

Appropriation Account 2019

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 2019 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 2019, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €4.919 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.

The account has been prepared in accordance with the 2019 Revised Estimate for the Department of Health. Certain HSE subheads have been restructured in order to improve the linkage between the estimates presentation and the HSE's national service plan.

Subhead I net pension costs represents total pension costs net of pension income retained by the HSE. It replaces the previous subhead pension lump sum payments which only included statutory pension lump sum payments. All other pension costs were previously accounted for under the HSE geographic subheads (I1 to I5 in 2018). The comparative outturn figure for 2018 has not been re-stated.

Subhead J HSE (including services developments) replaces the previous HSE geographic subheads. Expenditure charged to this subhead relates to expenditure by the HSE service areas as set out in the HSE's national service plan, with the exception of the primary care re-imbursment schemes and long term residential care. The comparative outturn figure for 2018 is an amalgamation of the previous HSE geographic subheads.

Statement of Accounting Policies and Principles

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

Payments to the HSE

Funds are advanced to the HSE in relation to the provision of services on a grant basis, in line with the funding set out in the 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 2019 amounted to €17.15 billion (2018: €15.72 billion). This is accounted for across 12 subheads — each subhead from I to M.4, excluding M.1 which relates to the capital expenditure of agencies under the aegis of the Department other than the HSE.

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.

Shared services

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 between this Department and the National Shared Services Office for the provision of (e.g. HR) shared service. I rely on a letter of assurance from the Accounting Officer for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to this Department.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

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.

Procurement compliance

There were three contracts to the value of €413,321 included in my annual return in respect of circular 40/2002 that were not in compliance with procurement guidelines.

- One contract for €76,646 related to mobile and telephony services where it had been expected that a new competitively tendered agreement would be concluded in 2019. Unfortunately, this tender competition was delayed. The new tender process has now been completed and the contract is currently being finalised. A transition plan has now been agreed with the successful tenderer and the new service will commence with effect from mid-October 2020.
- Expenditure of €26,224 related to translation services. A tender competition was undertaken and a contract for this dedicated translation service is now in place.
- A contract amounting to €310,451 related to electricity services provided in Miesian Plaza. The Department is now signed up under the Office of Government Procurement framework for the “supply of electricity to Government Departments and the Security Sector”, such that this area of expenditure is now compliant. To note: This is a shared tenancy expense of which the proportion charged to the Department of Health was €182,731. The Department recouped €88,696 from the Department of Children and Youth Affairs and €39,024 from the Department of Finance/Department of Public Expenditure and Reform.

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 by 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.

A risk sub-committee of the Management Board is in place and reports to the Management Board. 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 continued to strengthen its approach to managing governance across the health sector in 2019, based on the revised Department of Public Expenditure and Reform *Code of Practice for the Governance of State Bodies* in late 2016. Oversight of aegis bodies is undertaken by the designated units within the Department led at Principal Officer level with input and support from the Department’s Governance Unit and other relevant units.

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

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

- the underpinning legislation establishing the body; and
- the requirements set out in the Department of Public Expenditure and Reform'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 2019. 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 issue

In July 2020, the Department identified a duplicate payment of €20,000 under the CervicalCheck non-disclosure ex-gratia scheme. The payment occurred in 2019 as a result of a control failure. Improved procedures relating to payment controls have been put in place and an external review of the function will be completed by the end of 2020.

Colm O'Reardon
Accounting Officer
Department of Health

22 September 2020

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 2019 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 2019, and
- 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*.

I have nothing to report in that regard.

Seamus McCarthy

Comptroller and Auditor General

24 September 2020

Vote 38 Health

Appropriation Account 2019

| Service | 2019 | | 2018 | |
|-----------------------|--|--------|---------|--------|
| | Estimate provision | | Outturn | |
| | €000 | €000 | €000 | |
| Administration | | | | |
| A.1 | Salaries, wages and allowances | 32,692 | 31,493 | 30,083 |
| A.2 | Travel and subsistence | 500 | 567 | 487 |
| A.3 | Training and development and incidental expenses | 1,550 | 1,826 | 1,646 |
| A.4 | Postal and telecommunications services | 450 | 229 | 418 |
| A.5 | Office equipment and external IT services | 2,223 | 1,810 | 2,600 |
| A.6 | Office premises expenses | 754 | 1,094 | 1,472 |
| A.7 | Consultancy services and value for money and policy reviews | 1,500 | 910 | 1,409 |
| Grants | | | | |
| B.1 | Grants to research bodies and other research grants | 40,000 | 38,927 | 38,286 |
| B.2 | Healthy Ireland Fund | 5,000 | 6,186 | 4,995 |
| B.3 | Drugs Initiative | 6,987 | 5,955 | 6,102 |
| Other services | | | | |
| C | Expenses in connection with the World Health Organisation and other international bodies | 2,450 | 2,353 | 2,313 |
| D | Statutory and non-statutory inquiries and miscellaneous legal fees and settlements | | | |
| | <i>Original</i> | 9,600 | | |
| | <i>Supplementary</i> | 15,000 | | |
| | | 24,600 | 29,722 | 11,496 |
| E.1 | Developmental, consultative, supervisory, regulatory and advisory bodies | 78,514 | 64,618 | 58,241 |
| E.2 | The Food Safety Promotion Board | 5,691 | 5,386 | 5,335 |
| E.3 | The National Treatment Purchase Fund | 75,022 | 75,000 | 55,022 |
| E.4 | Ireland/Northern Ireland INTERREG | 1,000 | 2,148 | 525 |

| Service | 2019 | | 2018 | |
|--|--|------------|------------|------------|
| | Estimate provision | | Outturn | |
| | €000 | €000 | €000 | |
| Other services (continued) | | | | |
| F.1 | Payments in respect of disablement caused by Thalidomide | 745 | 439 | 457 |
| 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 | 22,086 | 16,023 | 16,873 |
| F.4 | Payments to a reparation fund established under Section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002 | 3,549 | 1,721 | 2,424 |
| G | Dissemination of information, conferences and publications in respect of health and health services | 1,500 | 1,773 | 1,340 |
| H | Sláintecare | 23,500 | 11,013 | — |
| Corporate administrative | | | | |
| I | Net pension costs | | | |
| | <i>Original</i> | 490,000 | | |
| | <i>Supplementary</i> | 24,000 | | |
| | | 514,000 | 536,452 | — |
| | Pension lump sum payments | — | — | 108,676 |
| HSE health and social care services | | | | |
| J | HSE (including services developments) | | | |
| | <i>Original</i> | 11,102,974 | | |
| | <i>Supplementary</i> | 144,055 | | |
| | | 11,247,029 | 11,271,467 | 10,780,768 |
| Other HSE services | | | | |
| K.1 | Health agencies and similar organisations (part funded by the National Lottery) | 7,513 | 1,879 | — |
| K.2 | Payments to Special Account — Health (Repayment) Act 2006 | 2,000 | 501 | — |

| Service | Estimate provision | | 2019 | 2018 | |
|---------------------------------------|---|-----------|-----------|-----------|-----------|
| | | | Outturn | Outturn | |
| | €000 | €000 | €000 | €000 | |
| Other HSE services (continued) | | | | | |
| K.3 | Payment to special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 — Insurance Scheme | | 1,500 | 620 | 871 |
| K.4 | Payment to State Claims Agency | | | | |
| | <i>Original</i> | 360,000 | | | |
| | <i>Supplementary</i> | 10,000 | | | |
| | | | 370,000 | 390,000 | 318,690 |
| K.5 | Economic and social disadvantaged (dormant account funding) | | 2,700 | 2,450 | 2,619 |
| Care programme | | | | | |
| L.1 | Primary care reimbursement services | | | | |
| | <i>Original</i> | 2,990,888 | | | |
| | <i>Supplementary</i> | 157,000 | | | |
| | | | 3,147,888 | 3,150,774 | 2,938,147 |
| L.2 | Long term residential care | | | | |
| | <i>Original</i> | 965,844 | | | |
| | <i>Supplementary</i> | 33,000 | | | |
| | | | 998,844 | 989,881 | 967,463 |
| Capital services | | | | | |
| M.1 | Grants in respect of building, equipping (including ICT) | | 14,527 | 10,924 | 11,729 |
| M.2 | Building, equipping and furnishing of health facilities | | 639,461 | 593,423 | 438,471 |
| M.3 | Building, equipping and furnishing of health facilities (part funded by the National Lottery) | | 2,539 | — | 2,539 |
| M.4 | Information services and related services for health agencies | | 212,000 | 211,690 | 163,292 |

| | | 2019 | | 2018 |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|
| | Estimate provision | Outturn | Outturn | |
| | €000 | €000 | €000 | €000 |
| Gross expenditure | | | | |
| <i>Original</i> | 17,107,260 | | | |
| <i>Supplementary</i> | 383,055 | | | |
| | | 17,490,315 | 17,459,254 | 15,974,789 |
| <i>Deduct</i> | | | | |
| N Appropriations-in-aid | | | | |
| <i>Original</i> | 415,000 | | | |
| <i>Supplementary</i> | 45,000 | | | |
| | | 460,000 | 463,858 | 452,348 |
| Net expenditure | | | | |
| <i>Original</i> | 16,692,260 | | | |
| <i>Supplementary</i> | 338,055 | | | |
| | | 17,030,315 | 16,995,396 | 15,522,441 |

Surplus

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 spend in the following year. €30 million of unspent allocations in respect of capital elements of subhead M.2 was carried forward to 2020.

| | 2019 | 2018 |
|----------------------------------|------------------|------------------|
| | € | € |
| Surplus | 34,918,785 | 4,468,158 |
| Deferred surrender | (30,000,000) | — |
| Surplus to be surrendered | 4,918,785 | 4,468,158 |

Colm O'Reardon
Accounting Officer
Department of Health

22 September 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

| | 2019 | 2018 |
|--|-------------------|-------------------|
| | €000 | €000 |
| Expenditure on Department administration | 37,929 | 38,115 |
| Expenditure on services and programmes | 17,421,325 | 15,936,674 |
| Gross expenditure | 17,459,254 | 15,974,789 |
| <i>Deduct</i> | | |
| Appropriations-in-aid | 463,858 | 452,348 |
| Net expenditure | 16,995,396 | 15,522,441 |
| Changes in capital assets | | |
| Purchases cash | (121) | |
| Depreciation | 208 | |
| Loss on disposals | — | 87 |
| | | (590) |
| Changes in net current assets | | |
| Increase in closing accruals | 693 | |
| Decrease in stock | 20 | 713 |
| | | (246) |
| Direct expenditure | 16,996,196 | 15,521,605 |
| Expenditure borne elsewhere | | |
| Net allied services expenditure (note 1.1) | 19,492 | 21,954 |
| Notional rents | — | 2,104 |
| Net programme cost | 17,015,688 | 15,545,663 |

1.1 Net allied services expenditure

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

| | 2019 | 2018 |
|---|---------------|---------------|
| | €000 | €000 |
| Vote 9 Office of the Revenue Commissioners | 38 | 233 |
| Vote 12 Superannuation and Retired Allowances | 10,112 | 9,599 |
| Vote 13 Office of Public Works | 9,030 | 11,745 |
| Vote 18 National Shared Services Office | 52 | 121 |
| Central Fund – Ministerial pensions | 260 | 256 |
| | 19,492 | 21,954 |

Note 2 Statement of Financial Position as at 31 December 2019

| | Note | 2019 €000 | 2018 €000 |
|---|------|---------------|---------------|
| Capital assets | 2.1 | 824 | 911 |
| Current assets | | | |
| Bank and cash | 2.2 | 24,979 | — |
| Stocks | 2.3 | 16 | 36 |
| Other debit balances | 2.4 | 1,450 | 19,574 |
| Prepayments | | 313 | 377 |
| Accrued income | | 205 | 156 |
| Net Exchequer funding | 2.6 | — | 2,147 |
| Total current assets | | 26,963 | 22,290 |
| Less current liabilities | | | |
| Bank overdraft | 2.2 | — | 21,212 |
| Accrued expenses | | 1,315 | 637 |
| Other credit balances | 2.5 | 975 | 509 |
| Net Exchequer funding | 2.6 | 25,454 | — |
| Total current liabilities | | 27,744 | 22,358 |
| Net current assets/(liabilities) | | (781) | (68) |
| Net assets | | 43 | 843 |
| Represented by: | | | |
| State funding account | 2.7 | 43 | 843 |

2.1 Capital assets

| | Office equipment €000 | Furniture and fittings €000 | Total €000 |
|---|--------------------------------------|--|-----------------------|
| Gross assets | | | |
| Cost or valuation at 1 January 2019 | 706 | 447 | 1,153 |
| Additions | 118 | 3 | 121 |
| Cost or valuation at 31 December 2019 | 824 | 450 | 1,274 |
| Accumulated depreciation | | | |
| Opening balance at 1 January 2019 | 197 | 45 | 242 |
| Depreciation for the year | 163 | 45 | 208 |
| Cumulative depreciation at 31 December 2019 | 360 | 90 | 450 |
| Net assets at 31 December 2019 | 464 | 360 | 824 |
| Net assets at 31 December 2018 | 509 | 402 | 911 |

2.2 Bank and cash

| at 31 December | 2019 €000 | 2018 €000 |
|-----------------------------|----------------------|----------------------|
| PMG balances and cash | 24,434 | (21,212) |
| Other bank account balances | 545 | — |
| | 24,979 | (21,212) |

2.3 Stocks

| at 31 December | 2019 €000 | 2018 €000 |
|----------------|----------------------|----------------------|
| Stationery | 11 | 8 |
| IT consumables | 5 | 28 |
| | 16 | 36 |

2.4 Other debit balances

| at 31 December | 2019 | 2018 |
|--|--------------|---------------|
| | €000 | €000 |
| Recoupable salaries | 39 | 77 |
| Recoupable travel expenditure | 12 | 5 |
| Recoupable travel pass scheme expenditure | 187 | 70 |
| Hepatitis C Compensation Tribunal ^a | 1,206 | 18,062 |
| HSE grant | — | 871 |
| Value added tax | 1 | — |
| Other debit suspense items | 5 | 489 |
| | 1,450 | 19,574 |

Note ^a The Department of Health acts as paying agent to the Hepatitis C Compensation Tribunal and are responsible for paying tribunal awards and reparation awards and for paying the administration and legal costs of the Tribunal. The expenditure is recouped from the Special Account and Reparation Fund on foot of returns of expenditure certified by the Accounting Officer of the Department of Health and sent to the Department of Finance for approval.

The balance at year end on the suspense account represents costs discharged by the Department of Health in respect of the Tribunal for which funding has yet to be recouped from the Special Account and Reparation Fund.

2.5 Other credit balances

| at 31 December | 2019 | 2018 |
|---------------------------------------|------------|------------|
| | €000 | €000 |
| Amounts due to the State | | |
| Professional services withholding tax | 73 | 71 |
| | <u>73</u> | <u>71</u> |
| RISF Special Account ^a | 429 | — |
| Other credit suspense items | 473 | 438 |
| | 975 | 509 |

Note ^a A contribution of €429,000 was received in December 2019 in accordance with Section 43 of the Residential Institutions Statutory Fund Act 2012. This contribution is to be used only for purposes related to the development of a new national paediatric hospital. The contribution was placed in a special holding account.

2.6 Net Exchequer funding

| at 31 December | 2019 | 2018 |
|------------------------------|---------------|----------------|
| | €000 | €000 |
| Surplus to be surrendered | 4,919 | 4,468 |
| Deferred surrender | 30,000 | — |
| Exchequer grant undrawn | (9,465) | (6,615) |
| Net Exchequer funding | 25,454 | (2,147) |
| Represented by: | | |
| Debtors | | |
| Bank and cash | 24,979 | — |
| Debit balances: suspense | 1,450 | 19,574 |
| | 26,429 | 19,574 |
| Creditors | | |
| Due to State | (73) | (71) |
| Bank overdraft | — | (21,212) |
| Credit balances: suspense | (902) | (438) |
| | (975) | (21,721) |
| | 25,454 | (2,147) |

2.7 State funding account

| | Note | 2019 | 2018 |
|--------------------------------------|---------|--------------|--------------|
| | | €000 | €000 |
| Balance at 1 January | | 843 | 7 |
| Disbursements from the Vote | | | |
| Estimate provision | Account | 17,030,315 | |
| Deferred surrender | Account | (30,000) | |
| Surplus to be surrendered | Account | (4,919) | |
| Net vote | | 16,995,396 | 15,522,441 |
| Expenditure (cash) borne elsewhere | 1.1 | 19,492 | 21,954 |
| Non cash expenditure – notional rent | 1 | — | 2,104 |
| Net programme cost | 1 | (17,015,688) | (15,545,663) |
| Balance at 31 December | | 43 | 843 |

2.8 Commitments

| a) Global commitments | | |
|---|---------------|---------------|
| at 31 December | 2019 | 2018 |
| | €000 | €000 |
| Procurement of goods and services | 2,520 | 1,739 |
| Non-capital grant programmes | 30,530 | 8,912 |
| Capital grant programmes | 32,909 | 28,619 |
| Total of legally enforceable commitments | 65,959 | 39,270 |
| b) Non-capital grant programmes | | |
| | 2019 | 2018 |
| | €000 | €000 |
| Opening balance | 8,912 | 5,664 |
| Grants paid in year | (8,820) | (5,640) |
| New grant commitments | 30,530 | 8,912 |
| Grants cancelled | (92) | (24) |
| Closing balance | 30,530 | 8,912 |
| c) Capital grant programmes | | |
| | 2019 | 2018 |
| | €000 | €000 |
| Opening balance | 28,619 | 18,835 |
| Grants paid in year | (8,566) | (10,000) |
| New grant commitments | 18,995 | 19,784 |
| Grants cancelled | (6,139) | — |
| Closing balance | 32,909 | 28,619 |

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.

The Department made a payment of €575,000 in May 2020 following a Supreme Court judgement in a CervicalCheck legal case, fully discharging the liability incurred. This was on foot of a letter of comfort issued on behalf of the Minister with the approval of the Government in 2019, in respect of damages awarded by the High Court in 2019.

2.10 HSE revenue debtor

| At 31 December | 2019 | 2018 |
|--|------------------------|------------------------|
| | €000 | €000 |
| Opening liability 1 January ^a | (54,861) | (53,990) |
| Determination | (16,471,023) | (15,221,624) |
| Grants issued | 16,471,894 | 15,220,753 |
| Closing liability 31 December | <u>(53,990)</u> | <u>(54,861)</u> |

Note ^a Comparative figure has been adjusted to reflect HSE revenue debtor.

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 the payment. These payments resulted in the HSE having additional cash holdings at the end of 2015 and requiring lower Exchequer funding in the year 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 Vote Expenditure

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% for administration subheads). Excess spending on some subheads was met through a virement of savings on other subheads.

Administration expenditure

A.4 Postal and telecommunications services

Estimate provision: €450,000, outturn: €229,000

The underspend of €221,000 on expenditure on postal and telecommunications services was due to a decision to no longer contract out the telephonist service (€159,000) and a reduction in costs relating to the phone network in the new office premises (€62,000).

A.6 Office premises expenses

Estimate provision: €754,000, outturn: €1.094 million

The overspend of €340,000 on expenditure on office premises is due to a 2018 balance of €445,000 not drawn down for payment by OPW until 2019.

A.7 Consultancy services and value for money and policy reviews

Estimate provision: €1.5 million, outturn: €910,000

The underspend of €590,000 on expenditure on consultancy services was due to management decisions to defer approvals in order to assist with expenditure pressures elsewhere in the Vote and delays in commencing a number of projects.

Grants to agencies

B.2 Healthy Ireland Fund

Estimate provision: €5 million, outturn: €6.186 million

In 2019, an additional €1 million was vired to this subhead from E.1 in order to increase available funding. Expenditure was €1.186 million greater than initially provided largely due to these additional amounts being provided. €4.716 million was paid to the Healthy Ireland Fund, administered by Pobal, to fund multiple projects around the country. €615,000 was paid to Healthy Ireland Fund projects through Sport Ireland. The remaining expenditure mainly related to advertising.

B.3 Drugs initiative

Estimate provision: €6.987 million, outturn: €5.955 million

The underspend of €1.032 million was mainly due to a number of planned initiatives being deferred. There was also an underspend in local and regional drug taskforces during the year (€65,975).

Other services

D. Statutory and non-statutory inquiries and miscellaneous legal fees and settlements

Estimate provision: €9.6 million, outturn: €29.722 million

Expenditure was €20.122 million higher than provided for in the estimate. This was in the main due to:

- expenditure in relation to claims that was €16 million higher than projected due to the finalisation of a small number of large claims in 2019, and
- payments of €4.349 million arising from CervicalCheck inquiries that were not provided for in the original estimate (including 165 payments of €20,000 under the CervicalCheck ex-gratia scheme). The ex-gratia scheme was established by Government in March 2019 after the revised estimates were published.

E.1 Developmental, consultative, supervisory, regulatory and advisory bodies

Estimate provision: €78.514 million, outturn: €64.618 million

Overall, expenditure in this area was €13.896 million less than provided for 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. The main items of underspend were:

- €5 million originally provided for the introduction of a statutory scheme for a package of supports for Thalidomide survivors. No funding was drawn as legislation has yet to be enacted
- €4.22 million originally provided for certain projects or programmes was not drawn down in 2019
- €2.015 million to fund once-off developmental costs associated with additional work by the Nursing and Midwifery Board of Ireland in relation to full implementation of the Nurses and Midwives Act 2011. €349,000 of this funding was drawn down in 2019 with the remaining projects deferred until 2020.

E.2 The Food Safety Promotion Board

Estimate provision: €5.691 million, outturn: €5.386 million

The shortfall in expenditure of €305,000 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: €1 million, outturn: €2.148 million

The increase in expenditure of €1.148 million 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: €745,000, outturn: €439,000

The shortfall was because the mediation process was not concluded and costs of €306,000 which had been provided for in the estimate did not occur.

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

Estimate provision: €22.086 million, outturn: €16.023 million

The shortfall in expenditure of €6.063 million relative to the estimate provision was due to the number of awards by the Tribunal decreasing in 2019. 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: €3.549 million, outturn: €1.721 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 2019 were lower than budgeted. 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: €1.5 million, outturn: €1.773 million

The overspend in expenditure of €273,000 relative to the estimate provision was mainly due to certain payments for Healthy Ireland surveys arising earlier than expected.

H. Sláintecare

Estimate provision: €23.5 million, outturn: €11.013 million

The shortfall in expenditure of €12.487 million relative to the estimate provision was mainly due to the scale of the applications received for integration fund support and the time lag in successful project awards commencing which caused a delay in the granting of funding in 2019. Payroll and consultancy costs were affected by delays in recruitment.

Corporate administrative (HSE)

I. Net pension costs

Estimate provision: €490 million, outturn: €536.452 million

The increase in expenditure of €46.452 million relative to the estimate provision was mainly due to the scale of pension costs and the number of retirements being difficult to predict with certainty. The increase also included the effect of the 2018 HSE deficit. The overspend was met through virements from other subheads.

Other HSE services

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

Estimate provision: €7.513 million, outturn: €1.879 million

The shortfall in expenditure of €5.634 million relative to the estimate provision was due to the grants not being paid until the conditions of the grant are fulfilled. Delays occur due to outstanding information requirements such as tax clearance certificates and quotations.

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

Estimate provision: €2 million, outturn: €501,000

The shortfall in expenditure of €1.499 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.

K.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: €620,000

The shortfall in expenditure of €880,000 relative to the estimate provision was because this is a quasi-judicial process based on claims lodged and the nature of claims and payments vary significantly from year to year.

K.4 Payment to State Claims Agency

Estimate provision: €360 million, outturn: €390 million

The provision for the payments to the State Claims Agency (SCA) in 2019 was €360 million. The variance reflects the nature of the SCA scheme with the level of settlements and court awards being difficult to predict.

K.5 Economic and social disadvantaged (dormant account funding)

Estimate provision: €2.7 million, outturn: €2.45 million

Expenditure was €250,000 less than initially provided due to €250,000 capital funding originally allocated in this subhead being utilised by Healthy Ireland in subhead B.2.

Care programme

L.1 Primary care reimbursement services

Estimate provision: €2,990.888 million, outturn: €3,150.774 million

The increase in expenditure of €159.886 million relative to the estimate provision was due to an overspend of €80 million to fund the increased demand for the long-term illness scheme and high-tech drugs. A further €77 million was required to fund the incoming deficit from 2018 under these schemes. The overspend was met through a supplementary estimate.

Capital services

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

Estimate provision: €14.527 million, outturn: €10.924 million

The shortfall in expenditure of €3.603 million relative to the estimate provision was due largely to a small number of ICT capital projects for directly funded agencies being deferred to 2020.

M.2 Building, equipping and furnishing of health facilities

Estimate provision: €639.461 million, outturn: €593.423 million

The shortfall in expenditure in 2019 was €46.038 million which was associated with the cashflow requirements of major projects.

The new Children's Hospital capital expenditure was less than expected in 2019. It was agreed with the Department of Public Expenditure and Reform that €30 million be carried forward to 2020 in respect of the cost of the project in 2020. The remaining €16.038 million was vired to meet non-capital funding requirements in the HSE in 2019.

M.3 Building, equipping and furnishing of health facilities (part funded by the National Lottery)

Estimate provision: €2.539 million, outturn: € nil

The shortfall in expenditure of €2.539 million relative to the estimate was due to less than expected expenditure on the new Children's Hospital.

Note 4 Receipts

4.1 Appropriations-in-aid

| | Estimated | | 2019 | 2018 |
|---|----------------------|----------------|------------------|------------------|
| | €000 | €000 | Realised €000 | Realised €000 |
| 1 Recovery of cost of health services provided under regulations of the European Community | | | | |
| | <i>Original</i> | 224,779 | | |
| | <i>Supplementary</i> | 45,000 | | |
| | | 269,779 | 270,000 | 270,000 |
| 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 | 5,530 | 2,214 |
| 4 Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund | | 3,000 | 3,122 | 4,372 |
| 5 Miscellaneous receipts | | 1 | 1,015 | 284 |
| 6 Dormant accounts | | 2,700 | 2,700 | 2,619 |
| 7 Receipts from additional superannuation contributions on public service remuneration ^a | | 3,915 | 3,886 | 5,254 |
| 8 Capital receipt from Department of Education and Skills | | 10,000 | 10,000 | — |
| Total | | 460,000 | 463,858 | 452,348 |

Note ^a The 2018 figure refers to pension related deductions. These were replaced by additional superannuation contributions from 1 January 2019.

Significant variations

Overall, appropriations-in-aid were €48.858 million greater than the original estimate. Explanations for variances are set out below:

1 Recovery of cost of health services provided under regulations of the European Community

Estimate: €224.779 million, realised: €270 million

The amount recovered under the regulations of the European Community was €45.221 million greater than anticipated. The amount received is negotiated during the year and it is uncertain what the amount to be received will be prior to negotiations being conducted during the year.

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

Estimate: €3 million, realised: €5.530 million

The increase of €2.53 million was due to claims under the ophthalmic services scheme being difficult to predict. There is a time lag in the availability of information from the Department of Employment Affairs and Social Protection on the level of claims arising.

5 Miscellaneous receipts

Estimate: €1,000, realised: €1.015 million

The increase of €1.014 million was due to the amounts due in any year being difficult to predict. A nominal amount of €1,000 is included in the estimate. Receipts for 2019 comprised of receipts from the European Regional Development Fund, receipts for license fees under the Misuse of Drugs Act and Freedom of Information Fees.

4.2 Extra receipts payable to the Exchequer

| | 2019 | 2018 |
|------------------------------|-------------|-------------|
| | €000 | €000 |
| Balance at 1 January | — | 16 |
| Collected | 50 | 33 |
| Transferred to the Exchequer | (50) | (49) |
| Balance at 31 December | <u>—</u> | <u>—</u> |

Note 5 Staffing and Remuneration

5.1 Employee numbers

| Full time equivalents | 2019 | 2018 |
|---|----------------|----------------|
| Number of staff at year end | | |
| Department | 521 | 475 |
| Health Service Executive direct employees | 76,905 | 76,370 |
| Voluntary (Section 38) acute and non-acute services employees | 42,912 | 41,486 |
| Other agencies ^a | 1,753 | 1,655 |
| Number of staff at year end | 122,091 | 119,986 |

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

5.2 Pay

| Remuneration of Department staff | 2019 | 2018 |
|--|---------------|---------------|
| | €000 | €000 |
| Pay | 30,045 | 27,939 |
| Higher, special or additional duties allowance | 205 | 185 |
| Other allowances | 10 | 1 |
| Overtime | 115 | 128 |
| Employer's PRSI | 2,137 | 1,830 |
| Total pay ^a | 32,512 | 30,083 |

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

Remuneration of Health Service Executive staff

| | 2019 | 2018 |
|---|------------------|------------------|
| | €000 | €000 |
| Pay | 3,803,874 | 3,624,693 |
| Higher, special or additional duties allowance | 449,759 | 415,105 |
| Arrears | 39,430 | (47,121) |
| Overtime | 187,752 | 179,886 |
| Employers PRSI | 429,071 | 391,956 |
| Superannuation | 747,476 | 727,508 |
| Total pay Health Service Executive direct employees | 5,657,362 | 5,292,027 |
| Agency pay | 349,447 | 330,748 |
| Total pay ^a | 6,006,809 | 5,622,775 |

Note ^a The pay costs above does not include employees in the voluntary sector.

Other agencies remuneration ^a

| | 2019 | 2018 |
|--|---------------|---------------|
| | €000 | €000 |
| Pay | 55,919 | 50,397 |
| Higher, special or additional duties allowance | 114 | 133 |
| Other allowances | 103 | 97 |
| Overtime | 20 | 26 |
| Employer's PRSI | 5,604 | 4,883 |
| Total pay | 61,760 | 55,536 |

Note ^a Other agencies includes agencies operating under the Department's aegis that receive direct Exchequer funding, other than the Health Service Executive.

5.3 Allowances and overtime payments

| | Number of recipients | Recipients of €10,000 or more | Highest individual payment | |
|--|----------------------|-------------------------------|----------------------------|--------|
| | | | 2019 | 2018 |
| | | | € | € |
| Department staff | | | | |
| Higher, special or additional duties | 18 | 11 | 27,368 | 28,969 |
| Other allowances | 10 | — | 1,855 | 225 |
| Overtime | 53 | 3 | 19,541 | 18,839 |
| Extra remuneration in more than one category | 5 | 3 | 23,847 | 22,856 |
| Other agencies staff ^a | | | | |
| Higher, special or additional duties | 41 | — | 9,296 | 16,905 |
| Other allowances | 21 | — | 6,351 | 6,096 |
| Overtime | 24 | — | 3,389 | 9,156 |
| Extra remuneration in more than one category | — | — | — | — |

Note ^a Other agencies includes agencies operating under the Department's aegis that receive direct Exchequer funding, other than the Health Service Executive.

5.4 Other remuneration arrangements

One civil servant in receipt of a civil service pension, who had not previously served in this Department, was re-engaged on a fee basis in 2019.

5.5 Payroll overpayments

| at 31 December | Number of recipients | 2019 € | 2018 € |
|-------------------------|----------------------|-----------|-----------|
| Overpayments | 29 | 93,652 | 34,959 |
| Recovery plans in place | 9 | 38,728 | 8,650 |

One overpayment recovery plan, in respect of one individual, to the value of €449 was transferred to another Department in the year.

Note 6 Miscellaneous

6.1 Committees, commissions and special inquiries

| | Year of appointment | Cumulative expenditure to the end of 2019 €000 | Expenditure in 2019 €000 | Expenditure in 2018 €000 |
|--|---------------------|---|-----------------------------|-----------------------------|
| Commission of Investigation (Certain matters relative to a disability service in the South East and related matters) | 2017 | 3,674 | 1,583 | 1,569 |
| Scoping Inquiry into the CervicalCheck Screening Programme | 2018 | 1,991 | 958 | 1,033 |
| | | 5,665 | 2,541 | 2,602 |

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

6.2 Compensation and legal costs

| | | | | 2019 | 2018 |
|--|-----------------|--|------------------------------|-----------------------------|---------------|
| | Number of cases | Legal costs paid by Department €000 | Compensation awarded €000 | Legal costs awarded €000 | Total €000 |
| Claims by members of the public | | | | | |
| Awards and claim settlements | 49 | 655 | 22,474 | 634 | 23,763 |
| Total | 49 | 655 | 22,474 | 634 | 23,763 |

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 has authorised the State Claims Agency to draw down moneys from the fund to cover the cost of claims.

At 31 December 2019, the balance on the fund totalled €4.951 million (2018: €4.62 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

| Subhead | 2019 | 2019 | 2018 |
|---|--------------|--------------|----------|
| | Estimate | Outturn | Outturn |
| | €000 | €000 | €000 |
| K.1 Health agencies and similar organisations (part funded by the National Lottery) | 7,513 | 1,879 | — |
| | 7,513 | 1,879 | — |

6.5 EU funding

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

6.6 Late interest payments and compensation payments

| | 2019 | 2018 |
|---------------------------------|----------|----------|
| | €000 | €000 |
| Total of interest payments paid | <u>3</u> | <u>5</u> |

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

The following table lists the bodies and funds under the aegis of the Department where the Department has an obligation to present financial statements. It indicates, as at account signing date, the period to which the last audited financial statements relate and the date on which 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 | 2019 | 14 May 2020 | 15 May 2020 | 5 Jun 2020 |
| Beaumont Hospital | 2018 | 10 Dec 2019 | 2 Jan 2020 | 5 Feb 2020 |
| Dublin Dental Hospital | 2018 | 11 Nov 2019 | 14 Nov 2019 | 28 Nov 2019 |
| Leopardstown Park Hospital | 2018 | 16 Dec 2019 | 6 Jan 2020 | 28 Jan 2020 |
| St James's Hospital | 2018 | 7 Oct 2019 | 17 Oct 2019 | 30 Oct 2019 |
| National Paediatric Hospital Development Board | 2018 | 24 Oct 2019 | 20 Nov 2019 | 29 Nov 2019 |
| National Haemophilia Council | 2018 | 28 Jun 2019 | 10 Jul 2019 | 22 Aug 2019 |
| Food Safety Promotion Board | 2018 | 31 Oct 2019 | 6 Dec 2019 | 10 Dec 2019 |
| Food Safety Authority of Ireland | 2018 | 27 Jun 2019 | 3 Jul 2019 | 4 Jul 2019 |
| Health Information and Quality Authority | 2019 | 24 Apr 2020 | 13 May 2020 | 26 May 2020 |
| Health Research Board | 2018 | 30 Sep 2019 | 13 Nov 2019 | 15 Nov 2019 |
| Health and Social Care Professionals Council (CORU) | 2018 | 15 Nov 2019 | 27 Nov 2019 | 5 Dec 2019 |
| Irish Blood Transfusion Service Board | 2018 | 24 Jun 2019 | 26 Jun 2019 | 3 Jul 2019 |
| Health Products Regulatory Authority | 2018 | 26 Jun 2019 | 28 Jun 2019 | 19 Sep 2019 |
| Mental Health Commission | 2018 | 1 Oct 2019 | 3 Oct 2019 | 16 Oct 2019 |
| National Cancer Registry Board | 2018 | 14 Aug 2019 | 21 Aug 2019 | 28 Aug 2019 |
| Pre-Hospital Emergency Care Council | 2018 | 24 Dec 2019 | 5 Feb 2020 | 13 Mar 2020 |
| Health Insurance Authority | 2018 | 26 Jun 2019 | 15 Jul 2019 | 19 Sep 2019 |
| Risk Equalisation Fund | 2018 | 26 Jun 2019 | 15 Jul 2019 | 19 Sep 2019 |
| Nursing and Midwifery Board | 2018 | 20 Dec 2019 | 2 Mar 2020 | 16 Mar 2020 |
| Medical Council | 2018 | 21 May 2019 | 8 Jul 2019 | 26 Aug 2019 |
| Pharmaceutical Society of Ireland ^b | 2018 | 21 Mar 2019 | 29 May 2019 | 6 Jun 2019 |
| Dental Council ^b | 2018 | 8 Mar 2019 | 28 Mar 2019 | 16 Apr 2019 |
| National Treatment Purchase Fund | 2018 | 23 Dec 2019 | 16 Jan 2020 | 24 Mar 2020 |
| Consolidated Patient Private Property | 2018 | 7 Feb 2020 | 26 Feb 2020 | 7 Apr 2020 |

| Body/departmental fund | Last accounting period | Date of audit report | Date received by Minister/ Department | Date presented to the Oireachtas ^a |
|--|-------------------------------|-----------------------------|--|--|
| Health Repayments Scheme (Donations Fund) | 2018 | 31 Jan 2020 | 26 Feb 2020 | 27 Mar 2020 |
| Special Account for Health Repayments Scheme | 2018 | 31 Jan 2020 | 26 Feb 2020 | 27 Mar 2020 |
| Hep C – Insurance Scheme | 2018 | 31 Jan 2020 | 23 Apr 2020 | 13 Aug 2020 |

Notes ^a The audited 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.