



Appropriation Account 2012

Vote 38

Health

Introduction

As Accounting Officer for Vote 38, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2012 for the salaries and expenses of the Office of the Minister for Health and certain other services administered by that Office, including miscellaneous grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Financial Control Environment

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

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

Administrative Controls and Management Reporting

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

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Department is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

Internal Audit and Audit Committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Dr. Ambrose McLoughlin
Accounting Officer
Department of Health

28 March 2013

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

Vote 38 Health

I have audited the appropriation account for Vote 38 Health for the year ended 31 December 2012 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

In accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is required to prepare the appropriation account. By law, the account must be submitted to me by 31 March following the end of the year of account.

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration in his Department and for the regularity and propriety of all transactions in the appropriation accounts.

Responsibility of the Comptroller and Auditor General

I am required under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation accounts of all Votes and to perform such tests as I consider appropriate for the purpose of the audit.

Upon completion of the audit of an appropriation account, I am obliged to provide a certificate stating whether, in my opinion, the account properly presents the receipts and expenditure related to the Vote. I am also required to refer to any material case in which

- a department or office has failed to apply expenditure recorded in the account for the purposes for which the appropriations made by the Oireachtas were intended, or
- transactions recorded in the account do not conform with the authority under which they purport to have been carried out.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, I am required to prepare a report each year, on any matters that arise from the audits of the appropriation accounts.

Scope of audit

An audit includes examination, on a test basis, of evidence relevant to the amounts and regularity of financial transactions included in the account and an assessment of whether the accounting provisions of Public Financial Procedures have been complied with.

The audit involves obtaining sufficient evidence to give reasonable assurance that the appropriation account is free from material misstatement, whether caused by fraud or other irregularity or error. I also seek to obtain evidence about the regularity of financial transactions in the course of the audit. In forming the audit opinion, the overall adequacy of the presentation of the information in the appropriation account is evaluated.

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 38 Health for the year ended 31 December 2012.

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

Seamus McCarthy
Comptroller and Auditor General

18 September 2013

Vote 38 Health

Appropriation Account 2012

Service	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Administration			
A.1 Salaries, wages and allowances	25,492	23,499	22,884
A.2 Travel and subsistence	654	375	306
A.3 Training and development and incidental expenses	1,003	552	676
A.4 Postal and telecommunication services	628	434	526
A.5 Office equipment and external IT services	1,824	1,519	1,310
A.6 Office premises expenses	725	886	829
A.7 Consultancy services and value for money and policy reviews	1,594	1,563	831
A.8 EU Presidency	300	286	—
Grants			
B.1 Grants to research bodies and other research grants	36,385	36,091	34,430
B.2 Grants to health agencies and other similar organisations (part funded by National Lottery)	3,286	3,286	3,286
B.3 Drugs initiative	31,475	31,475	17,571
Other Services			
C. Expenses in connection with the World Health Organisation and other international bodies	2,600	2,724	2,580
D. Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	19,593	9,462	15,464
E.1 Development, consultative, supervisory, regulatory and advisory bodies	59,289	47,864	49,721
E.2 The Food Safety Promotion Board	5,950	5,250	5,950
E.3 The National Treatment Purchase Fund Board and Special Delivery Unit	70,587	40,587	85,587
E.4 Ireland/Northern Ireland Interreg	2,190	1,910	2,003

	Estimate provision		2012	2011
			Outturn	Outturn
	€000	€000	€000	€000
Other services (continued)				
F.1	Payments in respect of disablement caused by thalidomide	745	498	374
F.2	Payments in respect of persons claiming to have been damaged by vaccination	1	—	—
F.3	Payments to a special account established under section 10 of the Hepatitis C Compensation Tribunals Act 1997 and 2002	42,786	25,300	28,600
F.4	Payments to a reparation fund established under section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	5,849	3,250	3,600
G.	Dissemination of information, conferences and publications in respect of health and health services	813	403	254
Capital services				
H.	Grants in respect of building and equipping (including ICT) of agencies funded by the Department			
	<i>Current year provision</i>	14,527		
	<i>Deferred surrender</i>	1,500	16,027	7,284
				7,939
Gross expenditure				
	<i>Current year provision</i>	328,296		
	<i>Deferred surrender</i>	1,500	329,796	244,498
				284,721
<i>Deduct</i>				
I	Appropriations-in-aid		3,916	5,088
				4,971
Net expenditure				
	<i>Current year provision</i>	324,380		
	<i>Deferred surrender</i>	1,500	325,880	239,410
				279,750

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year.

	2012	2011
	€	€
Surplus	86,470,381	64,035,391
Deferred surrender	—	1,500,000
Surplus to be surrendered	<u>86,470,381</u>	<u>62,535,391</u>

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Expenditure on administration	29,114	27,362
Expenditure on services and programmes	215,384	257,359
Gross expenditure	244,498	284,721
<i>Deduct</i>		
Appropriations-in-aid	(5,088)	(4,971)
Net expenditure	239,410	279,750
Changes in capital assets		
Purchases cash	(136)	
Depreciation	211	
Loss on disposals	1	
	76	158
Changes in net current assets		
Increase in closing accruals	(1,365)	
Decrease in stock	22	
	(1,343)	(1,651)
Direct expenditure	238,143	278,257
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	9,483	16,134
Notional rents	2,359	2,352
Net programme cost	249,985	296,743

1.1 Net Allied Services Expenditure

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

	2012	2011
	€000	€000
Vote 9 Office of the Revenue Commissioners	—	5,037
Vote 12 Superannuation and Retired Allowances	7,053	8,140
Vote 13 Office of Public Works	2,165	2,481
Vote 20 Garda Síochána	—	60
Central Fund - Ministerial pensions	265	416
	9,483	16,134

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	747	812
Current assets			
Stocks	2.5	63	85
Prepayments		310	192
Accrued income ¹		7,236	5,550
Other debit balances	2.6	2,885	3,531
Total current assets		10,494	9,358
Less current liabilities			
Accrued expenses		689	250
Other credit balances	2.7	349	437
Bank and cash	2.4	600	2,578
Net liability to the Exchequer	2.8	1,936	516
Total current liabilities		3,574	3,781
Net current assets		6,920	5,577
Net assets		7,667	6,389
Represented by:			
State funding account	2.1	7,667	6,389

¹ €7.03 million of accrued income relates to pension related deduction due from the Irish Blood Transfusion Service.

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		6,389	4,936
Funding drawn down	2.2	248,893	295,884
Notional rent (non cash)	1	2,359	2,352
Other non cash items		11	(3)
Fixed assets transfers		—	(37)
Net programme cost	1	(249,985)	(296,743)
Balance at 31 December		7,667	6,389
2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	325,880	343,785
Surplus to be surrendered	Account	(86,470)	(64,035)
		239,410	279,750
Expenditure (cash) borne elsewhere	1	9,483	16,134
Total funding drawn down		248,893	295,884

2.3 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	2,527	2,031	4,558
Additions	136	11	147
Disposals	(194)	(44)	(238)
Cost or valuation at 31 December 2012	2,469	1,998	4,467
Accumulated depreciation			
Opening balance at 1 January 2012	1,951	1,795	3,746
Depreciation for the year	132	79	211
Depreciation on disposals	(193)	(44)	(237)
Cumulative depreciation at 31 December 2012	1,890	1,830	3,720
Net assets at 31 December 2012	579	168	747
Net assets at 31 December 2011	576	236	812

2.4 Bank and Cash

	2012 €000	2011 €000
at 31 December		
PMG balances and cash	3,706	(300)
Orders outstanding	(4,306)	(2,278)
	(600)	(2,578)

2.5 Stocks

	2012 €000	2011 €000
at 31 December		
Stationery	21	27
IT consumables	42	58
	63	85

2.6 Other Debit Balances

	2012 €000	2011 €000
at 31 December		
Advances to OPW	94	44
Recoupable salaries	327	476
Recoupable travel expenditure	24	12
Recoupable travel pass scheme expenditure	123	110
Hepatitis C Compensation Tribunal	2,309	2,880
Other debit suspense items	8	9
	2,885	3,531

2.7 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Income Tax and Universal Social Charge	23	20
Pay Related Social Insurance	(3)	(3)
Professional Services Withholding Tax	42	95
Value Added Tax	22	52
Pensions	210	11
Extra Exchequer receipts	—	8
	<u>294</u>	<u>183</u>
Other credit suspense items	55	254
	<u>349</u>	<u>437</u>

2.8 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	86,470	62,535
Deferred surrender	—	1,500
Exchequer grant undrawn	(84,534)	(63,519)
Net liability to the Exchequer	<u>1,936</u>	<u>516</u>

Represented by:**Debtors**

Debit balances: suspense	<u>2,885</u>	<u>3,531</u>
	2,885	3,531

Creditors

Due to State	(294)	(183)
Bank and cash	(600)	(2,578)
Credit balances: suspense	<u>(55)</u>	<u>(254)</u>
	(949)	(3,015)
	<u>1,936</u>	<u>516</u>

2.9 Commitments	2012	2011
at 31 December	€000	€000

(A) Global Commitments

Non capital commitments likely to arise in subsequent years :

Procurement subheads	31,131	30,597
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(B) Multi-Annual Capital Commitments**1. Legally enforceable capital commitments**

Expenditure in year	7,284	7,939
Commitments to be met in subsequent years	26,769	19,179

2. Capital Projects over €3 million

	Cumulative spend to 31 December 2011	Paid in 2012	To be paid in subsequent years	Total
Health Research Board	€000	€000	€000	€000
Clinical Research Facility St James's Hospital and Dublin Clinical Research Network	3,812	1,428	6,441	11,681
Clinical Research Facility at University College Hospital, Galway	—	—	7,500	7,500
Clinical Applied Biomedical Science	—	—	9,634	9,634
Total	3,812	1,428	23,575	28,815

3 Programme Expenditure by Subhead

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

Description	Less/ (more) than provided €000	Explanation
Travel and subsistence	279	The saving arose as less travel than anticipated was undertaken during the year.
Training and development and incidental expenses	451	Savings arose as spending on contract cleaning and training and development services were less than anticipated.
Postal and telecommunication services	194	The cost of telephone charges was less than anticipated partly due to new contract arrangements.
Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	10,131	The saving arose within miscellaneous legal settlements and fees. The primary reason was the length of time it took to settle anticipated cases. The Department does not have control over the timing of settlements and it is therefore difficult to estimate the number of cases or their value in a given year.
Development, consultative, supervisory, regulatory and advisory bodies	11,425	Spending on health agencies, including the two largest agencies funded from this subhead, the Mental Health Commission and the Health Information and Quality Authority (HIQA), was less than anticipated. The Department advances funds to these agencies up to the approved level of expenditure or actual expenditure, whichever is the lesser amount. In respect of the Mental Health Commission provision was made for Mental Health Tribunal hearings, which are a statutory right under the Mental Health Act 2001. The number of hearings originally provided for did not materialise as projected. There were also a number of other savings initiated by the Commission in 2012. These factors gave rise to a saving on the Commission's allocation for the year. In line with the Health Act 2007, the Health Information Quality Authority was due to take on additional responsibilities in the area of registration and inspection of residential disability services. Due to delays in finalising arrangements to undertake this function the Authority did not require its full allocation. The subhead also contained provision for developmental, consultative and advisory activities which did not materialise, thus leading to less than anticipated expenditure during the year. This accounted for the bulk of the remaining savings on the subhead.
The Food Safety Promotion Board	700	The saving arose due to spending by the Food Safety Promotion Board being less than anticipated in the area of research activity and conferences.
The National Treatment Purchase Fund Board and Special Delivery Unit	30,000	Funding of €70.857 million was allocated to the National Treatment Purchase Fund (NTPF) in 2012 by the Department. Of this total, €30 million was subsequently reallocated to the HSE to meet budgetary pressures in the acute hospital sector arising from activity levels greater than the targets set out in the National Service Plan.
Ireland/Northern Ireland Interreg	280	The saving arose due to delays in respect of procurement of capital expenditure.

Description	Less/ (more) than provided €000	Explanation
Payments in respect of disablement caused by thalidomide	247	During 2012 the Department had planned, subject to agreement, to deliver a range of supports to survivors of thalidomide. The proposed supports included specialist training for a multi-disciplinary clinical team, an assessment of the needs of each individual and the provision of additional health and personal social service supports. The proposed supports were not accepted by survivors of thalidomide and were therefore not delivered.
Payments to a special account established under section 10 of the Hepatitis C Compensation Tribunals Act 1997 and 2002	17,486	The Department is not in a position to forecast the number or value of amounts which will be awarded by the Hepatitis C and HIV Compensation Tribunal to claimants in any given year. The actual payments are dependent on the decisions of the Tribunal and these were less than were originally estimated.
Payments to a reparation fund established under section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	2,599	A Reparation Fund payment is fixed at 20% of the Tribunal award. The number of awards approved by the Tribunal was less than originally estimated.
Dissemination of information, conferences and publications in respect of health and health services	410	The saving arose as a national survey to meet the data needs of monitoring health and well-being policy implementation did not commence as originally anticipated. The Department, in conjunction with the HSE and HRB, decided to undertake an analysis and identification of data needs collection and reporting requirements, existing research budgets and cost effective ways of data production etc. This process is underway on a number fronts, including work under two themes of Healthy Ireland on the research and data theme and the outcomes framework.
Grants in respect of building and equipping (including ICT) of agencies funded by the Department	8,743	Savings arose as funding was not required for the construction of the Clinical Research Facility at University College Hospital Galway because a) the main contractor went into receivership in 2010; b) The project's second awarded contract did not progress in 2012 but is expected to progress in 2013.

4 Receipts

4.1 Appropriations-in-aid	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
1. Miscellaneous	1	227	208
2. Receipts from pension-related deductions on public service remuneration	3,915	4,861	4,763
Total	3,916	5,088	4,971

Explanation of significant variations

An explanation is provided below in the case of each heading where the outturn varied from the amount estimated by more than €100,000, and by more than 5%.

Description	Less/(more) than estimated €000	Explanation
Miscellaneous	(226)	The variance is due to receipts for licence fees under the Misuse of Drugs Act, pension scheme remittances, refunds of unspent Drugs Initiative funding and refund of redundancy payments from the Department of Social Protection. Amounts due in any year are difficult to predict. A nominal estimate of €1,000 is included in the estimate.
Receipts from pension-related deductions on public service remuneration	(946)	The variance in amounts due to the Department from health agencies in respect of the pension related deduction on public service remuneration was due to projected reductions in the number of employees, and consequent reduction in expenditure on pay not being fully realised.

4.2 Extra receipts payable to the Exchequer

Receipts totalling €13,071 in respect of the voluntary surrender of salary under Section 483 of the Taxes Consolidation Act 1997 were transferred to the Exchequer during the year.

5 Employee Numbers and Pay

This note refers only to Department of Health staff. Comparable information re staffing and pay in agencies under the aegis of the Department was not available.

	2012	2011
Number of staff at year end (full time equivalents)	355	366
	2012	2011
	€000	€000
Pay	22,130	21,517
Higher, special or additional duties allowance	177	189
Other allowances	7	5
Overtime	243	209
Employer's PRSI	1,031	964
Total Pay	23,588	22,884

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	54	6	20,614	20,614
Other Allowances	31	—	3,381	343
Overtime	53	6	29,384	19,726

Certain individuals received extra remuneration in more than one category.

6 Miscellaneous

6.1 National Lottery Funding

Sub-head	Description	2012		2011
		Estimate	Outturn	Outturn
		€000	€000	€000
B.2	Grants to health agencies and other similar organisations (part funded by National Lottery)	3,286	3,286	3,286

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

6.2 Commissions and Enquiries

The Commission on Patient Safety and Quality Assurance and the Commission of Investigation to examine matters in relation to the management operation and supervision of Lea's Cross Nursing Home which commenced in 2007 have now been completed. No expenditure was incurred in respect of these enquiries since 2010. The Department did not incur expenditure in respect of Commissions and Enquiries in 2011 or 2012.

6.7 Legal Costs

	2012	2011
	€000	€000
Legal costs paid during the year are categorised as follows:		
Legal fees	—	—
Compensation	9,287	15,357
	<u>9,287</u>	<u>15,357</u>

6.4 Special Obstetrics Scheme

A Special Obstetrics Indemnity Fund has been established from which certain participating hospitals will be indemnified in respect of specified obstetric claims. Contributions are provided by the participating hospitals into the Fund. In addition, under the terms of an arrangement with the Medical Protection Society certain funds (the Special Obstetrics Fund) were transferred to part-fund the cost of designated obstetric claims against named obstetricians. These funds are managed and accounted for by the State Claims Agency. The intention is that claims will be met in the first instance by the Funds and any shortfall in cover will be paid from the Clinical Indemnity Scheme which is funded from the HSE Vote.

6.5 Contingent Liabilities

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