



**Comptroller and Auditor General
Special Report**

**Administration of the National
Health and Local Authority
Levy Fund**

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Abbreviations

HSE	Health Service Executive
HSNPF	Health Service National Partnership Forum
LANPAG	Local Authority National Partnership Advisory Group
OHM	Office for Health Management
SIPTU	Services Industrial Professional and Technical Union

Report of the Comptroller and Auditor General

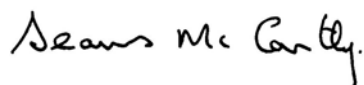
Administration of the National Health and Local Authority Levy Fund

Over the period 1998 to 2009, money was allocated by a number of public bodies for social partnership initiatives involving health sector and local authority sector staff. A bank account entitled the SIPTU National Health and Local Authority Levy Fund Account (the Fund) was set up to hold the money provided. The Fund was administered by a senior official of SIPTU.

I undertook an inspection of all the available accounts and financial records relating to the Fund, in accordance with section 5 (1) (b) of the Comptroller and Auditor General (Amendment) Act 1993. This permits me to audit or inspect the accounts for any financial year of any fund owned, or operated or controlled by or for, or held in trust by or for, a body (or bodies) which I audit.

This report was prepared on the basis of the inspection work undertaken by staff of my Office, drawing on information, documentation and explanations obtained from the bodies and persons referred to in the report. The Departments of Health, Environment, Community and Local Government, and Public Expenditure and Reform, the Health Service Executive, SIPTU and the Fund administrator were all asked to review and comment on relevant parts of the draft report. Where appropriate, the comments received were incorporated in the final version of the report.

I hereby submit my report on the inspection for presentation to Dáil Éireann in accordance with Section 11 of the Comptroller and Auditor General (Amendment) Act 1993.



Seamus McCarthy
Comptroller and Auditor General

16 April 2013

Summary

Summary

The social partnership model in the management of public sector bodies aimed to achieve improved co-operation between management and staff in addressing challenges in the delivery of public services and to modernise the practice of industrial relations in the public sector. In devising strategies to deliver on these objectives, it was recognised that this would require targeted training and development programmes and a progressive increase in the associated budgets.

A number of collaborative arrangements were put in place to identify training and development needs, and to oversee delivery. The initiatives implemented for the health sector included the Health Service National Partnership Forum (HSNPF), established in 1999, and the SKILL programme (which commenced in 2004). Similar partnership arrangements were put in place in relation to the local authority sector.

A number of previous Comptroller and Auditor General reports examined the partnership arrangements in the health service. In the context of those examinations, it was identified that there had been substantial payments of public money from multiple sources into a bank account called the SIPTU National Health and Local Authority Levy Fund Account (the Fund).

The Fund bank account was established in December 1998. The registered signatories on the account were a senior SIPTU official, and a health sector employee who was a SIPTU member and also a member of the union's National Executive Council. The senior SIPTU official was identified as a trustee of the Fund account on bank documentation, and he acted as the effective Fund administrator. Approval for the bank account was not sought from the National Executive Council of the union or its senior officers, and no arrangements were made for the transactions on the account to be processed through the union's accounting system. The union took control of the Fund in July 2010, and commissioned the preparation of financial statements of the Fund.

Because of public concern about the operation of the Fund, I undertook an inspection of the financial statements of the Fund, in accordance with section 5 (1) (b) of the Comptroller and Auditor General (Amendment) Act 1993.

Availability of Financial Records

No formal system of accounting for Fund transactions was put in place during the period the Fund account had operated. Independent accounting records exist in relation to the Fund transactions in the form of bank records of the movements on the account since 1 January 2002. Some records of funds allocated and/or payments made also exist in the public bodies that provided money to the Fund. In addition, the inspection team sought to verify payments through direct confirmation by identified suppliers and individuals, and from copies of invoices supplied by the Fund administrator to its funders in respect of reimbursement claims.

The Fund administrator met with inspection team members on four occasions and provided verbal explanations of some transactions based on diary entries and on his recollections of those transactions. However, complete explanations of certain transactions were not provided.

In 2010, the Fund administrator had engaged a firm of accountants (Grant Thornton) to review forensically, on his own behalf, all available records in relation to the Fund transactions. The inspection team asked the Fund administrator for a copy of the report and any supporting information. He declined to provide the report and the supporting material. As a result, the inspection team was unable to establish if they include any additional relevant information.

Summary of Account Transactions

A summary of the transactions on the Fund account from 1 January 2002 to 28 June 2011 is shown in the following Figure. The account was closed in June 2011, when the outstanding account balance was paid over to the Exchequer.

Summary of the receipts, payments and balances of the Fund 2002 to 2011

		Total
	€000	€000
Account balance at 1 January 2002		104
Receipts		
Public body contributions (2002 to 2009)	4,049	
Other receipts (2002 to 2010)	399	4,448
Payments (2002 to 2010)		(3,854)
Refund to Exchequer – June 2011		(698)
Account balance on closure 28 June 2011		—

Payments of Public Money to the Fund

Over €4 million was paid to the Fund by a range of public sector bodies in the years 2002 to 2009 inclusive. While records for earlier years are incomplete, it is likely that the Department of Health allocated a further €178,000 for payment to the Fund in the years 1998 to 2001 inclusive. The Fund bank account had a balance of €104,000 at 1 January 2002, which is likely to have been mainly public money. On that basis, public money totalling €4.15 million was available to the Fund in the period 2002 to 2011.

While records in respect of issues of public money and of receipts into the Fund account are incomplete for the years 1998 to 2001, the inspection team found no evidence of public money issued to the Fund in that period having been misappropriated. All sums of public money identified as having been issued by public bodies for the Fund in the period 2002 to 2009 were lodged to the Fund bank account.

The purposes for which most of the grant payments were made were not precisely specified by the funding bodies. The provision of money for the Fund was, in effect, part of a wider programme of initiatives across the health and local government sectors designed to support staff training and development, to encourage support for change initiatives in the management of the sectors, and to foster relationships between senior management on the one hand, and front line managers and staff representatives on the other.

The lack of specific directions by funders as to how the money was to be used allowed for a degree of flexibility by the Fund administrator in responding to demands, so long as all expenditure from the Fund could be demonstrated to contribute to the achievement of these partnership objectives.

The provision of public money to the Fund was via a complex chain of funding transfers. This created a risk that there would be confusion among the funding bodies about responsibility for ensuring adequate oversight and accountability for the Fund. In the event, there was no effective oversight or formal accountability for the Fund's operations.

Most of the public money was provided to the Fund in advance of expenditure. Over most of its existence, the balance in the Fund was substantially in excess of immediate requirements for Fund-based activities. There were many instances of grant funding being provided by funding bodies just before year-end. As a result, the Fund may effectively have acted as a mechanism to facilitate non-surrender of unused public money provided for partnership purposes.

Operation of the Fund

About €2.2 million (equivalent to 53% of the public money provided to the fund) was spent on training programmes and grants. This appears to be consistent with the broad partnership objectives stated by funders. Office expenses and professional fees (totalling around €67,000) are in the nature of expected support costs.

Other substantial areas of spending from the Fund, such as marketing and promotions (€348,000), travel and accommodation (€598,000) and hospitality (€99,000) are less clearly within the scope of the funding objectives, and it is not possible to identify the extent of the contribution they may have made to the development of partnership. Payments to charities (totalling €49,000) may have resulted in worthwhile social benefits, but they were clearly outside the scope of the funding objectives.

The inspection found that a further significant amount of expenditure without a clear business purpose had been charged to the Fund. Refunds of around €125,000 were made by individuals (mostly in 2010), but the inspection was not able to match this to specific payments or to conclude if all refunds due were repaid because of the limited and incomplete records.

A large amount of hospitality expenditure was incurred by the Fund. The extent to which this had a relevant business purpose or contributed to partnership objectives could not be established. Rules were not set out concerning hospitality spending limits.

In some instances, employees of public bodies engaged in foreign travel that was arranged and paid for from the Fund. Such arrangements are inappropriate, because they bypass internal controls over the charging of and accountability for foreign travel expenditure incurred by public employees.

The inspection found that there were other inappropriate financial procedures in relation to Fund expenditure and administrative errors that could have been prevented had appropriate financial controls been put in place. These included

- invoices totalling €98,000 being submitted twice by the Fund administrator to public bodies in support of reimbursement claims
- no documentary evidence to demonstrate that goods and services which were paid out of public funds were procured in a competitive and fair manner
- cheques drawn for cash to the value of €11,700 were vouched with pro-forma invoices that did not contain any supplier details
- payments to some suppliers made in advance of service delivery.

Funding totalling €999,000 was returned to State bodies between late 2010 and December 2012. Accordingly, the net cost to taxpayers of the Fund's operations between 2002 and 2011 was of the order of €3.15 million.

Improving Controls and Accountability for Grant Payments

The development and operation of the Fund raises a number of issues of general concern in relation to the administration of grant funding by public bodies.

Increasingly, State-sourced grants are not paid out of departmental Votes but through intermediate funding agencies. However, the Department of Public Expenditure and Reform guidelines and circulars on control and accountability arrangements for grants relate primarily to payments out of departmental Votes

Chapter 4 presents a set of recommendations designed to improve the control over, and accountability for, State grants. The Department of Public Expenditure and Reform has indicated that it accepts the recommendations and proposes to progress them through a joint working group between the Department and the Office of the Comptroller and Auditor General.

Report

1 Introduction

- 1.1 The 1997 national social partnership agreement — referred to as *Partnership 2000* — provided for the development of a partnership model in the management of public sector bodies. This aimed to achieve co-operation between management and staff in addressing challenges in relation to delivery of public services, the modernisation of work practices, the adoption of new technology, and the avoidance as far as possible of industrial disputes.
- 1.2 The partnership approach also sought to modernise the practice of industrial relations in the public sector. The objective was to achieve joint ownership of the process by management, unions and staff, and to replace the previous adversarial approach to change in the work place by a co-operative process based on effective consultation and participation by all concerned. Tailoring of the arrangements to meet the particular needs of each sector was planned.
- 1.3 In devising strategies to deliver on these objectives, emphasis was placed on the need for a focus on performance and on the development and enhancement of the skills and competences of management, union officials and staff at all levels. It was recognised that putting in place an effective system for managing performance would require improvements in the quality of training and development programmes and a progressive increase in the associated budgets.
- 1.4 A number of collaborative arrangements were put in place to identify training and development needs, and to oversee delivery. The initiatives implemented for the health sector included the Health Service National Partnership Forum (HSNPF), established in 1999, and the SKILL programme (which commenced in 2004). Both of these operated under steering groups comprising representatives of the Department of Health, health service management and staff in both the public and voluntary sector, and representatives of the unions.¹
- 1.5 Partnership arrangements were also put in place in relation to the local authority sector. These included the establishment in 1999 of the Local Authority National Partnership Advisory Group (LANPAG) to support local authorities in developing workplace partnership approaches. LANPAG's funding came from the Local Government Fund and the Department of the Environment's vote.
- 1.6 The various partnership initiatives were involved in commissioning training and development programmes for public sector employees at all levels. In some cases, funding was provided directly to public sector bodies to meet direct and indirect costs of training provision. In other cases, training providers and education institutions were commissioned to provide courses.
- 1.7 Two previous Comptroller and Auditor General reports examined the partnership arrangements in the health service.² In the context of those examinations, it was identified that there had been substantial payments of public money from multiple sources into a bank account called the SIPTU National Health and Local Authority Levy Fund Account (the Fund).³

1 The steering group for the SKILL programme also included a Department of Public Expenditure and Reform representative and a consultant.

2 See the Comptroller and Auditor General's Reports on the Accounts of the Public Services 2009 (Chapter 37 SKILL Programme), and 2010 (Chapter 41 Partnership Arrangements in the Health Service).

3 SIPTU is one of the largest public sector trade unions, with substantial membership among public sector employees.

Establishment of the Fund Account

- 1.8** The Fund bank account was established in December 1998. The registered signatories on the account were a senior SIPTU official, and a health sector employee who was a member of SIPTU's National Executive Council.¹ The senior SIPTU official was identified on bank documentation as a trustee of the account, and acted as the effective Fund administrator from the establishment of the account until mid 2010.
- 1.9** The naming of the Fund account to comprehend both the health and local government sectors indicates that, from the outset, it was anticipated that money in the account would be applied to purposes related to both those two sectors. It may also indicate an expectation that the funding for those purposes would come from bodies or persons in both sectors.
- 1.10** The term 'levy account' has a particular meaning in the context of SIPTU's financial management. It generally relates to a bank account established to hold money that is not part of the normal central funds of the union e.g. where union members agree to pay levies for special or local branch purposes. Funds in such accounts are generally held for specified purposes, such as the payment of training and education grants, and assistance payments in hardship cases. Such accounts are usually under the control of trustees within the individual branches of the union. The balances in levy accounts and the related transactions are not consolidated into the annual financial statements of the union.
- 1.11** When the Fund account was established, approval for the opening of the account was not sought from the National Executive Council of the union or its senior officers.²
- 1.12** No arrangements were made for the transactions on the account to be processed through the union's accounting system, or recorded in the union's books of account. No formal accounting system for the transactions on the account were established.
- 1.13** SIPTU has stated that it sought control of the Fund bank account from the Fund administrator in early 2010. The bank agreed to cede control from the Fund administrator to the union in July 2010 .

Focus of this Report

- 1.14** In December 2010, in the context of examination of the Comptroller and Auditor General reports on health sector partnership, the Accounting Officer of the Health Service Executive (HSE) reported to the Committee of Public Accounts that the HSE was unable to draw conclusions or arrive at a complete assessment of the actions of HSE personnel with regard to foreign travel financed from the Fund because the HSE had not been provided with access to all relevant records of the Fund.
- 1.15** In response to the public concerns about the operation of the Fund, the national trustees of SIPTU commissioned an examination of the Fund and published the findings in March 2011. That investigation reported that SIPTU had not been aware of the operation of the Fund bank account.

1 SIPTU Trustees' Report of March 2011.

2 SIPTU updated its account management procedures in 2011, and now requires formal authorisation for the establishment and maintenance of all such accounts.

- 1.16** When the existence of the Fund was discussed by the Committee of Public Accounts, the Committee expressed its concern regarding the manner in which public money was allocated to the Fund and the adequacy of the accountability arrangements put in place, the possibility that public money allocated and paid to the Fund could not be properly accounted for, and the completeness of information about expenditure from the Fund.
- 1.17** The Committee asked SIPTU to supply more detailed information about the operation of the Fund account to the HSE. In February 2012, SIPTU proposed that as there had been funding from a range of agencies, including non-health sector public bodies, and because some non-public funding was involved, it would arrange to have accounts for the Fund prepared from the records available to it and submit them to the Office of the Comptroller and Auditor General for examination.
- 1.18** I undertook an inspection of the accounts submitted by SIPTU in accordance with section 5 (1) (b) of the Comptroller and Auditor General (Amendment) Act 1993. This permits me to audit or inspect the accounts for any financial year of any fund owned, or operated or controlled by or for, or held in trust by or for, a body (or bodies) which I audit.
- 1.19** The objective of the inspection was to determine, based on an examination of the financial statements prepared for SIPTU, available records of the Fund, and any other available evidence
- the amount of public money provided to the Fund
 - the purpose or purposes for which the public money was provided
 - the adequacy of the accountability arrangements for the public money provided to the Fund
 - the extent to which public money provided for the Fund was received by the Fund
 - the extent to which Fund payments are supported by substantiating documentation
 - whether public money was applied for the purposes intended
 - the nature, effectiveness and propriety of Fund expenditure including payments in respect of foreign travel, hospitality and expenses of public servants
 - the reasons for refunds made to the Fund.

Inspection Methodology

- 1.20** No formal system of accounting for Fund transactions was put in place during the period the Fund account operated.
- 1.21** SIPTU commissioned a firm of accountants (Mazars) to examine the available financial records in relation to the Fund and to prepare financial statements. They prepared the accounts for each year on a receipts and payments basis. Copies of the financial statements are presented in Appendix A. All of the records used in the compilation of the financial statements were made available to my Office.

- 1.22** In effect, the only independent accounting records that exist in relation to the Fund transactions are bank records of the movements on the bank account. This includes bank account statements, copies of returned paid cheques and lodgement slips, and credit card statements. Because of the elapse of time and the operation of record retention/destruction policies, bank records in relation to transactions on the Fund account are available only from 1 January 2002.¹ Credit card statements are available only from June 2004.
- 1.23** Some records of funds allocated and/or payments made also exist in the public bodies that provided money to the Fund. This allowed the inspection team to match the surviving payment records in those public bodies with the receipts into the Fund account for the period from 1 January 2002.
- 1.24** SIPTU asked the Fund administrator to assemble all other relevant documentation, and provided the inspection team with a large number of general documents that related to the programmes and activities of the Fund. The documentation covers a range of activities including training proposals, reports on training undertaken, study trip reports and externally commissioned reports. While this documentation provides an insight into the nature of the work and activities of the Fund over a long period, it was not possible generally to match the programme documentation to the individual payment transactions.
- 1.25** The Fund administrator met with inspection team members on four occasions and provided verbal explanations of some transactions based on diary entries and on his recollections of those transactions.
- 1.26** The Fund administrator stated that following enquiries from the HSE internal audit in 2009, he commissioned a firm of accountants (Mahon and Co) to prepare accounts for the Fund from 2005. Their report concluded that, because the accuracy and completeness of the accounting records or the information and explanations provided could not be verified, an opinion on the financial information could not be given.²
- 1.27** Subsequently, the Fund administrator engaged another firm of accountants (Grant Thornton) to review forensically, on his own behalf, all available records in relation to the Fund transactions. The inspection team asked the Fund administrator for a copy of the report and any supporting information. He declined to provide the report or the supporting material to the inspection team.
- 1.28** The inspection team asked SIPTU if it had a copy of the Grant Thornton report. It stated that the Trustees were given a copy of the report by the Fund administrator for the purpose of completing their report of March 2011. SIPTU also stated that it did not retain a copy but confirmed that there was nothing in the Grant Thornton report which caused the Trustees to reconsider any of their conclusions and that the understanding of the Trustees was that the financial information made available to Grant Thornton was the same as that provided by the bank.
- 1.29** To supplement the evidence from returned paid cheques and credit card statements, the inspection team sought to verify payments from the Fund through direct confirmation by identified suppliers and individuals, and from copies of invoices supplied by the Fund to its funders in respect of reimbursement claims. An outline of the methodology adopted by the inspection team is set out in Appendix B.

1 When concerns about the operation of the Fund account arose, the bank preserved all the then-existing records of the account, including those that would otherwise have been disposed of in line with the bank's records policy.

2 Mahon & Co report dated 1 March 2010. The fees for this report were paid from the Fund.

Report Clearance

- 1.30** In accordance with the Office's report clearance process, a draft of the report was given to SIPTU to confirm the factual accuracy of matters raised and to obtain their views. The draft was also shown to the Fund administrator, who was also asked to confirm factual accuracy and invited to provide comments.
- 1.31** Drafts of the report were also given to the Accounting Officers in the Department of Public Expenditure and Reform, the Department of Health, the HSE and the Department of the Environment, Community and Local Government for the purpose of confirming the factual accuracy and obtaining their views. The Department of Health and the HSE were asked to show the draft to two former officials and to relay any comments they might have to the inspection team.
- 1.32** Relevant comments were taken into account in finalising the report.

Report Structure

- 1.33** Chapter 2 examines the payment of public money to the Fund, and the extent to which adequate accounting and reporting arrangements were put in place by the public bodies that provided the funding. Chapter 3 examines how the money in the Fund was applied, and the extent to which payments made have been independently confirmed or verified. Chapter 4 sets out general conclusions and recommendations.
- 1.34** Government departments are referred to throughout this report using their current names and based on their current assigned responsibilities, to avoid confusion.

2 Payment of Public Money to the Fund

Funding Provision

- 2.1** Figure 2.1 outlines the State funding lodged to the Fund account between 2002 and 2009, when payments ceased. This totalled just over €4 million, sourced from a variety of public bodies.
- 2.2** As Figure 2.2 indicates, the routes used to provide public money to the Fund account were complex. Up to 2004, the Department's allocations were mainly channelled to the Fund, first through the Midland Health Board, and from the Board through a body called the Office for Health Management (OHM). Following its establishment in 2005, both the Midland Health Board and the OHM were subsumed into the HSE.
- 2.3** There is incomplete evidence of amounts received into the Fund account between its establishment in December 1998 and end December 2001. However, the available documentation indicates that in each year from 1998 to 2001, the Department of Health allocated money either for 'SIPTU' or the Fund, or for a number of 'partnership' programmes.
- 2.4** The audit trail through the surviving records in respect of those allocations is incomplete, but suggests that the Department allocated around €31,700 (£25,000) for payment to the Fund each year from 1998 (when the fund was established) to 2001, inclusive. In addition, there is evidence that the Department sanctioned the provision of around €50,800 (£40,000) for a 'study visit' in 2001, and that this amount was paid to the Fund. The total of these payments over the period 1998 to 2001 is just under €178,000.¹ Bank statements indicate that the balance in the Fund account at the beginning of 2002 was €104,000.

1 Further details on these payments is presented in Appendix C.

Figure 2.1 Sources of State Funding for the NHLAL Fund 2002 to 2009^a

Source of funds	2002 €000	2003 €000	2004 €000	2005 €000	2006 €000	2007 €000	2008 €000	2009 €000	Total €000
Department of Health	90	190	225	—	—	—	—	—	505
Health Service Executive : annual grant	—	—	—	250	235	265	292	208	1,250
reimbursement ^b	—	—	—	—	25	92	228	—	345
Health Service National Partnership Forum	—	—	55	118	52	450	271	—	946
Local Authority National Partnership Advisory Group	—	—	25	92	136	243	154	139	789
Beaumont Hospital	—	—	—	—	—	—	100	—	100
Health Service Employers Agency	11	—	53	—	—	—	—	—	64
Pre-Hospital Emergency Care Council	—	—	20	—	—	—	20	—	40
Office for Health Management	—	—	10	—	—	—	—	—	10
All public bodies	101	190	388	460	448	1,050	1,065	347	4,049

Source: Analysis by OCAG

Notes: a

The figures reflect the years in which lodgements were made to the Fund. Timing differences with the period of allocation arise in some instances.

b

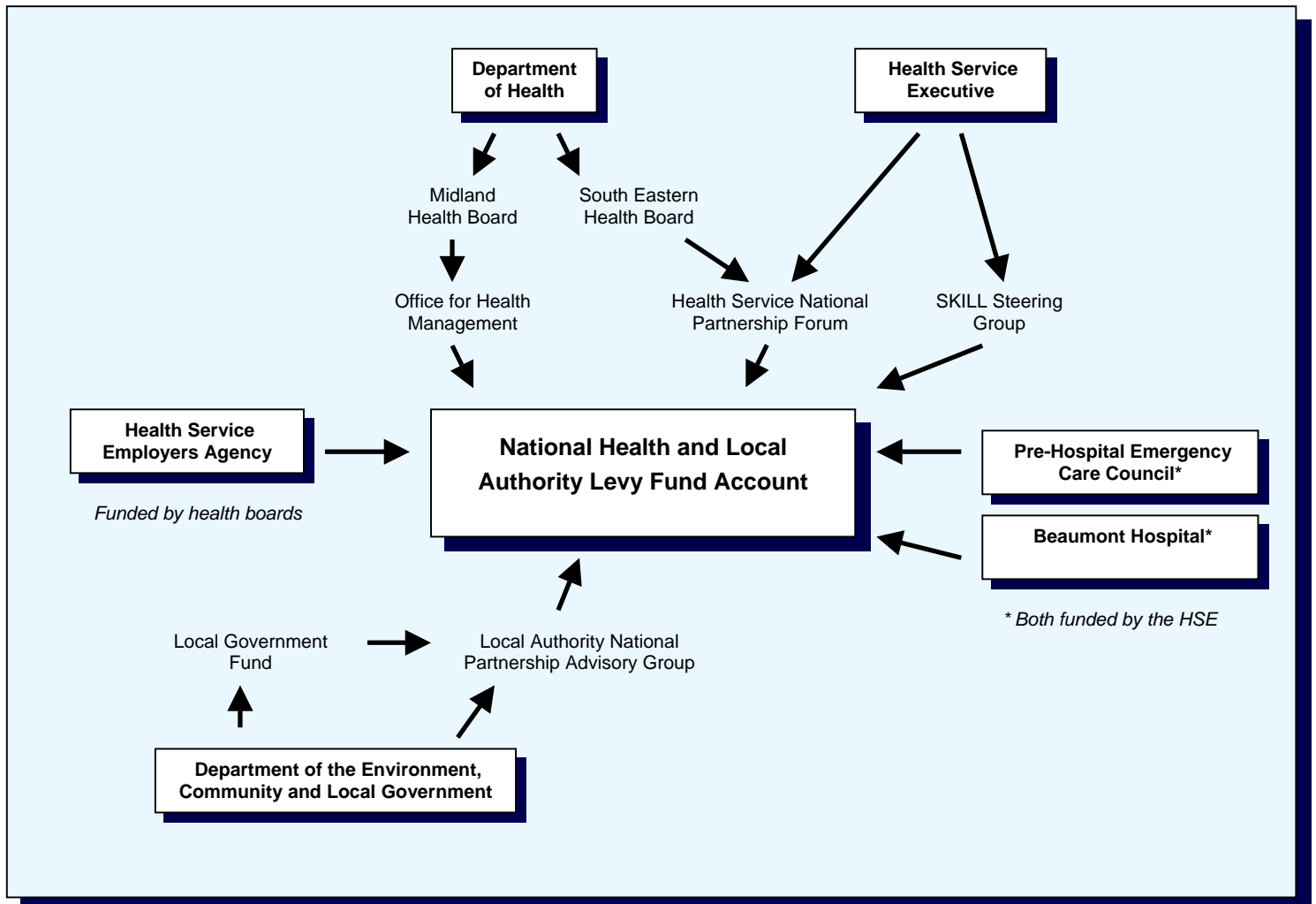
These payments were made pursuant to specific funding applications to the HSE under the SKILL programme (see paragraph 2.8).

- 2.5** The Department approved a grant of €190,000 for the Front Line Supervisors Programme in April 2002. OHM payment records are incomplete for 2002.¹ However, the OHM informed the Department in a letter on 18 December 2002 that €90,000 had been paid over to the Fund administrator and that the remaining €100,000 was being retained by OHM for the 'Train the Trainer Programme'. No other disbursements by OHM to the Fund were identified in that year. The Fund bank account records a single receipt of €90,000 from the OHM in December 2002.
- 2.6** The Department approved a further grant of €190,000 for the Front Line Supervisors Programme in November 2003. OHM records indicate a payment of this amount to the Fund in December 2003 and the Fund account records a receipt of €190,000 in that month.
- 2.7** In 2004, the Department approved a research grant of €35,000 and a further allocation of €190,000 for the Front Line Supervisors Programme. OHM records indicate payment of these amounts to the Fund and the Fund account records their receipt. A further €10,000 was paid into the Fund by OHM in November 2004 from the Department's allocation of €45,000 for a project related to the implementation of the Action Plan for People Management.²

1 The OHM audited accounts for 2002 and 2003 were not available from the Department or HSE. Comparative 2003 figures are available from the 2004 audited accounts.

2 The project was titled 'Commission Management Competency Frameworks for Ancillary Staff'.

Figure 2.2 Funding Sources



- 2.8** In December 2004, prior to the impending reorganisation of the health sector and following a request to the Department from the Fund administrator, the Department sanctioned ongoing funding of €250,000 a year for the Fund out of the overall budget which had recently been established for the HSE's SKILL programme.¹ The letter of sanction states that the funding was to be allocated to SIPTU 'to maintain support for SIPTU's human resource/personnel development schemes and the development of management/union partnerships of best practice in health enterprises'.
- 2.9** The Accounting Officer of the Department of Health has stated that the December 2004 sanction for a recurrent annual grant was intended to ensure continuity in the provision of funding to the Fund, in the context that responsibility for all such funding was due to be transferred to the HSE in January 2005. He stated that all funding subject to annual sanction had to be transferred as funding on a recurrent basis, because the Department of Health had no funding relationship with the HSE after the commencement of the Health Act 2004.
- 2.10** Given the repeated references to allocation of money to SIPTU, the inspection team asked union management if they had received funds. In response, SIPTU stated that its head office administration was never notified of these funds and no public money came directly to them. However, SIPTU and a number of its branches received grants totalling almost €68,000 from the Fund account over the years 2002 to 2009.
- 2.11** The inspection team found that wherever the surviving accounting records of the OHM or of the HSE show that a payment was made to the Fund after 1 January 2002, the Fund bank accounts shows a corresponding receipt.

Oversight and Accountability

- 2.12** The complex routes used to channel public money to the Fund created a risk that there would be confusion about responsibility for oversight and accountability for funding. In this regard, the inspection team noted that a letter from OHM to the Department of Health in 1999 in relation to the initial payment to the Fund stated that 'the details of expenditure relating to this sum of money are a matter between your Department and SIPTU'. No response from the Department to the OHM is on file.
- 2.13** A feature of the provision of health services in Ireland is that significant use is made of voluntary and other non-public bodies, for example voluntary hospitals and care providers. The funding for services delivered by such bodies usually issues to those bodies through the HSE (and formerly through health boards).
- 2.14** The Department of Health has stated that, in the past, where it made decisions for policy reasons to provide financial support to an organisation, its practice was to use the HSE (or a health board) to act as its agent in exercising financial oversight and in monitoring the use of the funding provided. This would normally involve the HSE (or health board) putting the necessary arrangements in place to ensure the proper administration of public money, including verification of the organisation's bank details and use of the account details for payments, arranging for a level and frequency of reporting appropriate to the fund in question, making periodic advances in line with the reported expenditure and referencing the expenditure in the HSE's (or health board's) annual accounts.

¹ Funding for the SKILL programme was initially provided by the Department of Health to the Health Service Employers' Agency (HSEA). In 2004, the programme was administered by the OHM and the HSEA made payments under the programme at its direction. The functions of the HSEA and OHM were transferred into the HSE in 2005. Programme expenditure was subsequently accounted for by the HSE.

- 2.15** The Health Act 2004 requires the HSE 'to have regard to the resources, wherever originating, that are available to it for the purpose of performing its functions and the need to secure the most beneficial, effective and efficient use of those resources'.¹
- 2.16** In 2004, prior to the establishment of the HSE, a national steering group was established to oversee the implementation of the SKILL programme comprising representatives of the health employers, the trade unions, and the voluntary health sector. The Fund administrator and the second cheque signatory of the Fund were members of the Steering Group. In August 2005, representatives of the Department of Health and the Department of Public Expenditure and Reform joined the Group.
- 2.17** In June 2005, the HSE in consultation with the Department of Health prepared a governance framework for the SKILL programme which was approved by the Steering Group. The governance arrangements did not make the Steering Group accountable for financial controls. Instead, the framework provided that the HSE would develop appropriate financial and accounting arrangements including
- establishment of a separate cost centre which would distinguish pay/non pay costs
 - determination of who could approve expenditure in particular circumstances and the preparation of an appropriate protocol
 - establishment of reporting requirements for the programme, including the submission by the Steering Group of quarterly reports to the HSE National Director of Finance.
- 2.18** The SKILL Steering Group received regular financial information about expenditure on the programme, but the reports were very basic and did not identify the Fund-related payments.
- 2.19** In a review of the SKILL Programme, the HSE's internal auditor noted that a document was presented to the Steering Group in 2008 which stated that it had not been possible to apply in full the arrangements contained in the 2005 governance framework. The internal auditor subsequently reported² that
- there was a lack of clarity and confusion among various parties in relation to the governance and reporting arrangements for the SKILL programme
 - there was a lack of clarity in the 2005 governance framework document regarding the reporting relationships and lines of accountability for the programme
 - even though the Skill programme came within its remit, the HSE's Corporate National Human Resources Directorate did not receive reports on or oversee the programme.
- 2.20** The inspection team found no evidence that either the Department or the HSE sought information or assurances in a timely manner from SIPTU or the Fund administrator in relation to the accounting systems and organisational arrangements in operation in relation to the public money provided to the Fund. Furthermore, no requirement was ever specified by either body for an annual audited account of the transactions and balances on hand in respect of the allocated grants.

¹ Section 7(5) of the Act.
Similar responsibilities applied to the former health boards under the Health (Amendment) (No. 3) Act 1996.

² Report titled 'Audit of SKILL Programme Administrative Expenditure' dated June 2010.

Views of the Department of Health

- 2.21** The Department of Health stated in response to the inspection findings that, while it sanctioned funding for training and partnership initiatives and the SKILL programme, it did not at any stage provide money directly to the Fund. It stated that funding was made available to the OHM for those purposes through the allocations to the Midland Health Board.¹
- 2.22** The Department also pointed out the responsibilities placed on health boards and the HSE under legislation for ensuring the most effective and efficient use of resources available to them and their duty to ensure that all funds under their control were properly expended and accounted for. The Department stated that while it allocated funding to health boards for specific policy and operation purposes, it was a matter for each health board in accordance with the legislation, to ensure that all payments made to third parties were properly made and accounted for. It stated that it was not appropriate for a health board or any entity within its control to decide that the details of expenditure in relation to any project were a matter between the Department and the recipient of the funds.
- 2.23** In relation to the governance framework for the SKILL programme, the Department stated that it only came to light in late 2009, in the context of the HSE internal audit, that the governance framework agreed in 2005 had not been implemented

Objectives of Funding Allocations

- 2.24** The provision of grant funding to non-government organisations typically occurs where such organisations perform functions and activities in support of public policy initiatives. In order to have assurance about the regularity and effectiveness of expenditure, there needs to be clarity with grant recipients about how grant funding can be used.
- 2.25** The Department of Health has stated that the money it allocated to Fund activities was intended to support a number of initiatives, in the context of the need at that time to improve the industrial relations environment in the health sector and to provide some career progression for support staff. Among the initiatives stated to be eligible for funding were
- the provision of training and personal development programmes for front line supervisors
 - training and development workshops and seminars
 - employer and union partnership initiatives in best practice
 - development and piloting of new work practices.
- 2.26** The HSNPF² provided a total of €946,000 to the Fund between 2004 and 2008 under a programme called the Action Plan for People Management. That programme arose from a commitment in the 2001 Health Strategy, which identified areas to be addressed including effective people management, improving the quality of working life, developing and implementing best practice employment policies, investing in training and education, and further developing the partnership approach.

1 The OHM was an administrative agency of the health boards.

2 The Fund administrator acted as joint chairperson of the HSNPF from 1999 until his replacement in 2010.

- 2.27** Objectives expressed in similar terms were set for activities in the local authority sector funded by LANPAG.
- 2.28** Smaller sums paid to the Fund included
- €100,000 from Beaumont Hospital in 2008 to cover travel, accommodation and evaluation costs in respect of a work placement and best practice exchange programme
 - payment by the Health Service Employers' Agency of around €64,000 mainly for front line supervisors' training programmes
 - payment by the Pre-Hospital Emergency Care Council for €40,000 in relation to training.
- 2.29** There is a general consistency in the stated objectives of the funding bodies in providing resources to the Fund around the area of training provision and development of partnership working. However, no formal or measurable targets appear to have been set. There is no evidence that the Fund administrator was required to produce business plans for the proposed spending, and service level agreements do not appear to have been put in place. The absence of business-focused objectives makes it difficult to conclude on whether the application of the funding resulted in delivery of the expected outputs, or the achievement of intended outcomes.
- 2.30** In response to the inspection findings, the Department of the Environment, Community and Local Government noted that the local government sector has enjoyed good industrial relations in the past decade. Even in the challenging circumstances of the past four years, the sector has reduced employee numbers by 8,900 whole time equivalents (24% of total) and made savings of €830 million without any major industrial disputes and while maintaining service delivery. The Department states that the development of partnership working has contributed to this.

Vouching of Payments

- 2.31** The Department of Public Expenditure and Reform's public financial procedures specify that grants issued from Vote accounts are subject to all the same restrictions that pertain to any normal departmental payment from a subhead i.e. they have to be fully vouched and accounted for to the grant-giving body, and any balance remaining unexpended at the end of the year must be surrendered to the funding body, and ultimately to the Exchequer.
- 2.32** The procedures do not specify requirements in relation to grants issued from non-Vote accounts.
- 2.33** The Department of Health's contributions to the Fund were in effect in the nature of *ad hoc* grant payments up until 2004. Thereafter, they were provided (via the HSE) on a recurrent annual funding basis. Payment of those grants to the Fund was never made conditional on vouching of expenditure, or on the submission of audited financial statements.

- 2.34** Under the general administrative arrangements put in place for the operation of the HSNPF, trade unions providing training (including training arranged by the Fund) were initially re-imbursed their vouched expenditure by the HSNPF. However, this procedure was subsequently altered, with trade union allocations being transmitted to the Fund in advance of detailed vouching. Of the total of €946,000 paid to the Fund by HSNPF, around €770,000 (81%) was paid without a requirement for prior vouching of expenses incurred.
- 2.35** Examination of the LANPAG records indicates €200,000 (around 25% of the total amount paid by LANPAG) was supported only by letters of application from the Fund administrator and not by supplier invoices. Two funding applications, for €100,000 each, were submitted by the Fund administrator with reference to the same agreement between him as a union representative and the Department of the Environment, Community and Local Government, for provision of a single payment of €100,000. The funding was agreed by the Department to strengthen trade union input to stakeholder consultation under the National Framework for Public Private Partnerships (PPPs), in order to fully embed the Government's policy on the use of PPPs in the local government sector.
- 2.36** The rest of the money provided by LANPAG was mainly on a reimbursement basis, based on the provision of paid supplier invoices. However, the inspection noted that supporting invoices and vouchers were submitted twice in respect of reimbursement claims as follows
- copies of the same supporting documentation, to the value of €29,000, was twice supplied to and accepted by LANPAG
 - copies of the same supporting documentation, to the value of €69,000, was supplied to both LANPAG and HSNPF in support of separate claims.¹

Views of the Department of the Environment, Community and Local Government and Health Service Executive

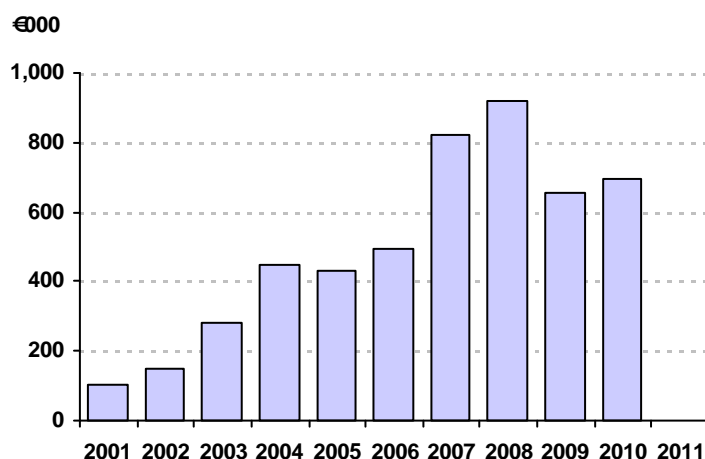
- 2.37** The Accounting Officer of the Department of the Environment, Community and Local Government stated that, from the Department's viewpoint, all reasonable efforts were made to ensure that appropriate arrangements were put in place with regard to public oversight and accountability for LANPAG funds. To this end, all income and expenditure by LANPAG including payments into the Fund were included in the annual audited financial statements of the Local Government Management Agency (formerly the Local Government Management Services Board).
- 2.38** The Accounting Officer stated that the letter from the Department indicating that funding of €100,000 would be made available to SIPTU outlined that the funding would be administered by LANPAG and drawn down 'on foot of proposals approved by LANPAG'. In relation to the second application for funding linked to this agreement, the Accounting Officer stated that LANPAG decided to allocate €100,000 towards on-going training as it believed that this would mitigate against possible delays to important national road and infrastructure projects.

¹ The expenditure in relation to the invoices submitted on two occasions was included as part of the direct confirmation exercise carried out by the inspection team (see part 3).

- 2.39** In relation to the €29,000 in supporting invoices submitted and accepted twice by LANPAG, the Department contacted the Local Government Management Agency which acted as host for LANPAG. The Agency pointed out that the paperwork was submitted at two different times and in two formats, albeit for similar amounts. In addition, where the same invoice was submitted twice, the purpose of a number of items referenced therein were described differently. The Agency emphasised that applications for payment received from the Fund administrator were accepted in good faith and it would not have been anticipated that the same invoices would be submitted on more than one occasion.
- 2.40** In relation to the submission of the same supporting invoices to a value of €69,000 to both LANPAG and the HSNPF, the HSE stated that the (then) senior management of the HSNPF confirmed to HSE officials that they would not knowingly have authorised the payment of any claim submitted by the Fund administrator which had been submitted to another public body and which had been paid by that other body. It stated that management of the HSNPF would not have been aware that such claims had been submitted to another unconnected body.
- 2.41** The Department of the Environment, Community and Local Government take a similar position on the matter in relation to payment applications to LANPAG.

Control of Level of Funding

- 2.42** The Fund bank account records indicate that substantial payments into the Fund were frequently made late in the year. For example
- €90,000 from OHM was lodged on 19 December 2002
 - €190,000 from OHM was lodged on 5 December 2003
 - amounts of €17,500 and €16,900 from the HSNPF were lodged on 16 and 22 December 2004, respectively
 - €50,000 from the Health Service Employers' Agency was lodged on 23 December 2004
 - €50,200 from the HSNPF was lodged on 8 December 2005
 - €39,800 from LANPAG was lodged on 6 December 2005
 - amounts of €80,000 and €109,000 from the HSE were lodged on 8 and 23 December 2008, respectively.
- 2.43** An analysis of the Fund bank account statements for the period from the end of 2001 shows there was a build up in unspent balances in the Fund at each year end (see Figure 2.3). The account balance increased from €104,000 at the end of 2001 to over €900,000 at the end of 2008. From 2004 on, significant amounts were also held consistently through the year. After SIPTU took over control of the Fund account from the Fund administrator, it returned the remaining balance in the Fund bank account — a total of €698,000 — to the Exchequer in June 2011.

Figure 2.3 Year end balances of the Fund bank account, 2001 to 2011

Source: OCAG analysis of the accounts of the Fund

Conclusions

2.44 Over €4 million was paid to the Fund by a range of public sector bodies in the years 2002 to 2009 inclusive.

2.45 The primary source of funding was the Department of Health and the HSE, which allocated a total of €2.1 million to the Fund from 2002 to 2009. While records for earlier years are incomplete, it is likely that the Department allocated a further €178,000 for payment to the Fund in the years 1998 to 2001 inclusive. Up to 2004, the Department's grant allocations were variously described as being for SIPTU, the Fund or partnership, or were included as ring-fenced amounts in larger partnership funding allocations. The Department agreed to provide an annual block grant of €250,000 for the Fund from 2005 on.

2.46 Other significant sources of public money for the Fund were the HSNPF (€946,000) and LANPAG (€789,000).

Purpose of Funding

2.47 The purposes for which the grants were made were not precisely specified. The provision of money for the Fund was, in effect, part of a wider programme of initiatives across the health and local government sectors designed to support staff training and development, to encourage support for change initiatives in the management of the sectors, and to foster relationships between senior management on the one hand, and front line managers and staff representatives on the other. The lack of specific directions as to how the money provided for the Fund was to be used allowed for a degree of flexibility by the Fund administrator in using the money, so long as all expenditure could be demonstrated to contribute to the achievement of these partnership objectives.

2.48 A consequence of the operation of the Fund in the context of a wider set of partnership initiatives is that it is not possible to evaluate the effectiveness of expenditure from the Fund in isolation from other partnership-focused initiatives.

Impact of the Funding Chain

- 2.49** The provision of public money from many sources and via a complex chain of funding transfers created a risk that there would be confusion about responsibility for ensuring adequate oversight and accountability for the Fund. This has particular implications for the operation of the health sector, where grant-funding of agencies is widely relied on for the delivery of services. Legislation clearly requires the HSE to secure the most beneficial, effective and efficient use possible of its resources. However, it is not clear that grant funding whose application is specified by the Department is, in fact, available to the HSE for its purposes. Furthermore, chains of funding transfers, and mixing of tied allocations into general funding provisions, results in a lack of transparency about who is making funding decisions.
- 2.50** In the event, there was no effective oversight or formal accountability for the Fund's operations.
- 2.51** For the years 1998 to 2001, Department of Health allocations for the Fund were, in some cases, transferred as part of larger blocs of partnership funding to the Midlands Health Board and then to the OHM. The funding was divided in the OHM in line with the Department's directions, and some was applied to partnership programmes commissioned directly by the OHM. While records in respect of issues of public money and of receipts into the Fund account are incomplete for that period, the inspection team found no evidence of public money issued to the Fund in that period having been misappropriated. All sums of public money identified as having been issued by public bodies for the Fund in the period 2002 to 2009 were lodged to the Fund bank account.
- 2.52** The allocation of public money to representative bodies for a particular policy purpose is a relatively infrequent method of delivering change in the public sector. In the interests of transparency on public expenditure, there is a case for using a specific subhead in the Vote of a government department where such innovative delivery mechanisms are adopted for policy purposes.

Control of Funding Requirement

- 2.53** There was a lack of clarity about the basis on which funding was provided to the Fund. In most cases, grant funding was provided in advance of expenditure. The remainder was based on reimbursement to the Fund for expenditure it had incurred. Some funding streams switched from one basis to another over the lifetime of the funding line.
- 2.54** Over most of its existence, the balance in the Fund was substantially in excess of immediate requirements for Fund-based activities. There were many instances of claims by the Fund administrator for grant funding just before year-end which were met by the funding bodies. The alternative in such cases would have been for the funders to surrender the excess amounts back to the Exchequer at year-end. As a result, the Fund may effectively have acted as a mechanism to facilitate non-surrender of unused public money provided for partnership purposes.

- 2.55** Where funding was provided on a recoupment basis, the inspection team found evidence of cases where the same invoices were submitted on two occasions in support of different claims for funding. The lack of specific agreement about how funding was to be used and the absence of a proper accounting system for the Fund may have contributed to the circumstances in which this double claiming occurred. The perceived imperative to draw down available funding before it was due for surrender may also have outweighed the need for careful preparation and checking of claim documentation. The financial effect of these repeat claims was that LANPAG and the HSNPF paid out €98,000 more than was appropriate to the Fund. Ultimately, this added to the excess cash balance in the Fund.

3 Operation of the Fund

- 3.1 The financial statements of the Fund for the period 2002 to 2011 inclusive prepared on behalf of SIPTU are presented at Appendix A.¹

Payments from the Fund

- 3.2 The total expenditure recorded by the Fund for the period January 2002 to December 2010 was €3.854 million. There was no expenditure in 2011. Figure 3.1 presents an analysis of the Fund expenditure, by expenditure type.
- 3.3 Of the total spent, around €3.5 million comprised payments made by cheque. The remaining expenditure (€335,000) was by credit card.
- 3.4 Around €2 million was paid to commercial suppliers and service providers. The single biggest supplier was a travel agent, where €388,000 was spent. Around €700,000 was paid to 22 training providers and consultants; €267,000 was paid to four companies for promotional material and €198,000 was paid on room hire for training, seminars and conferences. Grants amounting to €422,000 were paid to trade unions.
- 3.5 A total of 48 payments were made to various charitable organisations. Ten of the payments were for €1,000 or more. The largest payment, amounting to €17,500, was to Special Olympics Ireland. The charity stated to the inspection team that grants of €17,500 and €5,000 were received to provide training, enabling over 240 people with intellectual disabilities participate in the Special Olympics programme.

¹ The financial statements present expenditure net of refunds received. Because of uncertainty in matching refunds to expenditure headings, refunds are treated here as receipts, and expenditure is shown on a gross basis.

Figure 3.1 Analysis of Fund Expenditure 2002 – 2010

	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Training programmes and grants	9	12	73	312	230	375	641	486	49	2,187
Grants to trade unions	13	—	8	30	119	135	16	100	1	422
Marketing and promotions	10	8	42	56	32	39	135	25	1	348
Travel and accommodation	1	44	105	53	26	147	199	23	—	598
Hospitality	6	2	5	9	22	21	21	13	—	99
Office expenses	—	1	9	16	7	3	7	4	—	47
Professional fees	—	1	—	—	—	7	—	—	12	20
Charitable donations	—	5	—	2	2	15	2	23	—	49
Other ^a	25	14	4	11	10	4	6	10	—	84
Total	64	87	246	489	448	746	1,027	684	63	3,854

Source: Appendix A, adjusted for refunded amounts and minor reclassifications.

Notes a 'Other' mainly comprises credit card expenditure prior to June 2004 for which no statements were available and cheques made out to cash. In both categories, spending could not be related to specific expenditure headings.

- 3.6** The analysis of Fund expenditure was based mainly on examination of payee details on returned paid cheques and credit card statements, and explanations provided by the Fund administrator. The inspection team sought additional assurance in relation to that analysis through direct confirmation from payees (see Appendix B).
- 3.7** Trade unions and professional representative bodies confirmed receipt of all of the amounts recorded as having been paid to them from the Fund. Large suppliers (who together were paid a total of €1.7 million) confirmed 81% of the payments. In three cases, no information was received because the supplier had gone out of business. In one case, the confirmation request was returned because the addressee was declared to be 'not known at this address'.
- 3.8** A sample of small suppliers confirmed 69% of the payments they were recorded as having received from the Fund. Business closures are likely also to have been a factor in the unconfirmed cases. The inspection team noted that no supplier included in the confirmation exercise replied stating that the payment in question had not been received by them.
- 3.9** The inspection team found no documentary evidence of the procurement procedures adopted by the Fund administrator. He stated that a number of quotations were sought when goods and services were being procured, and that on one occasion a formal competitive tender competition was used.

Payments to Individuals

- 3.10** The lowest rate of confirmation of payments was in respect of individual payees – only 44% of sampled payments were confirmed as having been received by the payees.
- 3.11** A total of €583,000 was paid to around 250 individual payees (rather than businesses) for the provision of services, for reimbursement of expenses or as education and training grants (see Figure 3.2).
- 3.12** A sample of 56 individual payees with payments to the value of €370,000 (63% of the total) was selected for confirmation of the amounts paid. As the payment records show only the name of the payees, the inspection team forwarded a list of payees to SIPTU and requested that they assist with the supply of addresses, where possible. To comply with data protection requirements, SIPTU asked individuals who were known to them for permission to allow their contact details to be provided to the inspection team. Of the 40 identifiable individuals, only 11 allowed their contact details to be provided, and these all subsequently confirmed the relevant payments. No respondent denied having received a payment.
- 3.13** The only other source of information available for this expenditure was explanations given by the Fund administrator. He was requested to provide additional information in respect of the remaining 45 payments selected in the sample and provided explanations for all but one transaction (with a value of €2,200 paid in 2002). He explained that most of the expenditure related to payments for training services or training grants to individuals.

Figure 3.2 Fund Payments to individuals, by expenditure type, 2002 to 2010

Expense type	€000
Training services provided	135
Education grants (69 individuals)	117
Provision of training materials	93
Travel and accommodation expenses (130 individuals) ^a	92
Partnership support workers	38
Event management	22
Consultancy reports	20
News letter	17
Other	49
Total	583

Source: Analysis by OCAG

Note

a Payments to employees in the health and local government sectors, staff representatives and trade union officials in respect of training, study visits and awards.

3.14 The inspection team noted that the payments to individuals included payments in respect of expenses to the Fund administrator (amounting to a total of €2,500) and to the second cheque signatory (amounting to a total of €6,900).¹ Two payments of €3,000 each were also made to the second cheque signatory.²

3.15 A total of around €13,000 was paid to the manager of the SKILL programme³ whereby he was reimbursed expenses incurred on activities related to the work of the Fund. The manager (who has since retired) supplied an explanation for each of the reimbursements, indicating they were mainly in respect of travel expenses for study trips and seminars, meetings and presentations.

3.16 In the years from 2006 to 2008, a total of €11,900 was paid to a former Department of Health official, who had been involved in allocating amounts to the Fund in the period up to 2001. The official stated that the payments were in respect of

- assisting in the organisation and facilitation of a conference on the SKILL programme
- assisting in the production of a newsletter
- the provision of consultancy services.

3.17 He stated that there was no conflict of interest and added that

- up to 2001, he was the lead person in the Department of Health involved in partnership in the health services
- in early 2002, he left that position and continued to work in a different area of the Department until March 2006, when he retired
- he had no involvement in the funding arrangements for the SKILL programme when it was established in 2004.

¹ The Fund administrator received three payments over the years 2002 to 2009 of €120, €130 and €2,250. The second cheque signatory received seventeen payments over that period ranging from €100 to €900.

² The SIPTU report (March 2011) noted that these payments were in respect of education grants for a relative of the second cheque signatory who was a public employee.

³ This individual was previously the manager of OHM until the end of 2004, when he became a HSE employee.

3.18 The official stated that, in addition to the direct payments referred to above, he participated in a number of foreign study trips, the costs of which were paid from the Fund.

- In 2005, prior to his retirement, he participated in a trip to Australia and the USA and had taken annual leave for the visit as it covered a two week period.¹
- After his retirement, he undertook a number of foreign study trips from 2006 to 2009.

He stated that he did not receive subsistence payments from any other source in respect of those visits.

Foreign Travel Expenditure

3.19 Reports on foreign travel undertaken on partnership and other initiatives were prepared in 2010 by the HSE, the Department of Health and the Department of Public Expenditure and Reform. These identified a total of 56 foreign trips in respect of which travel related costs were incurred by the Fund. The reports findings were reviewed by the inspection team.

3.20 In addition to the reports, the inspection team examined documents about trips supplied by SIPTU, credit card information, and details supplied by the Fund's travel agent. The documentation received generally recorded only the person booking or organising the travel, not all persons travelling. The inspection team used this information, together with explanations from the Fund administrator, to assess if

- any additional foreign travel which had not already been identified in the HSE/departmental reports was undertaken
- the list of public officials participating in the trips prepared by the HSE and Departments was complete.

3.21 In addition to the foreign travel trips identified in the HSE and Department reports, the inspection identified a number of transactions relating to possible further trips, involving expenditure from the Fund of almost €46,000 – the available details are set out in Figure 3.3.² Expenditure comprised mainly payments related to flights and accommodation. There is no documentary evidence available to the inspection team to determine the purpose of these trips or how they related to the work of the Fund.

3.22 The Fund administrator stated that, apart from one destination (Lanzarote), there were Fund-related business purposes for all the trips, but he did not explain to the inspection team what those business purposes were. He stated that following the review by Grant Thornton, he had refunded any amounts incurred on foreign travel where there was insufficient documentary evidence regarding the business element of the trip. In the case of Lanzarote, he stated that he had used the Fund credit card in error and that the payments incurred in relation to that destination had been fully refunded.

3.23 The list of public officials prepared by the HSE and the Departments identified 19 individuals who participated in foreign trips. The inspection team identified only one possible omission from this listing but due to the limited information available and the fact that the official is since deceased, it was not possible to fully conclude on the matter. There was just one payment from the Fund in respect of this individual, amounting to €1,280.

1 In addition to payments of costs from the Fund on his behalf, he received €1,600 from the Fund in respect of subsistence expenses for that trip.

2 The destinations were identified mainly from airline ticket purchases recorded on credit card statements and not included in the listing provided by the HSE and Departments. Due to the limited documentation available, the persons travelling or exact dates of travel could not be identified.

Figure 3.3 Additional foreign travel expenditure charged to the Fund, 2002 to 2009

Destination	Dates of payments ^a	Cost €000
Orlando	April, October and December 2007	12.7
Lanzarote	January/February 2007, April and December 2008, January and July 2009	8.3
California	February 2008	5.3
London	July 2008, May 2009	4.4
Texas	August and November 2008, February 2009	4.1
Frankfurt	June 2006	4.0
Barcelona	March and August 2008	3.6
Milan	December 2008	1.9
Zurich	November 2007	1.6
Total		45.9

Source: Analysis by OCAG of credit card records.

Note: a Dates are those when payments were incurred, and may not coincide with dates of travel (e.g. advance booking payments).

Credit Card Expenditure

- 3.24** Over the period 2002 to 2009, payments totalling €335,000 were made from the Fund in respect of two credit card accounts. Supporting statements were not available prior to June 2004 in relation to expenditure amounting to a total of €31,000. An analysis of the statements in respect of the remaining expenditure is shown in Figure 3.4. The bulk of that expenditure was on flights, hotel accommodation and hospitality.

Figure 3.4 Analysis of credit card expenditure, June 2004 to December 2009

Type of purchase	2004 €000	2005 €000	2006 €000	2007 €000	2008 €000	2009 €000	Total €000
Flights							
Domestic	1	3	1	1	1	—	7
International	4	2	17	27	15	8	73
Hotels							
Domestic	2	3	2	5	14	12	38
International	—	10	6	30	14	11	71
Hospitality							
Domestic	3	5	17	18	15	11	69
International	1	1	4	4	4	6	20
Transport^a	—	—	—	1	2	2	5
Other^b	2	6	5	1	5	2	21
Total	13	30	52	87	70	52	304

Source: Analysis by OCAG.

Notes:

a Includes car rental, tolls, parking and public transport.

b 'Other' includes items such as event management, payments to local retail outlets, an internet book supplier, and credit card stamp duty and fees.

- 3.25** The inspection noted that payments totalling €46,000 were made, mainly by credit card, to a single restaurant and bar business over the period 2004 to 2009.
- 3.26** The Fund administrator stated that hospitality expenditure had been incurred in relation to visits by dignitaries, delegations at home and abroad and, in some instances, entertainment of senior public officials. He stated that he had recorded details of the events in diaries which he made available to the inspection team. The diary entries for a sample of dates were examined. In general, the entries were summary, giving a venue and time, and group references e.g. 'NHS delegation'. Names of guests were not recorded in the diary entries examined.

Unconfirmed Payments

- 3.27** There were three categories of expenditure where no independent confirmation or other substantiating evidence was available.

Cheques made Payable to Cash

- 3.28** The Fund administrator issued 27 cheques payable to cash, amounting to a total of almost €42,000. The Fund administrator explained that around €24,000 worth of those cheques was in respect of one supplier. Of this amount, a total of €11,700 was inadequately supported in that the invoices available did not record the supplier details. The Fund administrator stated that the payments were in respect of materials provided to participants during training (e.g. branded pens and folders) and that the supplier had requested payment in the form of cheques made out to cash. In relation to the remaining cheques made out to cash, the Fund administrator stated that such cheques (to a combined value of €18,000) were drawn for the purpose of purchasing bank drafts and paying other suppliers.

Foreign Currency Purchases

- 3.29** Foreign currency to a value of around €37,000 was purchased using Fund account cheques. The Fund administrator stated that foreign currency was drawn to provide cash advances to cover participants' expenses on foreign study trips. He stated that any amounts not spent during the trips were returned to him and held in a safe until refunded to the Fund bank account.
- 3.30** Around €5,600 in various foreign currencies was lodged to the Fund account in November 2009.

Unidentified Payees

- 3.31** Payee details could not be identified in other cases to a total value of around €58,000, either because the bank could not supply copy returned paid cheques or because the payee names were not legible on the returned paid cheques. There was no other documentation to independently verify these transactions. With the exception of a few minor items, the Fund administrator provided explanations for each payment, most which he stated related to training providers, room hire and materials.

Receipts of the Fund

3.32 Figure 3.5 provides an analysis of the receipts of the Fund over the period 2002 to 2010. There were no receipts in 2011.

3.33 In addition to grants from public bodies totalling €4.049 million (detailed in Figure 2.1), the Fund bank account indicates other receipts totalling €399,000. These comprised mainly refunds from individuals and businesses, reimbursements and refunds by trade unions and lodgements from unidentified sources.

Union Refunds

3.34 A total of €111,000 was reimbursed to the Fund by trade unions over the years 2002 to 2008. Included in this amount is around €67,000 paid by SIPTU and its branches.

3.35 Of the €422,000 in grants paid to trade unions over the period 2002 to 2010, around €68,000 was paid to SIPTU nationally and some of its branches. The inspection team noted that all these payments were made by cheque, with the full name of the Fund account printed on the face of the cheque, and signed by the Fund administrator. SIPTU stated that many of the payments to its branches were refunds of expenses incurred by SIPTU staff and members attending courses.

3.36 The remaining €354,000 grants issued from the Fund were paid to seven trade unions and associations. In late 2010 and early 2011, €275,300 was refunded directly to the HSE by four unions and associations.¹ These refunds represent two thirds of the value of the grants issued.

¹ These were Impact, Irish Nurses and Midwives Organisation, Irish Medical Organisation and Unite.

Figure 3.5 Receipts^a of the Fund 2002 to 2010

	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
State grants	101	190	388	460	448	1,050	1,065	347	—	4,049
Reimbursements by trade unions	3	17	14	1	47	20	9	—	—	111
Supplier refunds	—	—	1	3	—	—	43	56	—	103
Individual refunds	5	9	8	8	2	2	5	11	75	125
Unidentified lodgements	—	—	2	1	1	4	—	1	31	40
Foreign currency lodgements	—	—	—	—	—	—	—	6	—	6
Miscellaneous	—	3	—	1	10	—	—	—	—	14
Total	109	219	413	474	508	1,076	1,122	421	106	4,448

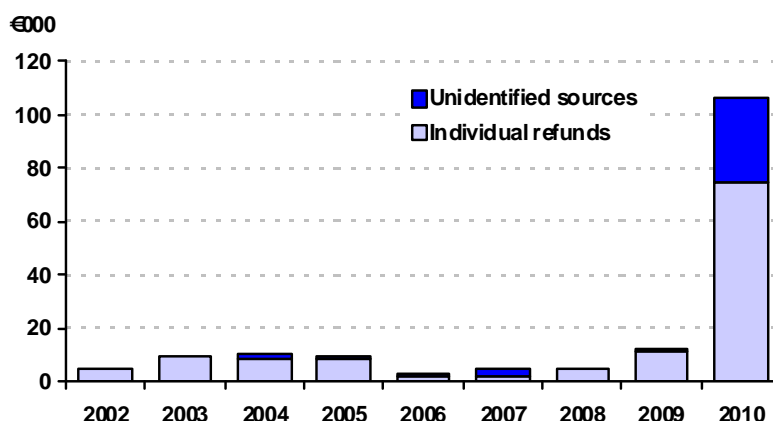
Source: Appendix A.

Note: a Gross amounts received. The figures are based on lodgements in each year and minor timing and classification differences from the accounts may arise.

Refunds from Individuals

- 3.37** Refunds from identifiable individuals totalling €125,000 were made over the period 2002 to 2010. The most significant levels of individual refunds occurred in 2010 when 28 refunds to the value of €75,000 were made (see Figure 3.6). Refunds from unidentified sources totalling €31,000 were also received in 2010.¹
- 3.38** The Fund administrator personally lodged around €55,000 to the Fund account in the years 2009 and 2010. He stated that some of this related to refunds given to him by other people. He stated that in 2010, he wrote to and spoke personally to a number of people to obtain repayments for trips that they had taken with their spouses in earlier years, in respect of which the payments for the spouses needed to be refunded. He stated all but two had made refunds but he did not supply details of the individuals concerned to the inspection team. In addition, he explained that he had reviewed all the Fund payments he himself had received or that had been made in connection with him, and had refunded any expenditure of a non-business nature, or that might be considered as being of a non-business nature.

Figure 3.6 Refunds from individuals and unidentified lodgements (included in receipts of the Fund) 2002 to 2010



Source: Analysis by OCAG.

Supplier Refunds

- 3.39** Total identified supplier refunds amounted to €103,000. The four largest identified refunds received from suppliers amounted to €86,300 (84% of the total received).
- €33,500 was received from a consultancy firm in 2008, but there was no evidence of payments from the Fund to that consultant. The inspection team contacted the firm which stated that it made two payments to the Fund. The first was in relation to an event organised in Dublin for sixty people including staff from the health sector in England and Northern Ireland. The second was to cover researchers' costs for an event held in London. The inspection team noted that the same consultancy firm had been paid around €56,000 under the SKILL's programme in late 2007. The HSE stated that it did not have any further records in relation to that payment.

¹ 11 drafts and credit transfers amounting to €31,400 were lodged in 2010 where the source of the refund could not be identified. The Fund administrator pointed out that around €7,000 of this was lodged after he had ceased to act as administrator.

- €30,000 was received from a supplier who had been paid in advance from the Fund for training which wasn't delivered. In that case, the Fund administrator explained that consultancy services had been procured after a tender competition. However, the lead consultant had subsequently left the business and the Fund administrator decided not to proceed with the engagement.
- An advance of €12,800 was received back from a supplier where the Fund administrator had subsequently cancelled the planned work.
- €10,000 was received from a training service provider.

3.40 In the course of the direct confirmation exercise carried out by the inspection team, one supplier stated that an amount of €25,000 received in 2007 had not been spent and was available for refund. SIPTU arranged for the recoupment of this amount and, together with a small balance in the credit card account, paid over the sum of €25,834 to the Department of Public Expenditure and Reform in December 2012.

Conclusions

Adequacy of Accounting Records

- 3.41** Books of account kept in relation to the operation of the Fund should have allowed financial statements to be produced that reliably present the transactions on the account, and that allow independent verification of the transactions. Because proper books of account were not kept, independent confirmation of transactions was sought by alternative means. Receipts into the Fund from public bodies were confirmed for the period 2002 to 2009. Confirmation of a substantial proportion of the payments from the Fund was also available. However, some transactions — both receipts and payments — could not be independently confirmed.
- 3.42** In addition to compilation of Fund-related documentation, the Fund administrator provided some assistance to the inspection team, in the form of explanation of transactions. However, complete explanations of certain transactions were not provided, and the Fund administrator did not provide copies of the documentation supplied to Grant Thornton or a copy of their report. As a result, the inspection team was unable to establish if that material includes any additional relevant information.

Fund Receipts

- 3.43** On 1 January 2002, the Fund account held €104,000. The Department of Health had provided funding totalling around €178,000 in the preceding four years, and there is little evidence of non-public sources of funding over the life of the Fund. Accordingly, the balance in the account at the start of 2002 can reasonably be regarded as unspent public funding. On that basis, public money totalling €4.15 million was available to the Fund in the period 2002 to 2011.
- 3.44** Funding totalling €999,000 was returned to State bodies between late 2010 and December 2012. Accordingly, the net cost to taxpayers of the Fund's operations between 2002 and 2011 was of the order of €3.15 million.

Control of Expenditure

- 3.45** Because all public funding was paid into one bank account, and proper books of account were not kept, it is not possible now to distinguish which payments relate to which source of funding.
- 3.46** About €2.2 million¹ was spent on training programmes and grants, which appears to be consistent with the broad stated objectives for this public funding. Office expenses and professional fees (totalling around €67,000) are in the nature of expected support costs. Other substantial areas of spending, such as marketing and promotions (€348,000), travel and accommodation (€598,000) and hospitality (€99,000) are less clearly within the scope of the funding objectives, and it is not possible to identify the extent of the contribution they may have made to the development of partnership. Payments to charities (totalling €49,000) may have resulted in social benefits but they were clearly outside the scope of the funding objectives.
- 3.47** In some instances, employees of public bodies engaged in foreign travel that was arranged and paid for from the Fund. Such arrangements are inappropriate, because they bypass internal controls over the charging of and accountability for foreign travel expenditure incurred by public employees.
- 3.48** As outlined in Chapter 2, invoices totalling €98,000 were submitted twice by the Fund administrator to public bodies in support of reimbursement claims. The inspection also found other inappropriate financial procedures adopted by the Fund and administrative errors made which could have been prevented had appropriate financial controls been put in place. For example
- A significant amount of personal expenditure was charged to the Fund. Although refunds of around €125,000 were made by individuals, the inspection was not able to conclude whether all refunds due were repaid because of the limited and incomplete documentation available.
 - Rules were not set out concerning the types and extent of expenditure that could be incurred, such as hospitality limits. In this regard, a large amount of hospitality expenditure was incurred by the Fund. The extent to which this had a relevant business purpose or contributed to partnership objectives could not be established.
 - There was no documentary evidence to demonstrate that goods and services which were paid for out of public funds were procured in a competitive and fair manner.
 - Cheques totalling €24,000 were drawn for cash, which the Fund administrator states was used to pay one supplier. Supporting invoices from the supplier were provided in relation to €12,300 of those payments, but pro-forma invoices for the remaining €11,700 did not contain any supplier details.
 - Payments to some suppliers were made in advance of service delivery. Around €53,000 worth of those advances was returned to the Fund. In addition, the inspection identified that an advance of €25,000 to one supplier remained unused and this has since been refunded. The inspection was unable to confirm that all advances paid had been followed by delivery of required services and goods to an acceptable standard.

¹ This is the gross expenditure on training i.e. it does not take account of supplier refunds received.

Management of the Fund

- 3.49** In order to ensure that money was applied only for the purposes intended, funders should have put service level agreements in place with the Fund administrator and should have specified required control and accountability arrangements. However, the absence of such requirements from funders does not mean that the Fund administrator had no obligations in regard to proper management of the public money entrusted to him. If he had any doubt as to the appropriateness of proposed expenditure, he should have sought clarification from the relevant funder. He should also have kept sufficient and appropriate books of account so that it would be possible in a timely way to determine how each element of funding had been used and what balance, if any, remained. The manner in which the Fund was managed did not meet these minimum requirements.
- 3.50** The inadequate arrangements for management of the Fund may reflect, in part, an initial expectation of the Fund administrator that the amount of public money that would be available would be relatively small. The adequacy of the arrangements in place should have been reviewed when the funding received doubled in 2003, and again in 2004 and in 2007.

4 Recommendations

- 4.1** The operation of the Fund raises a number of issues of general concern in relation to the administration of grant funding by public bodies. These require to be addressed in the first instance by the Department of Public Expenditure and Reform.
- 4.2** The Department's existing guidelines and circulars on control and accountability arrangements for grants relate to payments out of departmental Votes. Increasingly, State-sourced grants are paid, not out of Votes, but through intermediate funding bodies. Since 2011, the Department requires that such grants and their sources are disclosed individually in the annual accounts of the recipient agencies. Otherwise, there are no central directions in relation to the controls to be applied by grant issuing bodies, or to the manner in which accountability for such grants should be arranged.

Recommendation 1: The Department of Public Expenditure and Reform should review the general requirements on public bodies in relation to control and accountability arrangements for grants, including grants issued by non-Vote agencies. This review should take account of the role of ad hoc and interdepartmental advisory bodies that are involved in funding allocation decisions, but in respect of which formal public accountability arrangements do not exist.

Recommendation 2: Where a government department determines a funding allocation for specific purposes, it should account transparently for the allocation in its Vote/appropriation account. This should include funding disbursed on an agency basis on behalf of the department. Where a block grant is paid from a Vote to an intermediate funding agency that has discretion to determine how the funding is to be allocated, then the latter agency should have full responsibility for ensuring there is adequate specification of how the funding is to be used by grant recipients, and for the adequacy of controls and accountability arrangements.

Recommendation 3: All grant allocating bodies should satisfy themselves in advance of payment that there are adequate safeguards and accountability arrangements in place in respect of the funding being provided. These should include formal confirmation of the grant receiving body's bank details, the use of the account details in making payments, and arrangements for an appropriate form and frequency of financial and performance reporting, including audit access to relevant records kept by grant recipients.

Recommendation 4: The Department of Public Expenditure and Reform should clarify the circumstances in which grants may issue in advance of expenditure (with subsequent reporting and verification of how the grants were used) and where grants should be paid on the basis of recoupment of expenditure already incurred.

Recommendation 5: All State agencies issuing grants in advance of expenditure should ensure that each body receiving funding is not over-funded relative to their current or immediately foreseeable needs. Payments should only issue in the context of a clear agreement between the grant giver and receiver on the purposes for which the funding is to be used, and the time frame in which it will be expended.

Recommendation 6: All bodies making claims for grant funding on the basis of vouched expenditure should be required to state formally to their funders that the invoices used to support their claims relate to activities/services appropriate to the grant scheme objectives, that the amounts invoiced have been paid, and that the invoices have not and will not be used in support of another claim for reimbursement from any other funder(s) (except as provided for in agreed joint-funding arrangements).

Recommendation 7: The Department of Public Expenditure and Reform should draft and publish a statement of principles to be observed by all grant-receiving bodies. These should include the obligations

- to safeguard public money
- to use public money only for the purposes for which it is provided, and to consult the grant giver for clarification in the event of any doubt
- to keep adequate records and books of account, so as to allow the grant recipients to establish at any time how public money has been used and any balance remaining
- to disclose in their financial statements the amount of grant funding received under each grant scheme and the source of that funding.

Department of Public Expenditure and Reform Response

- 4.3** The Department accepts the recommendations and proposes to progress these through a joint working group between the Department and the Office of the Comptroller and Auditor General to review the control and accountability of grant payments by State bodies.
- 4.4** In relation to recommendation 2, any implications for the annual appropriation accounts will be included in the requirements for 2013 appropriation accounts.

Appendices

Appendix A: Financial Statements of the Fund 2002 to 2011

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SIPTU National Health and Local Authority Levy Fund
Accounts prepared by Mazars
Year ended 31 December 2002

**Independent Review Report To SIPTU
In respect of
The SIPTU National Health and Local Authority Levy Fund**

We have reviewed the accompanying Income and Expenditure Account and the Statement of Movement in Bank Funds for the year ended 31 December 2002 in respect of The SIPTU National Health and Local Authority Levy Fund. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of entity personnel and analytical procedures applied to financial data and thus is not as comprehensive as an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects in accordance with Irish Generally Accepted Accounting Principles.

Mazars

Chartered Accountants and Registered Auditors,
Harcourt Centre,
Block 3,
Harcourt Road,
Dublin 2.

Date: 28 March 2012

SIPTU National Health and Local Authority Levy Fund
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

<u>Income</u>		2002	2002
Public Funds		€	€
Office for Health Management	Note 2	90,000	
Health Service Employers Agency	Note 3	11,039	
National Partnership Forum		350	101,389
Other Income	Note 4		1,843
Total Income			103,232
<u>Expenditure</u>			
Training & Development, Conferences & Seminars	Note 5	8,665	
Travel & Accommodation		(4,165)	
Marketing and Promotions		10,369	
Miscellaneous Expenses	Note 6	19,072	
Restaurants		5,585	
Trade Unions	Note 7	9,286	
National Partnership Forum		1,066	
Office Supplies, Stationary & Maintenance		151	
Donations/ Charities		128	
Bank Charges		8	
Sundry		8,260	58,425
Excess income over expenditure			44,807

STATEMENT OF MOVEMENT IN BANK FUNDS

Balance at start of year - 1/1/2002	103,669
Surplus for the year	44,807
Balance at close of year - 31/12/2002	148,476

SIPTU National Health and Local Authority Levy Fund
NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2002

Note 1 - Basis of Preparation

The accounts have not been prepared on the accruals basis given the long period of time which has passed since the inception of this bank account. Accordingly, the surplus in respect of the year ended 31 December 2002 reflects the movement in the bank balance during the year ended 31 December 2002.

Note 2 - Office for Health Management

This consists of a single lodgement from the Office for Health Management on the 19th December 2002.

Note 3 - Health Service Employers Agency

This consists of a single lodgement from the Health Service Employers Agency on the 14th January 2002.

Note 4 - Other Income

These were lodgements from sources other than public funds including receipts from trade unions and other private organisations.

Note 5 - Training & Development, Conferences & Seminars

Consultants, seminar facilities, training providers and associated costs are captured under this category of expenditure.

Note 6 - Miscellaneous Expenses

It was not possible to obtain a detailed analysis of credit card payments prior to June 2004. This total represents all payments made to credit card companies in the year less refunds received and lodged in the year.

Note 7 - Trade Unions

	€
SIPTU	168
SIPTU Wexford Branch	1,500
IMPACT	7,618
	<u>9,286</u>

SIPTU National Health and Local Authority Levy Fund
Accounts prepared by Mazars
Year ended 31 December 2003

**Independent Review Report To SIPTU
In respect of
The SIPTU National Health and Local Authority Levy Fund**

We have reviewed the accompanying Income and Expenditure Account and the Statement of Movement in Bank Funds for the year ended 31 December 2003 in respect of The SIPTU National Health and Local Authority Levy Fund. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of entity personnel and analytical procedures applied to financial data and thus is not as comprehensive as an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects in accordance with Irish Generally Accepted Accounting Principles.

Mazars

Chartered Accountants and Registered Auditors,
Harcourt Centre,
Block 3,
Harcourt Road,
Dublin 2.

Date: 28 March 2012

SIPTU National Health and Local Authority Levy Fund
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

<u>Income</u>		2003	2003
Public Funds		€	€
Office for Health Management	Note 2	<u>190,000</u>	190,000
Other Income	Note 3		<u>19,962</u>
Total Income			209,962
<u>Expenditure</u>			
Training & Development, Conferences & Seminars	Note 4	12,154	
Travel & Accommodation	Note 5	35,179	
Marketing and Promotions		7,653	
Miscellaneous Expenses	Note 6	7,920	
Restaurants		1,735	
Office Supplies, Stationary & Maintenance		825	
Donations/ Charities		2,235	
Professional Fees		1,000	
Molijovanna Aids Project		2,500	
Office of Health Management		5,198	
Bank Charges		27	
Sundry		<u>1,800</u>	<u>78,226</u>
Excess income over expenditure			<u><u>131,736</u></u>

STATEMENT OF MOVEMENT IN BANK FUNDS

Balance at start of year - 1/1/2003	148,476
Surplus for the year	131,736
Balance at close of year - 31/12/2003	<u><u>280,212</u></u>

SIPTU National Health and Local Authority Levy Fund
NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2003

Note 1 - Basis of Preparation

The accounts have not been prepared on the accruals basis given the long period of time which has passed since the inception of this bank account. Accordingly, the surplus in respect of the year ended 31 December 2003 reflects the movement in the bank balance during the year ended 31 December 2003.

Note 2 - Office for Health Management

This consists of a single lodgement from the Office for Health Management on the 5th December 2003.

Note 3 - Other Income

These were lodgements from sources other than public funds including receipts from trade unions and other private organisations.

Note 4 - Training & Development, Conferences & Seminars

Consultants, seminar facilities, training providers and associated costs are captured under this category of expenditure.

Note 5 - Travel & Accommodation

	€
Total payments	44,048
Refunds received	(8,869)
Net cost	<u>35,179</u>

Note 6 - Miscellaneous Expenses

It was not possible to obtain a detailed analysis of credit card payments prior to June 2004. This total represents all payments made to credit card companies in the year.

SIPTU National Health and Local Authority Levy Fund
Accounts prepared by Mazars
Year ended 31 December 2004

**Independent Review Report To SIPTU
In respect of
The SIPTU National Health and Local Authority Levy Fund**

We have reviewed the accompanying Income and Expenditure Account and the Statement of Movement in Bank Funds for the year ended 31 December 2004 in respect of The SIPTU National Health and Local Authority Levy Fund. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of entity personnel and analytical procedures applied to financial data and thus is not as comprehensive as an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects in accordance with Irish Generally Accepted Accounting Principles.

Mazars

Chartered Accountants and Registered Auditors,
Harcourt Centre,
Block 3,
Harcourt Road,
Dublin 2.

Date: 28 March 2012

SIPTU National Health and Local Authority Levy Fund
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

<u>Income</u>		2004	2004
		€	€
Public Funds			
Office for Health Management	Note 2	235,000	
National Partnership Forum	Note 3	54,804	
Health Service Employers Agency	Note 4	52,819	
Local Government Management Services Board	Note 5	<u>25,000</u>	367,623
Other Income	Note 6		<u>34,227</u>
Total Income			401,850
<u>Expenditure</u>			
Training & Development, Conferences & Seminars	Note 7	73,217	
Travel & Accommodation	Note 8	93,254	
Marketing & Promotions		41,819	
Miscellaneous Expenses	Note 9	4,085	
Restaurants		4,990	
Trade Unions	Note 10	8,015	
Office Supplies, Stationary & Maintenance		9,089	
Donations/ Charities		150	
Bank Charges		<u>48</u>	<u>234,667</u>

Excess income over expenditure	<u><u>167,183</u></u>
---------------------------------------	------------------------------

STATEMENT OF MOVEMENT IN BANK FUNDS

Balance at start of year - 1/1/2004	280,212
Surplus for the year	167,183
Balance at close of year - 31/12/2004	<u><u>447,395</u></u>

SIPTU National Health and Local Authority Levy Fund
NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2004

Note 1 - Basis of Preparation

The accounts have not been prepared on the accruals basis given the long period of time which has passed since the inception of this bank account. Accordingly, the surplus in respect of the year ended 31 December 2004 reflects the movement in the bank balance during the year ended 31 December 2004.

Note 2 - Office for Health Management

This consists of 3 separate lodgements from The Office for Health Management as follows:

	€
29/07/2004	35,000
14/10/2004	190,000
02/11/2004	10,000
	<u>235,000</u>

Note 3 - National Partnership Forum

This consists of 4 separate lodgements from The National Partnership Forum as follows:

	€
16/08/2004	5,000
16/09/2004	15,462
16/12/2004	17,476
22/12/2004	16,866
	<u>54,804</u>

Note 4 - Health Service Employers Agency

This consists of 3 separate lodgements from The Health Service Employers Agency as follows:

	€
02/07/2004	2,195
29/07/2004	624
23/12/2004	50,000
	<u>52,819</u>

Note 5 - Local Government Management Services Board

This consists of 2 separate lodgements from The Local Government Management Services Board as follows:

	€
12/01/2004	15,000
25/11/2004	10,000
	<u>25,000</u>

Note 6 - Other Income

These were lodgements from sources other than public funds including receipts from trade unions and other private organisations.

Note 7 - Training & Development, Conferences & Seminars

Consultants, seminar facilities, training providers and associated costs are captured under this category of

Note 8 - Travel & Accommodation

	€
Total payments	105,083
Refunds received	(11,829)
Net cost	<u>93,254</u>

Note 9 - Miscellaneous Expenses

It was not possible to obtain a detailed analysis of credit card payments prior to June 2004. This total represents all payments made to credit card companies in the year.

Note 10 - Trade Unions

	€
SIPTU Dublin Health Service Levy Fund	2,265
SIPTU	<u>5,750</u>
	<u>8,015</u>

SIPTU National Health and Local Authority Levy Fund
Accounts prepared by Mazars
Year ended 31 December 2005

**Independent Review Report To SIPTU
In respect of
The SIPTU National Health and Local Authority Levy Fund**

We have reviewed the accompanying Income and Expenditure Account and the Statement of Movement in Bank Funds for the year ended 31 December 2005 in respect of The SIPTU National Health and Local Authority Levy Fund. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of entity personnel and analytical procedures applied to financial data and thus is not as comprehensive as an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects in accordance with Irish Generally Accepted Accounting Principles.

Mazars

Chartered Accountants and Registered Auditors,
Harcourt Centre,
Block 3,
Harcourt Road,
Dublin 2.

Date: 28 March 2012

SIPTU National Health and Local Authority Levy Fund
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

<u>Income</u>		2005	2005
Public Funds		€	€
Health Service Executive	Note 2	250,000	
National Partnership Forum	Note 3	117,835	
Local Government Management Services Board	Note 4	<u>91,857</u>	459,692
Other Income	Note 5		<u>2,273</u>
Total Income			461,965
<u>Expenditure</u>			
Training & Development, Conferences & Seminars	Note 6	325,588	
Travel & Accommodation	Note 7	42,641	
Marketing & Promotions		56,467	
Restaurants		8,506	
Trade Unions	Note 8	15,000	
Office Supplies, Stationary & Maintenance		15,604	
Donations/ Charities		1,800	
Bank Charges		113	
Sundry		<u>11,285</u>	477,004
Excess expenditure over income			<u><u>(15,039)</u></u>

STATEMENT OF MOVEMENT IN BANK FUNDS

Balance at start of year - 1/1/2005	447,395
Deficit for the year	(15,039)
Balance at close of year - 31/12/2005	<u><u>432,356</u></u>

SIPTU National Health and Local Authority Levy Fund
NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2005

Note 1 - Basis of Preparation

The accounts have not been prepared on the accruals basis given the long period of time which has passed since the inception of this bank account. Accordingly, the deficit in respect of the year ended 31 December 2005 reflects the movement in the bank bal

Note 2 - Health Service Executive

This relates to a single lodgement on the 15th February 2005 from the Health Service Executive.

Note 3 -National Partnership Forum

This consists of 2 separate lodgements from The National Partnership Forum as follows:

	€
08/11/2005	67,630
08/12/2005	50,205
	<u>117,835</u>

Note 4 - Local Government Management Services Board

This consists of 3 separate lodgements from The Local Government Management Services Board as follows:

	€
26/07/2005	36,224
25/11/2005	15,813
06/12/2005	39,820
	<u>91,857</u>

Note 5 - Other Income

These were lodgements from sources other than public funds including receipts from trade unions and other private organisations.

Note 6 - Training & Development, Conferences & Seminars

Consultants, seminar facilities, training providers and associated costs are captured under this category of expenditure.

Note 7 - Travel & Accommodation

	€
Total payments	53,045
Refunds received	(10,404)
Net cost	<u>42,641</u>

Note 8 - Trade Unions

	€
INO	10,000
Medical Laboratory Scientists Association	5,000
	<u>15,000</u>

SIPTU National Health and Local Authority Levy Fund
Accounts prepared by Mazars
Year ended 31 December 2006

Independent Review Report To SIPTU
In respect of
The SIPTU National Health and Local Authority Levy Fund

We have reviewed the accompanying Income and Expenditure Account and the Statement of Movement in Bank Funds for the year ended 31 December 2006 in respect of The SIPTU National Health and Local Authority Levy Fund. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of entity personnel and analytical procedures applied to financial data and thus is not as comprehensive as an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects in accordance with Irish Generally Accepted Accounting Principles.

Mazars

Chartered Accountants and Registered Auditors,
Harcourt Centre,
Block 3,
Harcourt Road,
Dublin 2.

Date: 28 March 2012

SIPTU National Health and Local Authority Levy Fund
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

<u>Income</u>		2006	2006
		€	€
Public Funds			
Health Service Executive	Note 2	259,638	
Local Government Management Services Board	Note 3	135,889	
National Partnership Forum	Note 4	51,919	
National Health Service Northern Ireland	Note 5	<u>10,000</u>	457,446
Other Income	Note 6		48582.03
Total Income			506028.07
<u>Expenditure</u>			
Training & Development, Conferences & Seminars	Note 7	230,409	
Travel & Accommodation	Note 8	23,794	
Marketing & Promotions		31,942	
Restaurants		21,786	
Trade Unions	Note 9	123,537	
Office Supplies, Stationary & Maintenance		6,644	
Donations/ Charities		2,325	
Bank Charges		114	
Sundry		<u>5,128</u>	445,679
 Excess income over expenditure			 <u><u>60,349</u></u>

STATEMENT OF MOVEMENT IN BANK FUNDS

Balance at start of year - 1/1/2006	432,356
Surplus for the year	60,349
Balance at close of year - 31/12/2006	<u><u>492,705</u></u>

SIPTU National Health and Local Authority Levy Fund
NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2006

Note 1 - Basis of Preparation

The accounts have not been prepared on the accruals basis given the long period of time which has passed since the inception of this bank account. Accordingly, the surplus in respect of the year ended 31 December 2006 reflects the movement in the bank balance during the year ended 31 December 2006.

Note 2 - Health Service Executive

This consists of 2 separate lodgements from The Health Service Executive as follows:

	€
08/09/2006	250,000
28/11/2006	9,638
	<u>259,638</u>

Note 3 - Local Government Management Services Board

This consists of 2 separate lodgements from The Local Government Management Services Board as follows:

	€
13/06/2006	79,783
28/11/2006	56,106
	<u>135,889</u>

Note 4- National Partnership Forum

This consists of 3 separate lodgements from The National Partnership Forum as follows:

	€
11/04/2006	1,654
03/05/2006	48,324
06/06/2006	1,941
	<u>51,919</u>

Note 5 - National Health Services Northern Ireland

This consists of a single lodgement from the National Health Service Northern Ireland on the 5th April 2006.

Note 6 - Other Income

These were lodgements from sources other than public funds including receipts from trade unions and other private organisations.

Note 7 - Training & Development, Conferences & Seminars

Consultants, seminar facilities, training providers and associated costs are captured under this category of expenditure.

Note 8 - Travel & Accommodation

	€
Total payments	25,692
Refunds received	(1,898)
Net cost	<u>23,794</u>

Note 9 - Trade Unions

	€
ATGWU	10,000
Unison	5,000
SIPTU	11,737
SIPTU Health Professional Branch	1,500
SIPTU Longford/Westmeath Branch	2,000
SIPTU No 1 Branch Limerick	500
SIPTU Dublin Health Services Levy Fund	2,000
SIPTU Donegal Co Branch	500
IMPACT	50,000
Irish Nurse Organisation	25,000
Irish Medical Organisation	10,000
Medical Laboratory Scientists Association	5,000
Austrian Trade Union	300
	<u>123,537</u>

SIPTU National Health and Local Authority Levy Fund
Accounts prepared by Mazars
Year ended 31 December 2007

**Independent Review Report To SIPTU
In respect of
The SIPTU National Health and Local Authority Levy Fund**

We have reviewed the accompanying Income and Expenditure Account and the Statement of Movement in Bank Funds for the year ended 31 December 2007 in respect of The SIPTU National Health and Local Authority Levy Fund. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of entity personnel and analytical procedures applied to financial data and thus is not as comprehensive as an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects in accordance with Irish Generally Accepted Accounting Principles.

Mazars

Chartered Accountants and Registered Auditors,
Harcourt Centre,
Block 3,
Harcourt Road,
Dublin 2.

Date: 28 March 2012

SIPTU National Health and Local Authority Levy Fund
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

<u>Income</u>		2007	2007
		€	€
Public Funds			
National Partnership Forum	Note 2	450,000	
Health Service Executive	Note 3	357,500	
Local Government Management Services Board	Note 4	<u>242,606</u>	1,050,106
Other Income	Note 5		<u>19,825</u>
Total Income			1,069,931
<u>Expenditure</u>			
Training & Development, Conferences & Seminars	Note 6	376,629	
Travel & Accommodation	Note 7	142,090	
Marketing and Promotions		38,323	
Restaurants		21,171	
Trade Unions	Note 8	134,147	
Office Supplies, Stationary and Maintenance		1,994	
Donations/ Charities		15,250	
Professional Fees		7,260	
Bank Charges		251	
Sundry		<u>2,708</u>	<u>739,823</u>
Excess income over expenditure			<u><u>330,108</u></u>

STATEMENT OF MOVEMENT IN BANK FUNDS

Balance at start of year - 1/1/2007	492,705
Surplus for the year	330,108
Balance at close of year - 31/12/2007	<u><u>822,813</u></u>

SIPTU National Health and Local Authority Levy Fund
NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2007

Note 1 - Basis of Preparation

The accounts have not been prepared on the accruals basis given the long period of time which has passed since the inception of this bank account. Accordingly, the surplus in respect of the year ended 31 December 2007 reflects the movement in the bank balance during the year ended 31 December 2007.

Note 2 - National Partnership Forum

This consists of 2 separate lodgements from The National Partnership Forum as follows:

	€
06/02/2007	200,000
14/09/2007	250,000
	<u>450,000</u>

Note 3 - Health Service Executive

This consists of 3 separate lodgements from The Health Service Executive as follows:

	€
24/01/2007	15,000
26/03/2007	250,000
24/10/2007	92,500
	<u>357,500</u>

Note 4 - Local Government Management Services Board

This consists of 4 separate lodgements from The Local Government Management Services Board as follows:

	#
	€
30/01/2007	43,375
09/02/2007	300
11/09/2007	100,000
19/10/2007	98,931
	<u>242,606</u>

Note 5 - Other Income

These were lodgements from sources other than public funds including receipts from trade unions and other private organisations.

Note 6 - Training & Development, Conferences & Seminars

Consultants, seminar facilities, training providers and associated costs are captured under this category of expenditure.

Note 7 - Travel & Accommodation

	€
Total payments	147,284
Refunds received	(5,194)
Net cost	<u>142,090</u>

Note 8 - Trade Unions

	€
Psychiatric Nurses Association	25,000
IMPACT	35,000
Irish Medical Organisation	10,000
Irish Nurses Organisation	35,000
Medical Laboratory Scientists Association	5,000
SIPTU	5,390
SIPTU Dublin Health Services Branch	1,000
Limerick No2 Branch SIPTU	472
TEEU	12,000
The Mediators Institute of Ireland	5,000
Unite - ATGWU	285
	<u>134,147</u>

SIPTU National Health and Local Authority Levy Fund
Accounts prepared by Mazars
Year ended 31 December 2008

Independent Review Report To SIPTU
In respect of
The SIPTU National Health and Local Authority Levy Fund

We have reviewed the accompanying Income and Expenditure Account and the Statement of Movement in Bank Funds for the year ended 31 December 2008 in respect of The SIPTU National Health and Local Authority Levy Fund. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of entity personnel and analytical procedures applied to financial data and thus is not as comprehensive as an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects in accordance with Irish Generally Accepted Accounting Principles.

Mazars

Chartered Accountants and Registered Auditors,
Harcourt Centre,
Block 3,
Harcourt Road,
Dublin 2.

Date: 28 March 2012

SIPTU National Health and Local Authority Levy Fund
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

<u>Income</u>		2008	2008
Public Funds		€	€
Health Service Executive	Note 2	520,164	
National Partnership Forum	Note 3	271,298	
Local Government Management Services Board	Note 4	154,078	
Beaumont Hospital	Note 5	<u>100,000</u>	1,045,540
Other Income	Note 6		<u>62,564</u>
Total Income			1,108,104
<u>Expenditure</u>			
Training & Development, Conferences & Seminars	Note 7	641,627	
Travel & Accommodation	Note 8	193,769	
Marketing & Promotions		125,590	
Restaurants		20,494	
Trade Unions	Note 9	15,820	
Office Supplies, Stationary and Maintenance		6,746	
Donations/ Charities		2,150	
Bank Charges		265	
Sundry		<u>5,939</u>	1,012,400
Excess income over expenditure			<u><u>95,704</u></u>

STATEMENT OF MOVEMENT IN BANK FUNDS

Balance at start of year - 1/1/2008	822,813
Surplus for the year	95,704
Balance at close of year - 31/12/2008	<u><u>918,517</u></u>

SIPTU National Health and Local Authority Levy Fund
NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2008

Note 1 - Basis of Preparation

The accounts have not been prepared on the accruals basis given the long period of time which has passed since the inception of this bank account. Accordingly, the surplus in respect of the year ended 31 December 2008 reflects the movement in the bank balance during the year ended 31 December 2008.

Note 2 - Health Service Executive

This consists of 4 separate lodgements made by The Health Service Executive as follows:

	€
21/02/2008	250,000
29/09/2008	81,000
08/12/2008	80,000
23/12/2008	109,164
	<u>520,164</u>

Note 3 - National Partnership Forum

This consists of 3 separate lodgements made by The National Partnership Forum as follows:

	€
07/03/2008	2,456
08/08/2008	18,842
19/12/2008	250,000
	<u>271,298</u>

Note 4 - Local Government Management Services Board

This consists of 3 separate lodgements made by The Local Government Management Services Board as follows:

	€
25/01/2008	72,332
11/04/2008	39,172
03/12/2008	42,574
	<u>154,078</u>

Note 5 - Beaumont Hospital

This relates to a single lodgement on the 16th April 2008 made by Beaumont Hospital.

Note 6 - Other Income

These were lodgements from sources other than public funds including receipts from trade unions and other private organisations.

Note 7 - Training & Development, Conferences & Seminars

Consultants, seminar facilities, training providers and associated costs are captured under this category of expenditure.

Note 8 - Travel & Accommodation

	€
Total payments	198,775
Refunds received	<u>(5,006)</u>
Net cost	<u><u>193,769</u></u>

Note 9 - Trade Unions

	€
Medical Laboratory Scientist Association	5,000
SIPTU Limerick	500
Hardship Fund/SIPTU	1,000
SIPTU	1,320
TEEU	<u>8,000</u>
	<u><u>15,820</u></u>

SIPTU National Health and Local Authority Levy Fund
Accounts prepared by Mazars
Year ended 31 December 2009

**Independent Review Report To SIPTU
In respect of
The SIPTU National Health and Local Authority Levy Fund**

We have reviewed the accompanying Income and Expenditure Account and the Statement of Movement in Bank Funds for the year ended 31 December 2009 in respect of The SIPTU National Health and Local Authority Levy Fund. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of entity personnel and analytical procedures applied to financial data and thus is not as comprehensive as an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects in accordance with Irish Generally Accepted Accounting Principles.

Mazars

Chartered Accountants and Registered Auditors,
Harcourt Centre,
Block 3,
Harcourt Road,
Dublin 2.

Date: 28 March 2012

SIPTU National Health and Local Authority Levy Fund
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

<u>Income</u>		2009	2009
Public Funds		€	€
Health Service Executive	Note 2	208,200	
Local Government Management Services Board	Note 3	<u>139,273</u>	347,473
Other Income	Note 4		<u>10,000</u>
Total Income			357,473
<u>Expenditure</u>			
Training & Development, Conferences & Seminars	Note 5	444,580	
Travel & Accommodation	Note 6	2,845	
Marketing & Promotions		24,949	
Miscellaneous Expenses		2,000	
Restaurants		13,151	
Trade Unions	Note 7	96,313	
Office Supplies, Stationary & Maintenance		3,630	
Donations/ Charities		22,960	
Bank Charges		598	
Sundry		<u>10,152</u>	<u>621,178</u>
Excess expenditure over income			<u><u>(263,705)</u></u>

STATEMENT OF MOVEMENT IN BANK FUNDS

Balance at start of year - 1/1/2009	918,517
Deficit for the year	(263,705)
Balance at close of year - 31/12/2009	<u><u>654,812</u></u>

SIPTU National Health and Local Authority Levy Fund
NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2009

Note 1 - Basis of Preparation

The accounts have not been prepared on the accruals basis given the long period of time which has passed since the inception of this bank account. Accordingly, the deficit in respect of the year ended 31 December 2009 reflects the movement in the bank balance during the year ended 31 December 2009.

Note 2 - Health Service Executive

This relates to a single lodgement on the 12th March 2009 by The Health Service Executive.

Note 3 - Local Government Management Services Board

This consists of 2 separate lodgements made by The Local Government Management Services Board as follows:

	€
20/01/2009	100,000
01/06/2009	39,273
	<u>139,273</u>

Note 4 - Other Income

These were lodgements from sources other than public funds including receipts from trade unions and other private organisations.

Note 5 - Training & Development, Conferences & Seminars

Consultants, seminar facilities, training providers and associated costs are captured under this category of expenditure.

Note 6 - Travel & Accommodation

	€
Total payments	23,112
Refunds received	<u>(20,267)</u>
Net cost	<u>2,845</u>

Note 7 - Trade Unions

	€
IMPACT	32,000
Irish Nurses Organisation	35,000
Local Government Management Services Board	100
Irish Medical Organisation	5,000
Medical Laboratory Scientists Association	5,000
Psychiatric Nurses Organisation	10,000
SIPTU	650
SIPTU Bray	1,000
SIPTU Co Wicklow Branch	563
SIPTU Longford/Westmeath	1,000
MPGW - SIPTU	1,000
Unite	5,000
	<u>96,313</u>

SIPTU National Health and Local Authority Levy Fund
Accounts prepared by Mazars
Year ended 31 December 2010

Independent Review Report To SIPTU
In respect of
The SIPTU National Health and Local Authority Levy Fund

We have reviewed the accompanying Income and Expenditure Account and the Statement of Movement in Bank Funds for the year ended 31 December 2010 in respect of The SIPTU National Health and Local Authority Levy Fund. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of entity personnel and analytical procedures applied to financial data and thus is not as comprehensive as an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects in accordance with Irish Generally Accepted Accounting Principles.

Mazars

Chartered Accountants and Registered Auditors,
Harcourt Centre,
Block 3,
Harcourt Road,
Dublin 2.

Date: 28 March 2012

SIPTU National Health and Local Authority Levy Fund
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

<u>Income</u>		2010	2010
		€	€
Public Funds			-
Other Income			-
			<hr/>
Total Income			-
<u>Expenditure</u>			
Training & Development, Conferences & Seminars	Note 2	50,141	
Refunds	Note 3	(106,265)	
Marketing & Promotions		903	
Professional Fees		12,100	
Bank Charges		39	(43,082)
			<hr/>
Excess income over expenditure			43,082
			<hr/> <hr/>

STATEMENT OF MOVEMENT IN BANK FUNDS

Balance at start of year - 1/1/2010	654,812
Surplus for the year	43,082
Balance at close of year - 31/12/2010	<hr/> 697,894 <hr/>

**SIPTU National Health and Local Authority Levy Fund
NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010**

Note 1 - Basis of Preparation

The accounts have not been prepared on the accruals basis given the long period of time which has passed since the inception of this bank account. Accordingly, the surplus in respect of the year ended 31 December 2010 reflects the movement in the bank balance during the year ended 31 December 2010.

Note 2 - Training & Development, Conferences & Seminars

Consultants, seminar facilities, training providers and associated costs are captured under this category of expenditure.

Note 3 - Refunds

This relates to refunds received from individuals.

SIPTU National Health and Local Authority Levy Fund
Accounts prepared by Mazars
Year ended 31 December 2011

Independent Review Report To SIPTU
In respect of
The SIPTU National Health and Local Authority Levy Fund

We have reviewed the accompanying Income and Expenditure Account and the Statement of Movement in Bank Funds to date of closure 28th June 2011 in respect of The SIPTU National Health and Local Authority Levy Fund. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of entity personnel and analytical procedures applied to financial data and thus is not as comprehensive as an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects in accordance with Irish Generally Accepted Accounting Principles.

Mazars

Chartered Accountants and Registered Auditors,
Harcourt Centre,
Block 3,
Harcourt Road,
Dublin 2.

Date: 28 March 2012

SIPTU National Health and Local Authority Levy Fund
INCOME AND EXPENDITURE ACCOUNT TO DATE OF CLOSURE 28 JUNE 2011

<u>Income</u>		2011 €	2011 €
Public Funds		<u>-</u>	-
Other Income			<u>-</u>
Total Income			-
<u>Expenditure</u>			
Department of Finance	Note 2	<u>697,894</u>	<u>697,894</u>
Excess expenditure over income			<u><u>(697,894)</u></u>
STATEMENT OF MOVEMENT IN BANK FUNDS			
Balance at start of year - 1/1/2011			697,894
Deficit for the year			(697,894)
Balance at date of closure - 28/6/2011			<u><u>(0)</u></u>

SIPTU National Health and Local Authority Levy Fund
NOTES TO THE ACCOUNTS TO DATE OF CLOSURE 28 JUNE 2011

Note 1 - Basis of Preparation

The accounts have not been prepared on the accruals basis given the long period of time which has passed since the inception of this bank account. Accordingly, the deficit in respect of the period ended 28th June 2011 reflects the movement in the bank balance during the period ended 28 June 2011.

Note 2 - Distribution of Funds

This represents the payment of the balance of the bank account to The Department of Finance on the 28th June 2011.

Appendix B: Inspection approach to incomplete documentation

- B.1** The inspection of the accounts of the Fund involved obtaining evidence to determine the extent to which transactions were supported by substantiating documentation and whether the funds had been applied for the purposes intended by the funding authorities.
- B.2** Given the lack of normal accounting records held in relation to the Fund, the inspection sought assurance through
- examination and analysis of the records used by the firm of accountants in preparation of the accounts of the Fund including banking records, the returned paid cheques, lodgement slips, copy bank account statements and copy credit card statements
 - explanations given to the accountants by the Fund administrator
 - a direct confirmation exercise with payees recorded in those records
 - examination of copy vouchers and invoices held by public bodies
 - confirmation by State bodies of amounts paid into the Fund
 - enquiries with officials and the Fund administrator
 - documentation or reports held by or on behalf of the Fund administrator.
- B.3** The inspection team analysed the payees recorded on the returned paid cheques and selected payments for direct confirmation on the following basis
- all large suppliers where cumulative payments over the period were €10,000 or more
 - all trade unions and representative associations
 - a sample of smaller suppliers (i.e. under €10,000)
 - a sample of foreign suppliers paid by bank draft
 - a sample of individual payees.
- B.4** The selection criteria and sample sizes are set out in Figure B1.

Figure B1 Selection criteria and sample size (where relevant) for the different payee categories

Type	Number of suppliers	Confirmations sought	Responses received
Large suppliers - €10,000 and above	32	32	22
Small suppliers - under €10,000	144	62	38
Individuals	247	56	11
Trade Unions and Employee Associations	9	9	9
Bank – foreign drafts for international suppliers	32	11	4
Total	464	170	84

Source: Based on direct confirmation responses received by OC&AG

- B.5** Suppliers and individuals were asked 1) to confirm that the transaction for the stated amount took place, 2) to state its purpose, and 3) to provide any supporting evidence where it was available. Substantiating evidence was taken to be any instance where a supplier confirmed the transaction in writing.
- B.6** In a number of other instances, copy invoices were available from public bodies. Although the evidential quality is not as strong as direct confirmation, these copy invoices were also taken into account in determining the extent of substantiating evidence.
- B.7** Overall, the examination was able to obtain some form of substantiating evidence for €2.8 million (72%) of the payments made, as outlined in Figure B2. This includes, where appropriate, amounts based on extrapolation of the sample results.

Figure B2 Extent of independent confirmations for the different payee categories

Payee category	Total	Independent confirmation		No independent confirmation	
	€000	€000	%	€000	%
Large suppliers - €10,000 and above	1,668	1,347	81	321	19
Small suppliers - under €10,000 ^a	314	217	69	97	31
Individual payees ^a	583	264	44	319	56
Trade Unions and Employee Associations	422	422	100	—	—
Bank – foreign drafts for international suppliers ^a	394	235	60	159	40
Credit card	335	304	91	31	9
Bank – foreign currency	37	—	—	37	100
Cash	42	—	—	42	100
Unidentified/ return cheques not available	58	—	—	58	100
Bank charges	1	1	100	—	—
Total Fund expenditure	3,854	2,790	72	1,064	28

Source: Results of direct confirmation exercise carried out by OCAG.

Note: a Where relevant, results from the sample were extrapolated for the category as a whole.

Appendix C: Department of Health funding 1998 to 2001

Year	Evidence from available documentation
1998	OHM records indicate a payment in November 1998 for €31,700 (£25,000) to SIPTU under the heading of Partnership 2000.
1999	<p>Department of Health records indicate that another grant of €31,700 (£25,000) was approved in 1999 for payment to SIPTU for training and partnership initiatives.</p> <p>A letter from OHM to the Department in October 1999 states that arrangements had been made to forward the sum of €31,700 to SIPTU.</p> <p>The OHM bank statements record the encashment of this amount in late October 1999.</p>
2000	<p>The Department records indicate a funding allocation of €95,200 (£75,000) to the OHM in May 2000 for a training initiative called the 'Front Line Supervisors Programme'. No reference was made in the relevant documents either to SIPTU or to the Fund in relation to this allocation.</p> <p>The surviving OHM records for 2000 indicate payments of approximately €7,100 (£5,600) to the University of Limerick for the Front Line Supervisors Programme and a payment of €31,743 (£25,000) to the Fund. (The OHM accounts for 2000 indicate expenditure of €14,178 (£11,166) on Front Line Supervisors Programme.)</p> <p>It cannot be established that the OHM records are complete records of its payments in the year, but its bank statements are available, and contain no record of an encashment of €95,230 (£75,000).</p>
2001	<p>In June 2001, the OHM sought sanction from the Department for programme funding of €190,460 (£150,000) for 'SIPTU', broken down under the headings of the Front Line Supervisors Programme (£85,000), study visit (£40,000) and the 'National Health and Local Authority Fund' (£25,000). In July 2001, the Department sanctioned €190,460 (£150,000) for the Front Line Supervisors Programme but made no reference to the other programmes.</p> <p>There is evidence of two payments by OHM to the Fund</p> <ul style="list-style-type: none"> a 'returned paid cheque' from OHM records a payment of €50,789 (£40,000) in January 2001 with no other explanation as to its purpose the available OHM bank statements and cheque counterfoils record a payment of €31,743 (£25,000) on 23 August 2001. A confirmation letter from OHM to the Department, dated 23 August 2001, refers to 'making the relevant payments' to the Fund but does not state the amount paid over. <p>No other disbursements by OHM to the Fund were identified in that year.</p>