

Appropriation Account 2018

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 2018 for the salaries and expenses of the Office of the Minister for Health and certain other services administered by that Office, including grants to the Health Service Executive and miscellaneous grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €4.468 million is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

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

Payments to the HSE

Funds are advanced to the HSE on a grant basis in relation to the provision of services in line with the funding set out in the annual letter of determination which issues to the HSE setting out its approved level of expenditure. The total amount paid to the HSE was charged against the relevant subheads. Grant funding paid to the HSE in 2018 amounted to €15.72 billion (2017: €14.60 billion). This is accounted for across 17 subheads — each subhead from H. to L.4, excluding L.1 which relates to the capital expenditure of agencies under the aegis of the Department other than the HSE. A number of these subheads classify expenditure on a geographical rather than a programme basis.

Statement on Internal Financial Control

Responsibility for system of internal financial control

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

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

Payroll and human resource functions are provided on a shared services basis by the National Shared Service Office (Vote 18).

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

Financial control environment

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

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

Administrative controls and management reporting

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

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

Public procurement

There were two contracts to the value of €106,085 included in my annual return in respect of circular 40/2002 that were not in compliance with procurement guidelines. One contract for €74,322 related to mobile and telephony services where it had been expected that a new competitively tendered agreement would be in place by Q2 2019, however, this tender competition has been delayed due to competing priorities following the move to Miesian Plaza and the new tender will be published in September 2019. One contract for €31,763 related to translation services and a tender competition is being planned by the Department in 2019 to select a supplier from the OGP framework.

Internal audit and audit committee

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

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

The management board approved the establishment of a risk sub-committee in February 2018 and the risk management policy was revised in February 2019.

A risk register is in place which identifies the key risks facing the department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the management board and its risk sub-committee.

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

Governance in the health sector

The Department worked to strengthen its approach to managing governance across the health sector in 2018, following the publication of the revised DPER Code of Practice for the Governance of State Bodies in late 2016. Oversight of aegis bodies is undertaken by the designated units within the Department led at Principal Officer level with input and support from the Department's Governance Unit and other relevant units.

Responsibility for the delivery on the mandate and functions of each aegis body rests in the first instance with its Board, and the Chairman of the Board.

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

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

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

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

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

Ongoing monitoring and review

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

Review of effectiveness

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

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that require disclosure in the appropriation account.

Jim Breslin
Accounting Officer
Department of Health

18 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 38 Health

Opinion on the appropriation account

I have audited the appropriation account for Vote 38 Health for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 38 Health for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

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

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

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

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

Development of primary care centers

In my report on the accounts of the public services for 2018, Chapter 15 deals with the development of primary care centers, the costs of which are funded from Vote 38.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 38 Health

Appropriation Account 2018

| Service | 2018 | | 2017 | |
|-----------------------|--|--------|---------|--------|
| | Estimate provision | | Outturn | |
| | €000 | €000 | €000 | |
| Administration | | | | |
| A.1 | Salaries, wages and allowances | 30,962 | 30,083 | 26,133 |
| A.2 | Travel and subsistence | 654 | 487 | 427 |
| A.3 | Training and development and incidental expenses | 1,150 | 1,646 | 1,046 |
| A.4 | Postal and telecommunication services | 730 | 418 | 353 |
| A.5 | Office equipment and external IT services | 3,823 | 2,600 | 2,160 |
| A.6 | Office premises expenses | 700 | 1,472 | 440 |
| A.7 | Consultancy services and value for money and policy reviews | 1,500 | 1,409 | 1,341 |
| Grants | | | | |
| B.1 | Grants to research bodies and other research grants | 40,000 | 38,286 | 37,093 |
| B.2 | Healthy Ireland Fund | 5,000 | 4,995 | 5,000 |
| B.3 | Drugs Initiative | 6,987 | 6,102 | 5,673 |
| Other services | | | | |
| C | Expenses in connection with the World Health Organisation and other international bodies | 3,100 | 2,313 | 2,324 |
| D | Statutory and non-statutory inquiries and miscellaneous legal fees and settlements | 10,000 | 11,496 | 6,256 |
| E.1 | Developmental, consultative, supervisory, regulatory and advisory bodies | 69,118 | 58,241 | 53,016 |
| E.2 | The Food Safety Promotion Board | 5,691 | 5,335 | 5,351 |
| E.3 | The National Treatment Purchase Fund | 55,022 | 55,022 | 22,600 |
| E.4 | Ireland/Northern Ireland INTERREG | 100 | 525 | 153 |
| F.1 | Payments in respect of disablement caused by Thalidomide | 745 | 457 | 381 |
| F.2 | Payments in respect of persons claiming to have been damaged by vaccination | 1 | — | — |
| F.3 | Payments to a special account established under Section 10 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002 | 21,786 | 16,873 | 15,299 |
| F.4 | Payments to a reparation fund established under Section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002 | 3,849 | 2,424 | 2,379 |

| Service | 2018 | | 2017 | |
|--|---|-----------|-----------|-----------|
| | Estimate provision | | Outturn | |
| | €000 | €000 | €000 | |
| Other services (continued) | | | | |
| G | Dissemination of information, conferences and publications in respect of health and health services | 1,513 | 1,340 | 1,162 |
| Corporate administrative | | | | |
| H | Pension lump sum payments | 96,000 | 108,676 | 108,570 |
| HSE regions and other health agencies | | | | |
| I.1 | HSE – Dublin Mid Leinster Region | | | |
| | <i>Original</i> | 1,583,897 | | |
| | <i>Supplementary</i> | 86,272 | | |
| | | | 1,670,169 | 1,655,738 |
| I.2 | HSE – Dublin North East Region | | | 1,523,537 |
| | <i>Original</i> | 1,416,297 | | |
| | <i>Supplementary</i> | 76,818 | | |
| | | | 1,493,115 | 1,480,201 |
| I.3 | HSE – South Region | | | 1,362,203 |
| | <i>Original</i> | 2,197,027 | | |
| | <i>Supplementary</i> | 118,826 | | |
| | | | 2,315,853 | 2,295,824 |
| I.4 | HSE – West Region | | | 2,114,444 |
| | <i>Original</i> | 2,433,694 | | |
| | <i>Supplementary</i> | 117,267 | | |
| | | | 2,550,961 | 2,548,533 |
| I.5 | Grants in respect of certain other health bodies including voluntary and joint hospital boards | | | 2,342,474 |
| | <i>Original</i> | 2,509,282 | | |
| | <i>Supplementary</i> | 129,817 | | |
| | | | 2,639,099 | 2,728,457 |
| Other HSE services | | | | |
| J.1 | Health agencies and similar organisations (part funded by the National Lottery) | 7,513 | — | 2,700 |
| J.2 | Payments to Special Account – Health (Repayment) Act 2006 | 2,000 | — | — |
| J.3 | Payment to special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme | 1,500 | 871 | 785 |
| J.4 | Service developments and innovative service delivery projects | 143,539 | 72,015 | 30,010 |

| Service | | | 2018 | | 2017 |
|--------------------------|---|------------|--------------------|------------|------------|
| | | | Estimate provision | | Outturn |
| | | | €000 | €000 | €000 |
| J.5 | Payment to State Claims Agency | | | | |
| | <i>Original</i> | 274,000 | | | |
| | <i>Supplementary</i> | 46,000 | | | |
| | | | 320,000 | 318,690 | 283,221 |
| J.6 | Economic and social disadvantaged (dormant account funding) | | 2,700 | 2,619 | 883 |
| Care programme | | | | | |
| K.1 | Primary care reimbursement services and community demand led schemes | | | | |
| | <i>Original</i> | 2,844,421 | | | |
| | <i>Supplementary</i> | 50,000 | | | |
| | | | 2,894,421 | 2,938,147 | 2,809,033 |
| K.2 | Long term residential care | | 961,602 | 967,463 | 942,522 |
| Capital services | | | | | |
| L.1 | Grants in respect of building, equipping (including ICT) | | 14,527 | 11,729 | 13,608 |
| L.2 | Building, equipping and furnishing of health facilities and of higher education facilities | | | | |
| | <i>Original</i> | 415,461 | | | |
| | <i>Supplementary</i> | 20,000 | | | |
| | | | 435,461 | 438,471 | 382,380 |
| L.3 | Building, equipping and furnishing of health facilities (part funded by the National Lottery) | | 2,539 | 2,539 | 2,539 |
| L.4 | Information services and related services for health agencies | | 163,700 | 163,292 | 158,695 |
| Gross expenditure | | | | | |
| | <i>Original</i> | 15,332,130 | | | |
| | <i>Supplementary</i> | 645,000 | | | |
| | | | 15,977,130 | 15,974,789 | 14,798,316 |
| <i>Deduct</i> | | | | | |
| M | Appropriations-in-aid | | | | |
| | <i>Original</i> | 460,221 | | | |
| | <i>Supplementary</i> | (10,000) | | | |
| | | | 450,221 | 452,348 | 459,376 |
| Net expenditure | | | | | |
| | <i>Original</i> | 14,871,909 | | | |
| | <i>Supplementary</i> | 655,000 | | | |
| | | | 15,526,909 | 15,522,441 | 14,338,940 |

Surplus for surrender

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

| | 2018 | 2017 |
|----------------------------------|-------------------------|-------------------------|
| | € | € |
| Surplus to be surrendered | <u>4,468,158</u> | <u>2,369,157</u> |

Jim Breslin

Accounting Officer
Department of Health

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

| | 2018 | 2017 |
|--|-------------------|-------------------|
| | €000 | €000 |
| Expenditure on administration | 38,115 | 31,900 |
| Expenditure on services and programmes | 15,936,674 | 14,766,416 |
| Gross expenditure | 15,974,789 | 14,798,316 |
| <i>Deduct</i> | | |
| Appropriations-in-aid | 452,348 | 459,376 |
| Net expenditure | 15,522,441 | 14,338,940 |
| Changes in capital assets | | |
| Purchases cash | (954) | |
| Depreciation | 186 | |
| (Profit)/Loss on disposals | 178 | |
| | (590) | (22) |
| Changes in net current assets | | |
| Decrease in closing accruals | (279) | |
| Decrease in stock | 33 | |
| | (246) | 260 |
| Direct expenditure | 15,521,605 | 14,339,178 |
| Expenditure borne elsewhere | | |
| Net allied services expenditure (note 1.1) | 21,954 | 15,736 |
| Notional rents | 2,104 | 2,004 |
| Net programme cost | 15,545,663 | 14,356,918 |

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 38 borne elsewhere, net of costs of shared services apportioned to other votes.

| | 2018 | 2017 |
|--|---------------|---------------|
| | €000 | €000 |
| Vote 9 Office of the Revenue Commissioners | 233 | 231 |
| Vote 12 Superannuation and Retired Allowance | 9,599 | 8,769 |
| Vote 13 Office of Public Works | 11,745 | 6,426 |
| National Shared Services Office | 121 | 52 |
| Central Fund – Ministerial pensions | 256 | 258 |
| | 21,954 | 15,736 |

Note 2 Statement of Financial Position as at 31 December 2018

| | Note | 2018 €000 | 2017 €000 |
|----------------------------------|------|-------------------|-----------------|
| Capital assets | 2.2 | 911 | 321 |
| Current assets | | | |
| Stocks | 2.4 | 36 | 69 |
| Prepayments | | 377 | 188 |
| Accrued income | | 156 | 177 |
| Other debit balances | 2.5 | 19,574 | 8,958 |
| Net Exchequer funding due | 2.7 | 2,147 | 3,394 |
| Total current assets | | <u>22,290</u> | <u>12,786</u> |
| Less current liabilities | | | |
| Accrued expenses | | 637 | 748 |
| Other credit balances | 2.6 | 509 | 1,386 |
| PMG overdraft | 2.3 | 21,212 | 10,966 |
| Total current liabilities | | <u>22,358</u> | <u>13,100</u> |
| Net current liabilities | | <u>(68)</u> | <u>(314)</u> |
| Net assets | | <u>843</u> | <u>7</u> |
| Represented by: | | | |
| State Funding Account | 2.1 | <u>843</u> | <u>7</u> |

2.1 State funding account

| | Note | 2018 €000 | 2017 €000 |
|--------------------------------------|---------|---------------------|---------------------|
| Balance at 1 January | | 7 | 569 |
| Disbursements from the Vote | | | |
| Estimate provision | Account | 15,526,909 | |
| Surplus to be surrendered | Account | <u>(4,468)</u> | |
| Net vote | | 15,522,441 | 14,338,940 |
| Expenditure (cash) borne elsewhere | 1.1 | 21,954 | 15,736 |
| Non cash expenditure – notional rent | 1 | 2,104 | 2,004 |
| Asset adjustments | | — | (324) |
| Net programme cost | 1 | <u>(15,545,663)</u> | <u>(14,356,918)</u> |
| Balance at 31 December | | <u>843</u> | <u>7</u> |

2.2 Capital assets

| | Office equipment €000 | Furniture and fittings €000 | Total €000 |
|---|--------------------------------------|--|-----------------------|
| Gross assets | | | |
| Cost or valuation at 1 January 2018 | 1,655 | 1,178 | 2,833 |
| Additions | 507 | 447 | 954 |
| Disposals | (1,456) | (1,178) | (2,634) |
| Cost or valuation at 31 December 2018 | 706 | 447 | 1,153 |
| Accumulated depreciation | | | |
| Opening balance at 1 January 2018 | 1,374 | 1,138 | 2,512 |
| Depreciation for the year | 141 | 45 | 186 |
| Depreciation on disposals | (1,318) | (1,138) | (2,456) |
| Cumulative depreciation at 31 December 2018 | 197 | 45 | 242 |
| Net assets at 31 December 2018 | 509 | 402 | 911 |
| Net assets at 31 December 2017 | 281 | 40 | 321 |

2.3 PMG overdraft

| at 31 December | 2018 €000 | 2017 €000 |
|----------------|----------------------|----------------------|
| PMG balance | (21,212) | (10,966) |

The amount shown represents the overdraft at the year-end in the Vote's Paymaster General account (which in 2018 transferred to Danske Bank).

2.4 Stocks

| at 31 December | 2018 €000 | 2017 €000 |
|----------------|----------------------|----------------------|
| Stationery | 8 | 25 |
| IT consumables | 28 | 44 |
| | 36 | 69 |

2.5 Other debit balances

| at 31 December | 2018 | 2017 |
|---|---------------|--------------|
| | €000 | €000 |
| Recoupable salaries | 77 | 125 |
| Recoupable travel expenditure | 5 | 12 |
| Recoupable travel pass scheme expenditure | 70 | 46 |
| Hepatitis C Compensation Tribunal | 18,062 | 8,763 |
| HSE grant | 871 | — |
| Other debit suspense items | 489 | 12 |
| | 19,574 | 8,958 |

2.6 Other credit balances

| at 31 December | 2018 | 2017 |
|---------------------------------------|------------|--------------|
| | €000 | €000 |
| Amounts due to the State | | |
| Income Tax | — | 504 |
| Pay Related Social Insurance | — | 257 |
| Professional Services Withholding Tax | 71 | 31 |
| Value Added Tax | — | 2 |
| Local Property Tax | — | 3 |
| Universal Social Charge | — | 112 |
| | 71 | 909 |
| Other credit suspense items | 438 | 477 |
| | 509 | 1,386 |

2.7 Net Exchequer funding due

| at 31 December | 2018 | 2017 |
|---------------------------------|----------------|----------------|
| | €000 | €000 |
| Surplus to be surrendered | 4,468 | 2,369 |
| Exchequer grant due undrawn | (6,615) | (5,763) |
| Net Exchequer funding due | (2,147) | (3,394) |
| Represented by: | | |
| Debtors | | |
| Debit balances: suspense items | 19,574 | 8,958 |
| | 19,574 | 8,958 |
| Creditors | | |
| Due to State | (71) | (906) |
| PMG balance | (21,212) | (10,966) |
| Credit balances: suspense items | (438) | (480) |
| | (21,721) | (12,352) |
| | (2,147) | (3,394) |

2.8 Commitments

| | | |
|----------------|-------------|-------------|
| at 31 December | 2018 | 2017 |
| | €000 | €000 |

Global commitments

| | | |
|--|---------------|---------------|
| Procurement of goods and services | 1,739 | 1,263 |
| Non-capital grant programmes | 8,912 | 5,664 |
| Capital grant programmes | 28,619 | 18,835 |
| Total of legally enforceable commitments | 39,270 | 25,762 |

Non-capital grant programmes

| | | |
|-----------------------|--------------|--------------|
| | 2018 | 2017 |
| | €000 | €000 |
| Opening balance | 5,664 | 5,680 |
| Grants paid in year | (5,640) | (5,549) |
| New grant commitments | 8,912 | 5,664 |
| Grants cancelled | (24) | (131) |
| Closing balance | 8,912 | 5,664 |

Capital grant programmes

| | | |
|-----------------------|---------------|---------------|
| | 2018 | 2017 |
| | €000 | €000 |
| Opening balance | 18,835 | 28,789 |
| Grants paid in year | (10,000) | (9,954) |
| New grant commitments | 19,784 | — |
| Closing balance | 28,619 | 18,835 |

Major capital projects

| | Cumulative expenditure to 31 December 2017 €000 | Expenditure in 2018 €000 | Project commitments in subsequent years €000 | Expected total spend lifetime of project 2018 €000 | Expected total spend lifetime of project 2017 €000 |
|---|--|--------------------------------|---|---|---|
| Health Research Board Clinical Research facilities: | | | | | |
| St James's Hospital and Dublin Clinical Research Network ^a | 12,069 | 442 | 435 | 12,946 | 12,946 |
| Total | 12,069 | 442 | 435 | 12,946 | 12,946 |

Note ^a The expenditure and commitments relate to capital projects to develop enabling infrastructure to support the delivery of clinical trials and interventions for which legally enforceable contracts for the provision of this infrastructure is in place.

2.9 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.

2.10 HSE debtor

| | €000 |
|-------------------------------|-----------------|
| Opening liability 1 Jan 2018 | (54,036) |
| Determination 2018 | (15,221,624) |
| Grants issued in 2018 | 15,220,753 |
| Closing liability 31 Dec 2018 | <u>(54,907)</u> |

A balance of €54.8 million originally arose at the end of 2015 when the HSE requested insurance companies to accelerate their cash payments to improve cash flow and reduce the time between the service provided and the receipt of payment. These payments to the HSE resulted in the HSE having additional cash holdings at the end of 2015. The balance arose from the fact that these cash receipts meant that the HSE required lower Exchequer funding than would otherwise have been the case for the same approved level of expenditure. The avoidance of providing excess Exchequer funding is in line with *Public Financial Procedures*.

The figure of €54.8 million was the difference between the level of expenditure, as approved by the Minister, and the level of voted funding received by the HSE in 2015. This has carried over to succeeding years. Each year, the Department regards the first €54 million paid in the year as being related to the debtor at the end of the previous year.

Note 3 Expenditure Variances

An explanation is provided below in the case of each expenditure subhead where the outturn varied from the original estimate provision by more than €100,000, and by more than 5% (25% in the case of administration subheads). The net excess spending was met through supplementary estimates for some subheads and virement of savings from some other subheads.

Administration expenditure

A.2 *Travel and subsistence*

Estimate provision: €0.654 million, outturn: €0.487 million

An underspend of €167,000 on expenditure on official travel was due in part to staff vacancies and delays in recruiting personnel.

A.3 *Training and development and incidental expenses*

Estimate provision: €1.15 million, outturn: €1.646 million

The overspend of €496,000 is due in part to additional costs of €235,000 incurred in the move to a new premises including cleaning and security. There were also additional recruitment costs of €121,000 due to the necessity to fill senior positions in the health sector in 2018. There was an overspend of €109,000 on staff training and development.

A.4 *Postal and telecommunications services*

Estimate provision: €0.73 million, outturn: €0.418 million

The underspend of €312,000 on expenditure on postal and telecommunication services was due to planned costs relating to the phone network in the new office premises being incurred under A.5.

A.5 *Office equipment and external IT services*

Estimate provision: €3.823 million, outturn: €2.6 million

The underspend of €1.223 million on expenditure on office equipment and external IT services was due to the costs on IT architecture and services related to the move to the new premises being less than expected.

A.6 *Office premises expenses*

Estimate provision: €0.7 million, outturn: €1.472 million

The overspend of €772,000 on expenditure on office premises was largely due to payments to OPW for the cost of fit out works for the new premises.

Grants to agencies

B.3 *Drugs initiative*

Estimate provision: €6.987 million, outturn: €6.102 million

The underspend of €885,000 was mainly due to a number of planned initiatives being deferred until 2019. There was also an underspend in local and regional drug taskforces during the year (€21,000).

Other services

- C** *Expenses in connection with the World Health Organisation and other international bodies*
 Estimate provision: €3.1 million, outturn: €2.313 million
 The shortfall in expenditure of €787,000 relative to the estimate provision was due to an additional provision in the subhead for potential currency fluctuations in relation to the payment of the annual subscription to the World Health Organisation. In the event these fluctuations did not arise to the extent provided for.
- D** *Statutory and non-statutory inquiries and miscellaneous legal fees and settlements*
 Estimate provision: €10 million, outturn: €11.496 million
 Expenditure was €1.496 million higher than provided for in the estimate. This was in the main due to:
- payments of €1.033 million arising from Cervicalcheck inquiries that were not provided for in the original estimate, and
 - expenditure in relation to claims that was €400,000 higher than projected due to finalisation of a small number of large claims during 2018.
- E.1** *Developmental, consultative, supervisory, regulatory and advisory bodies*
 Estimate provision: €69.118 million, outturn: €58.241 million
 Overall, expenditure in this area was €10.877 million less than provided in the estimate. The department advances funds to health agencies up to an approved level of expenditure or actual expenditure whichever is the lesser amount. Actual expenditure was €3.122 million lower than budgeted in a number of agencies largely related to delays in filling staff vacancies during 2018. The main agency affected was the Health Information and Quality Authority where the actual expenditure was €3.069 million less than the provision due to a significant number of posts not being filled in the expected timeline.
 The estimate made provision for expenditure of €2.25 million to fund once-off developmental costs associated with additional work by the Nursing and Midwifery Board in relation to full implementation of the Nurses and Midwives Act 2011. €235,000 of this funding was drawn down in 2018 with the remaining projects deferred until 2019. €2 million originally provided for the prevention and management of healthcare associated infections and antimicrobial resistance was drawn down by the HSE for this programme to reflect the delivery through HSE services across subheads 1.1 to 1.5. €3.74 million originally provided for certain projects or programmes was not drawn down in 2018.
- E.2** *The Food Safety Promotion Board*
 Estimate provision: €5.691 million, outturn: €5.335 million
 The shortfall in expenditure of €356,000 relative to the estimate provision was because funding is subject to appropriate matched funding being provided by the Department of Health Northern Ireland (DOHNI). It was not possible for DOHNI to confirm the last part of this matched funding before the end of the year so the remaining funding was held back.
- E.4** *Ireland/Northern Ireland INTERREG*
 Estimate provision: €0.1 million, outturn: €0.525 million
 The increase in expenditure of €425,000 relative to the estimate provision was because payments under this subhead are requested by the Special EU Programmes Body based on actual payments made to projects under this scheme. The nature of the INTERREG programme is such that the timing of project funding requests may be unpredictable particularly if there are queries to be resolved in the verification process.
- F.1** *Payments in respect of disablement caused by thalidomide*
 Estimate provision: €0.745 million, outturn: €0.457 million
 The shortfall was because the mediation process has not concluded and costs of €288,000 provided for in the estimate did not occur.

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

Estimate provision: €21.786 million, outturn: €16.873 million

The shortfall in expenditure of €4.913 million relative to the estimate provision was due to the number of awards by the Tribunal decreasing in 2018. The Department is not in a position to precisely forecast the number or value of awards made by the Hepatitis C and HIV Compensation Tribunal which is independent of the Department.

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

Estimate provision: €3.849 million, outturn: €2.424 million

Section 11 of the Act provides for the payment of amounts in lieu to claimants who had accepted an award from the Tribunal or an offer of settlement. As set out in F.3, the number of awards by the tribunal in 2018 were lower than budgeted and as a result payments from the reparation fund were lower than budgeted.

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

Estimate provision: €1.513 million, outturn: €1.34 million

The shortfall in expenditure of €173,000 relative to the estimate provision was due to a number of health promotion and protection projects not concluding in 2018.

Corporate administrative (HSE)

H Pension lump sum payments

Estimate provision: €96 million, outturn: €108.676 million

The increase in expenditure of €12.676 million relative to the estimate provision was due to the scale of pension lump sums and number of retirements being difficult to predict with certainty.

HSE regions and other health agencies

I.5 Grants in respect of certain other health bodies including voluntary and joint hospital boards

Estimate provision: €2,509.282 million, outturn: €2,728.457 million

The increase in expenditure of €219.175 million relative to the estimate provision was driven by a number of factors including a higher level of demand for services above what was originally planned, measures to support the Winter Plan, a shortfall in expected patient income and certain planned savings not achieved. The overspend was met through €129.817 million of a supplementary estimate and virement of €89.358 million.

Other HSE services

J.1 *Health agencies and similar organisations (part funded by the National Lottery)*

Estimate provision: €7.513 million, outturn: €Nil million

The shortfall in expenditure of €7.513 million relative to the estimate provision was due to grants totalling €4.294 million under this scheme being drawn down under other HSE subheads. The remaining €3.219 million was due to grants not being paid due to the conditions of the grants not being fulfilled. Delays occur due to outstanding information such as tax clearance certificates and quotations.

J.2 *Payments to Special Account – Health (Repayment) Act 2006*

Estimate provision: €2 million, outturn: €Nil million

The shortfall in expenditure of €2 million relative to the estimate provision was due to the nature of payments under this subhead being such that the timing of funding requests may be unpredictable, particularly if there are queries to be resolved in the verification process, and therefore the timing of payments can be subject to change. Because of the statutory nature of the scheme, the liabilities arising under the scheme must be met by the State and therefore it is important to ensure that funding for the scheme remains in the relevant subhead to meet final liabilities.

J.3 *Payments to special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme*

Estimate provision: €1.5 million, outturn: €0.871 million

The shortfall in expenditure of €629,000 relative to the estimate provision was because this is a quasi-judicial process based on claims lodged and the nature of claims and awards vary significantly from year to year.

J.4 *Service developments and innovative service delivery projects*

Estimate provision: €143.539 million, outturn: €72.015 million

The original estimate of €134.539 million was for the enhancement of services and facilities in 2018.

- €72.015 million was drawn down via subhead J.4 in relation to new services within the system
- €71.524 million was drawn down across all HSE regions and voluntary providers (1.1 to 1.5) in relation to the delivery of additional capacity within existing services to improve citizen access, including improvements in waiting lists and winter planning.

J.5 *Payment to State Claims Agency*

Estimate provision: €274 million, outturn: €318.69 million

The provision for the payments to the State Claims Agency (SCA) in 2018 was €274 million. The variance reflects the nature of the SCA scheme with the level of settlements and awards being difficult to predict.

Capital services

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

Estimate provision: €14.527 million, outturn: €11.729 million

The shortfall in expenditure of €2.798 million relative to the estimate provision was due largely to a small number of ICT capital projects for directly funded agencies being deferred to 2019.

L.2 Building, equipping and furnishing of health facilities and of higher education facilities

Estimate provision: €415.461 million, outturn: €438.471 million

The increase in expenditure in 2018 was €23.01 million. During 2018, the Department of Health worked with the HSE to balance the fulfilment of contractual commitments, delivery of projects and the management of equipping and infrastructural risks. To assist in this, a supplementary estimate was agreed of €20 million and virement of €3.01 million was also undertaken.

Note 4 Receipts

4.1 Appropriations-in-aid

| | 2018 | | 2017 |
|---|-----------------|----------------|----------------|
| | Estimated | Realised | Realised |
| | €000 | €000 | €000 |
| 1 Recovery of cost of health services provided under regulations of the European Community | | | |
| <i>Original</i> | 280,000 | | |
| <i>Supplementary</i> | <u>(10,000)</u> | | |
| | 270,000 | 270,000 | 277,655 |
| 2 Receipts from certain excise duties on tobacco products | 167,605 | 167,605 | 167,605 |
| 3 Recoupment of certain Ophthalmic Services Scheme costs from the Social Insurance Fund | 3,000 | 2,214 | 2,690 |
| 4 Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund | 3,000 | 4,372 | 5,814 |
| 5 Miscellaneous receipts | 1 | 284 | 105 |
| 6 Dormant accounts | 2,700 | 2,619 | 883 |
| 7 Receipts from pension-related deduction on public service remuneration | 3,915 | 5,254 | 4,624 |
| Total | 450,221 | 452,348 | 459,376 |

Significant variations

Overall, appropriations-in-aid were €2.127 million greater than the estimate.

Explanations for variances are set out below:

3 *Recovery of certain Ophthalmic Services Scheme costs from the Social Insurance Fund*

Estimate provision: €3 million, outturn: €2.214 million

The shortfall of €786,000 was due to claims under the ophthalmic services scheme being difficult to predict. There is a time lag in the availability of information on the level of claims arising.

4 *Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund*

Estimate provision: €3 million, outturn: €4.372 million

The increase of €1.372 million was due to claims under the dental services scheme being difficult to predict. There is a time lag in the availability of information on the level of claims arising.

5 *Miscellaneous receipts*

Estimate provision: €1,000, outturn: €284,000

The increase of €283,000 was due to the amounts due in any year being difficult to predict. A nominal amount of €1,000 is included in the estimate. Receipts for 2018 comprised receipts for licence fees under the Misuse of Drugs Act, Freedom of Information request fees and INTERREG receipts.

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

Estimate provision: €3.915 million, outturn: €5.254 million

The increase of €1.339 million was due to the Department's estimates for health agencies under its aegis (but excluding the HSE) in respect of the pension-related deduction on public service remuneration being difficult to predict. It is dependent on the number of public sector employees and the pay due to these employees by the agencies, both of which can vary.

4.2 Extra receipts payable to the Exchequer

| | 2018 | 2017 |
|------------------------------|-------------|-------------|
| | €000 | €000 |
| Balance at 1 January | 16 | — |
| Collected | 33 | 16 |
| Transferred to the Exchequer | (49) | — |
| Balance at 31 December | <u>—</u> | <u>16</u> |

Note 5 Staffing and Remuneration

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

5.1 Employee numbers (full time equivalents)

| at 31 December | 2018 | 2017 |
|---|----------------|----------------|
| Department | 475 | 429 |
| Health Service Executive direct employees | 76,370 | 74,109 |
| Voluntary (Section 38) acute and non-acute services employees | 41,486 | 40,187 |
| Other agencies ^a | 1,655 | 1,592 |
| Total | 119,986 | 116,317 |

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

5.2 Department pay

| | 2018 | 2017 |
|---|---------------|---------------|
| | €000 | €000 |
| Pay | 27,939 | 24,366 |
| Higher, special or additional duties allowances | 185 | 199 |
| Other allowances | 1 | 1 |
| Overtime | 128 | 102 |
| Employer's PRSI | 1,830 | 1,465 |
| Total pay ^a | 30,083 | 26,133 |

Note ^a The total pay figure as in subhead A.1

5.3 Allowances and overtime payments - Department

| | Number of recipients | Recipients of €10,000 or more | Highest individual payment | |
|--|----------------------|-------------------------------|----------------------------|--------|
| | | | 2018 | 2017 |
| | | | € | € |
| Higher, special or additional duties | 20 | 9 | 28,969 | 20,584 |
| Other allowances | 11 | — | 225 | 338 |
| Overtime | 48 | 3 | 18,839 | 14,560 |
| Extra remuneration in more than one category | 5 | 3 | 22,856 | 20,723 |

5.4 Payroll overpayments

Overpayments at year-end were €34,959 in respect of 24 individuals (2017: €38,976; 23 individuals). Of this, €8,650 have recovery plans in place in respect of 4 individuals (2017: €13,052; 5 individuals).

Three overpayment recovery plans in respect of 3 individuals to the value of €4,392 were transferred to 2 Departments/Offices in the year.

Note 6 Miscellaneous

6.1 Committees, commissions and special inquiries

| | Year of Appointment | Cumulative Expenditure to 31 December 2018 €000 | Expenditure in 2018 €000 | Expenditure in 2017 €000 |
|---|---------------------|--|-----------------------------|-----------------------------|
| Commission of Investigation ^a | 2017 | 2,091 | 1,569 | 522 |
| Inquiries into the CervicalCheck Screening Programme ^b | 2018 | 1,033 | 1,033 | — |
| Total | | 3,124 | 2,602 | 522 |

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

^b Includes the scoping inquiry (Scallly report) and the continuing testing being done by the Royal College of Obstetricians and Gynaecologists (UK).

6.2 Compensation and legal costs

| | No. of cases | Compensation awarded €000 | Legal costs awarded €000 | Legal cost paid by Department / Office €000 | 2018 Total €000 | 2017 Total €000 |
|--|--------------|------------------------------|-----------------------------|--|--------------------|--------------------|
| Claims by members of the public | | | | | | |
| Awards and claim settlements | 46 | 3,698 | 1,817 | 627 | 6,142 | 5,699 |
| Total | | 3,698 | 1,817 | 627 | 6,142 | 5,699 |

6.3 Special obstetrics investment fund

In 2008, the Minister for Health established a Special Obstetrics Indemnity Scheme. Under the scheme, the Minister agreed to indemnify Bon Secours (Cork) and Mount Carmel Hospital in respect of specified obstetric claims. A fund was established with contributions from the two hospitals, the Medical Protection Society and the Department of Health. Claims are paid by the State Claims Agency as they arise. The Minister for Health authorises the State Claims Agency to drawdown moneys from the fund to cover the cost of claims. At 31 December 2018, the balance on the fund totalled €4.62 million (2017: €4.649 million). The fund is managed by the National Treasury Management Agency and the related income and expenditure is reflected in the annual financial statements of the State Claims Agency.

6.4 National Lottery funding

| | 2018 | 2018 | 2017 |
|--|-----------------|----------------|----------------|
| | Estimate | Outturn | Outturn |
| | €000 | €000 | €000 |
| Subhead | | | |
| J.1 Health agencies and similar organisations (part funded by the National Lottery) | 7,513 | — | 2,700 |
| L.3 Building, equipping and furnishing of health facilities (part funded by the National Lottery) | 2,539 | 2,539 | 2,539 |
| | 10,052 | 2,539 | 5,239 |

6.5 EU funding

Expenditure under subhead E.4 is co-financed by the EU.

6.6 Late payment interest and compensation payments

| | 2018 | 2017 |
|---------------------------------|-------------|-------------|
| | €000 | €000 |
| Total of interest payments paid | <u>5</u> | <u>4</u> |

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

The following table lists the bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, at end March 2019, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

| Body/ departmental fund | Last accounting period | Date of audit report | Date received by Minister/ Department | Date presented to the Oireachtas ^a |
|---|------------------------|----------------------|---------------------------------------|---|
| Health Service Executive | 2017 | 21 May 2018 | 24 May 2018 | 12 Jun 2018 |
| Beaumont Hospital | 2017 | 11 Oct 2018 | 12 Nov 2018 | 8 Jan 2019 |
| Dublin Dental Hospital | 2017 | 5 Dec 2018 | 19 Dec 2018 | 28 Dec 2018 |
| Leopardstown Park Hospital | 2017 | 24 Dec 2018 | 10 Jan 2019 | 10 Jan 2019 |
| St James's Hospital | 2017 | 23 Nov 2018 | 29 Nov 2018 | 29 Nov 2018 |
| National Paediatric Hospital Development Board | 2017 | 17 Aug 2018 | 24 Aug 2018 | 25 Sep 2018 |
| National Haemophilia Council | 2017 | 18 Dec 2018 | 10 Jan 2019 | 11 Jan 2019 |
| Food Safety Promotion Board | 2017 | 18 Dec 2018 | 22 Feb 2019 | 22 Feb 2019 |
| Food Safety Authority of Ireland | 2017 | 19 Jul 2018 | 12 Aug 2018 | 17 Sep 2018 |
| Health Information and Quality Authority | 2017 | 1 May 2018 | 15 May 2018 | 5 Jun 2018 |
| Health Research Board | 2017 | 18 Dec 2018 | 11 Jan 2019 | 24 Jan 2019 |
| Health and Social Care Professionals Council (CORU) | 2017 | 18 Dec 2018 | 20 Dec 2018 | 9 Jan 2019 |
| Irish Blood Transfusion Service Board | 2017 | 21 Jun 2018 | 29 Jun 2018 | 2 Jul 2018 |
| Health Products Regulatory Authority | 2017 | 29 Jun 2018 | 29 Jun 2018 | 12 Jul 2018 |

| Body/ departmental fund | Last accounting period | Date of audit report | Date received by Minister/ Department | Date presented to the Oireachtas ^a |
|--|-------------------------------|-----------------------------|--|--|
| Mental Health Commission | 2017 | 19 Dec 2018 | 27 Dec 2018 | 16 Jan 2019 |
| National Cancer Registry Board | 2017 | 29 Jun 2018 | 4 Jul 2018 | 26 Jul 2018 |
| National Treatment Purchase Fund | 2017 | 24 Dec 2018 | 22 Jan 2019 | 20 Mar 2019 |
| Pre-Hospital Emergency Care Council | 2017 | 24 Dec 2018 | 5 Mar 2019 | 15 Mar 2019 |
| Health Insurance Authority | 2017 | 15 Jun 2018 | 29 Jun 2018 | 30 Jul 2018 |
| Risk Equalisation Fund | 2017 | 15 Jun 2018 | 29 Jun 2018 | 30 Jul 2018 |
| Nursing and Midwifery Board | 2017 | 21 Dec 2018 | 15 Feb 2019 | 22 Mar 2019 |
| Medical Council | 2017 | 24 May 2018 | 25 Jun 2018 | 26 Jun 2018 |
| Pharmaceutical Society of Ireland ^b | 2017 | 22 Mar 2018 | 12 Apr 2018 | 14 May 2018 |
| Dental Council ^b | 2017 | 7 Feb 2018 | 18 Oct 2018 | 19 Oct 2018 |
| Consolidated Patient Private Property account | 2017 | 19 Dec 2018 | 27 Dec 2018 | 13 Mar 2019 |
| Special Account for Health Repayments Scheme | 2017 | 21 Dec 2018 | 27 Dec 2018 | 8 Mar 2019 |
| Health Repayments Scheme (Donations Fund) | 2017 | 21 Dec 2018 | 27 Dec 2018 | 8 Mar 2019 |
| Hep C - Insurance Scheme | 2017 | 20 Dec 2018 | 4 Jan 2019 | 4 Jan 2019 |

Notes ^a The audited annual accounts are laid before the Houses of the Oireachtas in accordance with the legislation under which they were established.

^b The financial statements of these State bodies are not audited by the Comptroller and Auditor General.