

Vote 39 Health

Introduction

As Accounting Officer for Vote 39, 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 2011 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 Appropriation Account incorporates the following transfers of functions as provided for in the Revised Estimates for 2011.

Functions transferred to the Department

The Drugs Initiative (Subhead B3) transferred from the former Department of Community Equality and Gaeltacht Affairs (Vote 27) with effect from 1 May 2011.

Functions transferred from the Department

The full year provision in respect of the following functions transferred to the new Department of Children and Youth Affairs on its establishment on 2 June 2011:

- the pay and non-pay costs of staff working in the Office of the Minister for Children and Youth Affairs
- additional funding to cover in-part the pay and non-pay costs of the corporate functions of the new Department
- National Lottery grants and legal fees in respect of child welfare and protection matters
- Allocations for the Adoption Authority of Ireland, the Office of the Ombudsman for Children and the Children's Acts Advisory Board.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2011, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

A Statement on Internal Financial Controls in the standard format for the year ended 31 December 2011 has been submitted with this account to the Comptroller and Auditor General. The following further actions have been taken, or are under way, to enhance the system of internal control.

Internal Audit and Audit Committee

An annual audit programme is prepared under the auspices of the Audit Committee and the Internal Audit Unit reports to the Committee on the conduct of this programme and the finalisation of audit reports. During 2011, a total of ten audit reports were finalised and issued. Nine of these reports were from the 2010 programme with one report finalised and issued from the 2011 programme. Audit work in respect of an additional seven reports from the 2011 programme and one report from the 2010 programme were completed in 2011. Six of these final reports were agreed by the Audit Committee in March 2012. Both the Audit Committee and the Internal Audit Unit operate under a written Charter.

Administrative and Financial Controls

The work of the Management Advisory Committee Sub-Committee on Internal Financial Controls includes the examination and follow up of Internal Audit reports, financial risks from the risk register, Comptroller and Auditor General Reports relating to the health sector and the wider public service and Minutes of the Minister for Finance in order to ensure that relevant recommendations relating to internal financial control are acted upon. The Sub-Committee is also responsible for reviewing the internal financial control environment.

In 2011, the Committee finalised reviews relating to administrative budgets, programme budgets and tax compliance. This has led to the further enhancement of controls in the areas reviewed. A review of procurement was also carried out and was submitted to the Committee at its first meeting in 2012.

Risk Management

The Department operates a risk management system which is tightly integrated into the business planning process. A revised risk management policy was issued in early 2010 to streamline risk management processes and monitoring of risks under the Management Advisory Committee. In 2011 further process improvements were made to monitoring and reporting systems including the development of standardised reports for the Management Advisory Committee.

Information Technology

In 2011, the Department's ICT Unit extended its shared service to the new Department of Children and Youth Affairs in addition to the other supported sites - Adoption Authority of Ireland, Ombudsman for Children and the Office of the Disability Appeals Officer. A full time suite of ICT services are being provided and a memorandum of understanding has been agreed with the Department of Children and Youth Affairs. The Department's Financial Management System (FMS) has been rolled out to users in the Department of Children and Youth Affairs. Further refinements will be required to the service in 2012. A new ICT security tender was awarded in March 2012.

Asset Register

In relation to the Department's asset register, the Department is using the FMS asset register module for all ICT assets in its Appropriation Account 2011 and is working towards fully using the module for other office equipment and furniture. Following the commencement of shared ICT services with the Department of Children and Youth Affairs, ICT assets have been transferred to that Department which is now responsible for the tracking and maintenance of its own asset register.

Staff Training

The Department continues to identify staff training needs through the Performance Management and Development System. In 2011, training was provided, inter alia, in the areas of financial management and procurement.

Michael Scanlan
Department of Health
Accounting Officer
31 March 2012

Certificate of the Comptroller and Auditor General

I have audited the Appropriation Account of Vote 39: Health for 2011 under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The Account has been prepared in accordance with the Statement of Accounting Policies and Principles. The duties of the Accounting Officer and of the Comptroller and Auditor General in relation to the Appropriation Accounts, and the basis of the audit opinion, are set out in Part 1 to this volume.

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.

In my opinion, the Appropriation Account properly presents the receipts and expenditure of the Vote for the year ended 31 December 2011.

Seamus McCarthy
Comptroller and Auditor General
6 September 2012

Vote 39 Health

Appropriation Account 2011

Service	2011 Estimate provision €000	2011 Outturn €000	2010 Outturn €000
Administration			
A.1. Salaries, wages and allowances	25,581	22,884	29,140
A.2. Travel and subsistence	654	306	421
A.3. Training and development and incidental expenses	868	676	864
A.4. Postal and telecommunications services	778	526	548
A.5. Office equipment and external IT services	1,574	1,310	1,464
A.6. Office premises expenses	925	829	717
A.7. Consultancy services and value for money and policy reviews	2,194	831	735
Grants			
B.1. Grants to research bodies and other research grants	36,797	34,430	35,879
B.2. Grants to health agencies and other similar organisations (part funded by National Lottery)	3,286	3,286	3,786
B.3. Drugs Initiative	18,361	17,571	—
Other services			
C. Expenses in connection with the World Health Organisation and other International bodies	2,600	2,580	2,460
D. Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	22,593	15,464	19,410
E.1. Developmental, consultative, supervisory, regulatory and advisory bodies	61,569	49,721	66,828
E.2. The Food Safety Promotion Board	5,950	5,950	6,665
E.3. The National Treatment Purchase Fund Board and Special Delivery Unit	85,587	85,587	90,092
E.4. Ireland / Northern Ireland Interreg	2,190	2,003	837
F.1. Payments in respect of disablement caused by thalidomide	745	374	374
F.2. Payments in respect of persons claiming to have been damaged by vaccination	1	—	—

	2011 Estimate provision	2011 Outturn	2010 Outturn	
	€000	€000	€000	
Other services (continued)				
F.3.	Payments to a special account established under section 10 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	50,786	28,600	42,000
F.4.	Payments to a reparation fund established under section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	8,849	3,600	6,400
G.	Dissemination of information, conferences and publications in respect of health and health services	813	254	629
	<i>Office of the Ombudsman for Children</i>	—	—	2,070
Capital services				
H.	Grants in respect of building and equipping (including ICT) of agencies funded by the Department	15,000	7,939	10,778
	Gross expenditure	347,701	284,721	322,097
	Deduct			
I.	Appropriations-in-aid	3,916	4,971	5,926
	Net expenditure	343,785	279,750	316,171
	Surplus for the year		€64,035,391	€60,246,281
	Deferred surrender		€1,500,000	—
	Surplus to be surrendered		€62,535,391	€ 60,246,281

Notes to the Appropriation Account

1 Operating Cost Statement 2011

	Note	€000	2011 €000	2010 €000
Expenditure on administration			27,362	33,889
Expenditure on services and programmes			257,359	288,208
Gross expenditure			<u>284,721</u>	<u>322,097</u>
Deduct				
Appropriations in aid			(4,971)	(5,926)
Net expenditure			<u>279,750</u>	<u>316,171</u>
Changes in capital assets				
Purchases cash		(101)		
Depreciation		257		
Loss on disposals		2		
			158	473
Changes in net current assets				
Decrease in closing accruals		(1,643)		
Increase in stock		(8)		
			(1,651)	(1,964)
Direct expenditure			<u>278,257</u>	<u>314,680</u>
Net allied services expenditure	1.1		16,134	17,831
Notional rents			2,352	3,480
Total operating cost			<u><u>296,743</u></u>	<u><u>335,991</u></u>

1.1 Net Allied Services

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 39 borne elsewhere.

Vote		2011 €000	2010 €000
7	Superannuation and Retired Allowances	8,140	8,305
9	Office of the Revenue Commissioners	5,037	5,174
10	Office of Public Works	2,481	3,708
20	Garda Síochána	60	412
	Central Fund - Ministerial etc. pensions	416	232
		<u>16,134</u>	<u>17,831</u>

2 Balance Sheet as at 31 December 2011

	Note	2011 €000	2010 €000
Capital assets	2.1	812	1,010
		<u>812</u>	<u>1,010</u>
Current assets			
Stocks	2.3	85	77
Prepayments		192	308
Accrued income		5,550	3,822
Other debit balances	2.4	3,531	4,543
Total current assets		<u>9,358</u>	<u>8,750</u>
Less current liabilities			
Accrued expenses		250	281
Other credit balances	2.5	437	1,111
Bank and cash	2.2	2,578	3,833
Net liability to/(from) the Exchequer	2.6	516	(401)
Total current liabilities		<u>3,781</u>	<u>4,824</u>
Net current assets		5,577	3,926
Net Assets		<u>6,389</u>	<u>4,936</u>
Represented by:			
State funding account		<u>6,389</u>	<u>4,936</u>

2.1 Statement of Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2011	2,530	2,169	4,699
Additions	92	6	98
Transfers from other Departments	24	—	24
Transfers to other Departments	(92)	(73)	(165)
Disposals	(27)	(71)	(98)
Cost or valuation at 31 December 2011	<u>2,527</u>	<u>2,031</u>	<u>4,558</u>
Accumulated depreciation			
Opening balance at 1 January 2011	1,859	1,830	3,689
Adjustment for assets transferred from other Departments	16	—	16
Depreciation for the year	176	81	257
Adjustment for assets transferred to other Departments	(75)	(45)	(120)
Depreciation on disposals	(25)	(71)	(96)
Cumulative depreciation at 31 December 2011	<u>1,951</u>	<u>1,795</u>	<u>3,746</u>
Net assets at 31 December 2011	<u>576</u>	<u>236</u>	<u>812</u>
Net assets at 31 December 2010	<u>671</u>	<u>339</u>	<u>1,010</u>

Following the transfer of certain functions from the former Department of Community, Equality and Gaeltacht Affairs, fixed assets with a value at cost of €23,916 transferred to the Department during 2011. Assets with a value of €165,245 transferred during 2011 to the Department of Children and Youth Affairs.

2.2 Bank and Cash

	2011 €000	2010 €000
at 31 December		
PMG balances and cash	(300)	2,495
Orders outstanding	(2,278)	(6,328)
	<u>(2,578)</u>	<u>(3,833)</u>

2.3 Stocks

	2011 €000	2010 €000
at 31 December		
Stationery	27	30
IT consumables	58	47
	<u>85</u>	<u>77</u>

2.4 Other Debit Balances	2011	2010
at 31 December	€000	€000
Advances to OPW	44	291
Recoupable salaries	476	319
Recoupment of travel expenditure	12	24
Recoupment of travel pass scheme	110	136
Hepatitis C Compensation Tribunal	2,880	3,764
Other debit suspense items	9	9
	<u>3,531</u>	<u>4,543</u>

2.5 Other Credit Balances	2011	2010
at 31 December	€000	€000
Amounts due to the state		
Income Tax and Universal Social Charge	20	413
Pay Related Social Insurance	(3)	206
Professional Services Withholding Tax	95	35
Value Added Tax	52	2
Pensions	11	90
Exchequer Extra Receipts	8	—
	<u>183</u>	<u>746</u>
Payroll deductions held in suspense	—	48
Other credit suspense items	254	317
	<u>437</u>	<u>1,111</u>

2.6 Net Liability to/(from) the Exchequer	2011	2010
at 31 December	€000	€000
Surplus to be surrendered	62,535	60,246
Deferred surrender	1,500	—
Exchequer grant undrawn	(63,519)	(60,647)
Net liability to/(from) the Exchequer	<u>516</u>	<u>(401)</u>

Represented by:**Debtors**

Debit balances: suspense	<u>3,531</u>	<u>4,543</u>
	3,531	4,543

Creditors

Due to State	(183)	(746)
Bank and cash	(2,578)	(3,833)
Credit balances: suspense	(254)	(365)
	<u>(3,015)</u>	<u>(4,944)</u>
	516	(401)

2.7 Commitments

at 31 December

2011	2010
€000	€000

(A) Global Commitments

Non capital commitments likely to arise in subsequent years:

Procurement subheads	30,597	90
----------------------	--------	----

(B) Multi-Annual Capital Commitments**1. Legally enforceable capital commitments**

Expenditure in year	7,939	10,778
Commitments to be met in subsequent years	19,179	27,780

2. Capital Projects over €6.3 million

	Cumulative spend to 31 December 2010 €000	Paid in 2011 €000	To be paid in subsequent years €000	Total €000
Health Research Board (Clinical Research Facility St James's Hospital and Dublin Clinical Research Network)	2,483	1,329	7,700	11,512
Health Research Board (Clinical Research Facility at University College Hospital, Galway)	—	—	7,500	7,500
Total	2,483	1,329	15,200	19,012

3 Variations in Expenditure

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).

Sub-head	Less/(more) than provided €000	Explanation
A.2.	348	The saving arose due to less travel than anticipated being undertaken during the year.
A.4.	252	The cost of replacing the PBX phone system was less than originally anticipated as Government Networks, a division within the Department of Public Expenditure and Reform, provided PBX telephone equipment free of charge. The equipment was surplus to requirements in other departments/buildings.
A.7.	1,363	The saving arose as (i) projects on the Review of the Nursing Degree Programme and A Model of Demand for the Supply of GP and Practice Nurse Services commenced in 2011 but did not incur costs that year; (ii) stage 1 only of the project on the VHI was approved for 2011 and (iii) a number of proposed consultancies did not proceed during the year.
B.1.	2,367	The saving arose due to spending by the Health Research Board being less than anticipated.
D.	7,129	It is difficult to predict the amount which will be paid from this subhead each year as the majority of the costs relate to legal settlements and their associated legal fees and these are based on the outcome of legal proceedings. Therefore, there was a surplus on the subhead.
E.1.	11,848	Spending on health agencies, including the Mental Health Commission and the Health and Information Quality Authority, was less than anticipated. The Department monitors the amounts required by each agency under the system of cash management and expenditure control. The reported actual expenditure by agencies to end November 2011, together with the projected expenditure for December 2011 showed that they would not require the full allocation for the year. Therefore, in accordance with the policies of the Department regarding payments to agencies, they were paid the lesser amount of their allocation or net expenditure.
E.4.	187	The saving arose from spending being less than anticipated.
F.1.	371	The proposed increase in payments to victims of thalidomide was not agreed during the year.
F.3.	22,186	The number of awards approved by the Hepatitis C Compensation Tribunal were less than originally estimated.
F.4.	5,249	The number of awards approved by the Hepatitis C Compensation Tribunal were less than originally estimated.
G.	559	The saving arose from spending being less than anticipated.
H.	7,061	Savings arose due to delays in the construction of the Clinical Research Facility at University College Hospital Galway as the main contractor went into receivership in 2010 and a challenge to the award of the contract following the retendering exercise. Also, progress on approving an ICT project was slower than anticipated primarily due to the complexity of the project.

4 Receipts

4.1 Appropriations-in-aid	2011 Estimated €000	2011 Realised €000	2010 Realised €000
1. Miscellaneous	1	208	267
2. Receipts from pension related deduction on public service remuneration.	3,915	4,763	5,659
Total	3,916	4,971	5,926

Heading	Less/(more) than estimated €000	Explanation
1.	(207)	The variance was due in part to the receipt of licence fees under the Misuse of Drugs Act, the refund of unspent Drugs Initiative funding and pension scheme remittances.
2.	(848)	The amount due to the Department from health agencies in respect of the Pension Related Deduction on Public Service Remuneration was difficult to estimate due to the possible impact of the Government's programme of rationalisation of state agencies.

4.2 Extra receipts payable to the Exchequer

Receipts totalling €8,462, in respect of the voluntary surrender of salary under Section 483 of the Taxes Consolidation Act, 1997 were received during the year and paid over in 2012.

5 Employee Numbers and Pay

	2011	2010
Number of staff at year end (full time equivalents)	366	430
	€000	€000
Pay	21,517	27,565
Higher, special or additional duties allowances	189	242
Other allowances	5	7
Overtime	209	202
Employer's PRSI	964	1,124
Total pay	22,884	29,140

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2011 €	Maximum individual payment 2010 €
Higher, special or additional duties	65	7	20,614	20,575
Other allowances	32	—	343	450
Overtime	58	5	19,276	19,121

Note: Certain individuals received extra remuneration in more than one category.

6 Miscellaneous

6.1 National Lottery Funding

Subhead Description	2011 Estimate €000	2011 Outturn €000	2010 Outturn €000
B.2. Grants to health agencies and other similar organisations (part funded by National Lottery)	3,286	3,286	3,786
	<u>3,286</u>	<u>3,286</u>	<u>3,786</u>

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 Commissions and Enquiries

	Year of appointment	Total paid to end 2011 €000	2011 €000	2010 €000
Commission on Patient Safety and Quality Assurance	2007	302	—	8
Commission of Investigation to examine matters relating to the management, operation and supervision of Lea's Cross Nursing Home.	2007	2,105	—	289
		<u>2,407</u>	<u>—</u>	<u>297</u>

6.3 Deferred Surrender

Under the provisions of section 91 of the Finance Act 2004, €1,500,000 of unspent allocation in respect of Subhead H was carried forward to 2012.

6.4 Special Obstetrics Scheme

A Special Obstetrics Indemnity Fund has been established from which certain participating hospitals will be indemnified in respect of specified obstetric claims. Contributions are provided by the participating hospitals into the Fund. In addition, under the terms of an arrangement with the Medical Protection Society certain funds (the Special Obstetrics Fund) were transferred to part-fund the cost of designated obstetric claims against named obstetricians. These Funds are managed by the State Claims Agency. The intention is that claims will be met in the first instance by the Funds and any shortfall in cover will be met by the Department. The Funds are sufficiently resourced to meet anticipated claims for the foreseeable future and the question of a shortfall in cover does not arise at the present time.

6.5 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.