |
| Total | | 522 | 522 | — |

Section 3 of the Commissions of Investigation Act 2004 provided for the establishment of a commission to investigate the matters specified in Article 3(a) of the Act and to make any reports required under that Act in relation to its investigation. In March 2017, a decision was taken to establish a commission of investigation in to certain matters relative to a disability service in the South East and related matters. Expenditure of the Commission is charged to Subhead D — Statutory and non-statutory inquiries and miscellaneous legal fees and expenses.

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.

6.5 Special obstetrics investment fund

In 2008, the Minister for Health established a Special Obstetrics Indemnity Scheme. Under the scheme, the Minister agreed to indemnify Bon Secours (Cork) and Mount Carmel Hospital in respect of specified obstetric claims. A fund was established with contributions from the two hospitals, the Medical Protection Society and the Department of Health. Claims are paid by the State Claims Agency as they arise. The Minister for Health authorises the State Claims Agency to drawdown moneys from the fund to cover the cost of claims. At 31 December 2017, the balance on the fund totalled €4.649 million. The fund is managed by the National Treasury Management Agency and the related income and expenditure is reflected in the annual financial statements of the State Claims Agency.

6.6 Late payment interest and compensation payments

| | 2017 €000 | 2016 €000 |
|---------------------------------|--------------|--------------|
| Total of interest payments paid | 4 | 2 |

Appendix A Accounts of bodies and funds under the aegis of the Department of Health

The following table lists the bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, at end March 2018, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

| Body/ departmental fund | Last accounting period | Date of audit report | Date received by Minister/ Department | Date presented to the Oireachtas |
|---|------------------------|----------------------|---------------------------------------|----------------------------------|
| Health Service Executive | 2016 | 16 May 2017 | 17 May 2017 | 2 Jun 2017 |
| Beaumont Hospital | 2016 | 30 Jun 2017 | 9 Aug 2017 | 29 Sep 2017 |
| Dublin Dental Hospital | 2016 | 29 Jun 2017 | 9 Aug 2017 | 9 Aug 2017 |
| Leopardstown Park Hospital | 2016 | 22 Dec 2017 | 17 Jan 2018 | 17 Jan 2018 |
| St. James's Hospital | 2016 | 30 Jun 2017 | 27 Jul 2017 | 1 Aug 2017 |
| National Paediatric Hospital Development Board | 2016 | 28 Jun 2017 | 29 Jun 2017 | 11 Aug 2017 |
| National Haemophilia Council | 2016 | 20 Dec 2017 | 22 Mar 2018 | 22 Mar 2018 |
| Food Safety Promotion Board | 2016 | 20 Sep 2017 | 13 Oct 2017 | 26 Oct 2017 |
| Food Safety Authority of Ireland | 2016 | 30 Jun 2017 | 15 Aug 2017 | 24 Aug 2017 |
| Health Information and Quality Authority | 2016 | 29 May 2017 | 2 Jun 2017 | 10 Jul 2017 |
| Health Research Board | 2016 | 30 Jun 2017 | 25 Jul 2017 | 2 Aug 2017 |
| Health and Social Care Professionals Council (CORU) | 2016 | 21 Dec 2017 | 6 Jan 2018 | 13 Feb 2018 |
| Irish Blood Transfusion Service Board | 2016 | 28 Jun 2017 | 6 Jul 2017 | 4 Aug 2017 |
| Health Products Regulatory Authority | 2016 | 29 Jun 2017 | 3 Jul 2017 | 6 Jul 2017 |

| Body/ departmental fund | Last accounting period | Date of audit report | Date received by Minister/ Department | Date presented to the Oireachtas |
|--|-------------------------------|-----------------------------|--|---|
| Mental Health Commission | 2016 | 20 Dec 2017 | 21 Dec 2017 | 12 Jan 2018 |
| National Cancer Registry Board | 2016 | 22 Jun 2017 | 5 Oct 2017 | 6 Oct 2017 |
| National Treatment Purchase Fund | 2016 | 25 Jan 2018 | 8 Feb 2018 | 27 Mar 2018 |
| Pre-Hospital Emergency Care Council | 2016 | 22 Dec 2017 | 9 Jan 2018 | 11 Jan 2018 |
| Health Insurance Authority | 2016 | 22 Jun 2017 | 14 Jul 2017 | 18 Jul 2017 |
| Risk Equalisation Fund | 2016 | 22 Jun 2017 | 7 Jul 2017 | 18 Jul 2017 |
| Nursing and Midwifery Board | 2016 | 28 Nov 2017 | 22 Dec 2017 | 22 Feb 2018 |
| Medical Council | 2016 | 14 Jul 2017 | 11 Aug 2017 | 31 Aug 2017 |
| Pharmaceutical Society of Ireland | 2016 | 22 Mar 2017 | 10 May 2017 | 14 May 2017 |
| Dental Council | 2016 | 20 Oct 2017 | 4 Dec 2017 | 8 Dec 2017 |
| Consolidated Patient Private Property | 2016 | 22 Dec 2017 | 16 Jan 2018 | 16 Mar 2018 |
| Health Repayments Scheme (Donations Fund) | 2016 | 20 Dec 2017 | 16 Jan 2018 | 14 Mar 2018 |
| Special Account for Health Repayments Scheme | 2016 | 20 Dec 2017 | 16 Jan 2018 | 14 Mar 2018 |
| Hep C - Insurance Scheme | 2016 | 20 Dec 2017 | 16 Jan 2018 | 26 Mar 2018 |