

Vote 40: Health Service Executive

Introduction

As Accounting Officer for Vote 40, 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 2009 for the salaries and expenses of the Health Service Executive and certain other services administered by the Executive, including miscellaneous grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2009, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of Appropriation Accounts have been applied in the preparation of the Account except for the following:

Remuneration

Accrued expenses include liabilities in respect of remuneration earned up to 31 December 2009.

Statement of Capital Assets

Tangible fixed assets comprise Land, Buildings, Work in Progress, Equipment and Motor Vehicles. Tangible fixed asset additions since 1 January 2005 are stated at historic cost less accumulated depreciation. The carrying values of tangible fixed assets taken over from predecessor bodies by the HSE are included in the opening balance sheet on establishment day, 1 January 2005, at their original cost/valuation. The related aggregate depreciation account balance was also included in the opening balance sheet.

Depreciation is calculated to write-off the original cost/valuation of each tangible fixed asset over its useful economic life on a straight line basis at the following rates:

Land: land is not depreciated.

Buildings: depreciated at 2.5% per annum.

Modular buildings (i.e. prefabricated buildings): depreciated at 10% per annum.

Work in progress: no depreciation.

Equipment - computers and ICT systems: depreciated at 33.33% per annum.

Equipment - other: depreciated at 10% per annum.

Motor Vehicles: depreciated at 20% per annum.

Statement of Capital Assets under Development

A separate Statement has not been completed as Capital Assets under Development are included as Work in Progress in the Statement of Capital Assets.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the estimated proceeds of sales less costs to be incurred in the sale of stock.

Matured Liabilities

Matured Liabilities are invoices paid in January 2010 which fell due for payment before 31 December 2009.

Preparation of the Appropriation Account from the Annual Financial Statements (AFS)

Section 36 (2) of the Health Act, 2004 requires the HSE to prepare Annual Financial Statements (AFS) in such form as the Minister for Health and Children may direct and Section 36 (3) requires that these accounts be prepared in accordance with accounting standards specified by the Minister. The AFS are prepared on an income and expenditure basis. That is all income relating to the period is recognised, whether actually received or not and all expenditure relating to the period, both actual and accrued, is charged. The balance of the account shows the excess of income over expenditure or vice versa.

The Appropriation Account is prepared on a receipts and payments basis and recognises cash received and paid during the period of account. It is a non-cumulative account and any amount underspent at year-end is surrendered to the Exchequer.

The charge to the HSE Vote comprises expenditure recorded on an area basis and expenditure relating to nationally administered programmes. The area-based expenditure is produced for areas that predated the HSE and derived from legacy systems operated in those areas. The Executive's financial systems are designed to produce accrual-based accounts and the cash based figures required for Vote accounting relies on substantial reconciliations to the accrual figures. These are derived from the AFS by eliminating non cash items and analysing all asset and liability accounts to identify all suspense account balances. The key to the process is that both sets of accounts are ultimately prepared from the same source transactions. The summary reconciliation of the vote outturn to the AFS is included in Note 1 to the Appropriation Account.

Ultimately, while this process produces an overall outturn that equates to the Vote outlay of the Executive in the year, the charge to some individual subheads include apportionments.

The Nursing Homes Support Scheme (NHSS) is a new scheme of financial support for those in need of nursing home care. The key objectives of the scheme are to equalise State support for public and private long-term residential care recipients, and to ensure that long-term residential care is affordable for all who need it. The legislation providing for the scheme was signed into law on 1 July 2009. Subhead B.16 is designed to account for all expenditure on long term residential care which comprises the following four elements:

- subventions paid in respect of residents in private nursing homes, who were resident prior to the introduction of the NHSS and who have opted not to transfer to the NHSS scheme;
- contract bed payments paid in respect of residents in private nursing homes, who were resident prior to the introduction of the NHSS and who have opted not to transfer to the NHSS scheme;
- payments to private nursing homes in respect of residents who are in the NHSS.
- a percentage of the gross expenditure of public residential care units.

The first three elements are charged directly to the subhead. The fourth element is based on a cost allocation model developed by the HSE, which in summary, apportions the costs of its long-stay units on the basis of beds allocated to different care groups.

Other Apportionments

In addition to Subhead B.16. certain expenditure currently administered centrally (e.g. national contracts paid by HSE Corporate) is funded by the area-based subheads and accordingly the related expenditure is apportioned to those subheads on an estimated basis.

2008 Outturn - Comparative Figures

Subhead B.10. includes funding of local community schemes previously allocated to subheads B.1 to B.8. This subhead now includes funding for all community schemes paid directly by the Primary Care Reimbursement Service(PCRS) and not just the Medical Card Services Scheme.

Subhead B.9 includes funding for voluntary intellectual disability providers previously allocated to subhead B.1.

Subhead C.3 includes current expenditure on information systems previously accounted for in subheads B.1 to B.8.

Statement on Internal Financial Control

Along with the Account, I have submitted a statement in the standard format on the system of internal financial control that operates in the Health Service Executive.

Statement on Enhancing Internal Controls

During 2009 a formal Review of the System of Internal Control in the Health Service Executive was completed by the Finance Directorate, the results of which have informed this Statement on Internal Financial Control. The review was carried out by finance managers with specific expertise in the areas of finance, audit and control. Annual reviews of the system of internal control undertaken in previous years established a template which has been further developed in carrying out this review in 2009. The methodology of the review involved reference to:

- Controls Assurance Statements completed by senior management which are cascaded through the organisation structure of the HSE to General Manager (or equivalent) level;
- Results and findings of structured bilateral interviews with a cross section sample of approximately 100 managers and heads of service and their responses to an internal controls questionnaire completed during each interview;
- Internal Audit reports;
- Reports and management letters of the Comptroller and Auditor General;
- The 2009 audit programme of the Comptroller and Auditor General and in particular, the audit risk identified therein;
- Assessment of progress against the implementation of recommendations contained in previous Internal Audit reports and reports of the Comptroller and Auditor General.
- Periodic status reports to the Audit Committee.

The report of the project team was circulated to senior management in March 2010. In summary, the overall conclusion from this review is that while the control environment, control and risk management processes and assurance arrangements remain largely effective, there are a number of areas where specific action is recommended to increase effectiveness and consolidate on the improvements which are in evidence since the previous report. Structured plans for the implementation of the recommendations of the report are being prepared by management.

The implementation of these recommendations by management will be monitored by the Audit Committee during the year and will be reassessed in the 2010 review of the system of internal controls.

Professor Brendan Drumm
Accounting Officer
Health Service Executive
26 March 2010

Certificate of the Comptroller and Auditor General

I have audited the Appropriation Account of the Vote for the Health Service Executive for 2009 under Section 3 of the Comptroller and Auditor General (Amendment) Act, 1993. The Account has been prepared in accordance with the Statement of Accounting Policies and Principles. The duties of the Accounting Officer and of the Comptroller and Auditor General in relation to the Appropriation Accounts, and the basis of the audit opinion, are set out in Part 1 to this volume.

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

In my opinion, the Appropriation Account properly presents the receipts and expenditure of the Vote for the year ended 31 December 2009.

Chapter 19 and chapters 37 to 45 of my annual report refer to certain matters which I considered it appropriate to report on in accordance with Section 3 (10) of the Comptroller and Auditor General (Amendment) Act, 1993.

A handwritten signature in black ink, appearing to read 'John Buckley', with a long horizontal stroke extending to the right.

JOHN BUCKLEY

Comptroller and Auditor General

8 September 2010

Vote 40 Health Service Executive Appropriation Account 2009

Service		2009 Estimate provision	2009 Outturn	2008 Outturn
	€000	€000	€000	€000
Administration				
A.1. Salaries, wages and allowances and other administration expenses of Corporate HSE				
	<i>Original</i>	69,972		
	<i>Supplementary</i>	48,566	118,538	96,780
A.2. Value for money and policy reviews		411	400	400
— Innovative service delivery projects		—	—	5,390
Other Services				
B.1 HSE - Eastern Regional Area				
	<i>Original</i>	1,921,298		
	<i>Supplementary</i>	29,295	1,950,593	1,876,390
B.2 HSE - Midland Area				
	<i>Original</i>	562,179		
	<i>Supplementary</i>	8,572	570,751	578,266
B.3 HSE - Mid-Western Area				
	<i>Original</i>	745,724		
	<i>Supplementary</i>	11,371	757,095	771,913
B.4 HSE - North Eastern Area				
	<i>Original</i>	742,645		
	<i>Supplementary</i>	11,324	753,969	758,433
B.5 HSE - North Western Area				
	<i>Original</i>	683,420		
	<i>Supplementary</i>	10,421	693,841	702,756
B.6 HSE - South Eastern Area				
	<i>Original</i>	948,144		
	<i>Supplementary</i>	14,457	962,601	997,831
B.7 HSE - Southern Area				
	<i>Original</i>	1,300,245		
	<i>Supplementary</i>	19,826	1,320,071	1,328,495
B.8 HSE - Western Area				
	<i>Original</i>	1,093,176		
	<i>Supplementary</i>	16,668	1,109,844	1,126,998
B.9 Grants in respect of certain other health bodies including voluntary and joint board hospitals			2,561,640	2,522,162
B.10 HSE - Medical Card Services Scheme				
	<i>Original</i>	2,743,954		
	<i>Supplementary</i>	20,000	2,763,954	2,752,987
B.11 Health agencies and other similar organisations (part funded by national lottery)			7,513	4,606
				5,000

Service	€000	2009 Estimate provision €000	2009 Outturn €000	2008 Outturn €000
B.12 Hospital, in-patient, out-patient and counselling services for persons who have contracted Hepatitis C from the use of immunoglobulin anti-D and the provision of services under the Health (Amendment) Act 1996		15,767	14,993	15,285
B.13 Economic and Social Disadvantaged and Disability (Dormant Accounts Funded)		10,000	8,805	13,397
B.14. Payment to a special account established under Section 13 of the Health (Repayment Scheme) Act 2006		80,000	80,000	236,000
B.15. Payment to a special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 - Insurance Scheme		1,500	370	248
B.16. Long Term Residential Care				
<i>Original</i>	909,000			
<i>Supplementary</i>	<u>(20,000)</u>	889,000	864,714	830,633
B.17. Service Developments				
<i>Original</i>	80,000			
<i>Supplementary</i>	<u>(18,000)</u>	62,000	68,671	—
B.18. Payments to the State Claims Agency in respect of costs relating to clinical negligence				
<i>Original</i>	30,000			
<i>Supplementary</i>	<u>(14,000)</u>	16,000	14,851	—
Capital Services				
C.1 Building, equipping and furnishing of health facilities and of higher education facilities in respect of the pre-registration nursing degree programme				
<i>Original</i>	370,724			
<i>Supplementary</i>	<u>47,500</u>	418,224	412,358	549,269
C.2 Building, equipping and furnishing of health facilities (part funded by national lottery)		2,539	2,539	2,539
C.3 Information systems and related services for health agencies				
<i>Original</i>	130,000			
<i>Supplementary</i>	<u>(15,000)</u>	115,000	118,232	18,732
		<u>115,000</u>	<u>118,232</u>	<u>18,732</u>

		2009 Estimate	2009 Outturn	2008 Outturn
Service	€000	€000	€000	€000
Gross Expenditure				
	<i>Original</i> 15,009,851			
	<i>Supplementary</i> <u>171,000</u>	15,180,851	15,103,550	14,893,139
Deduct:				
D. Appropriations-in-aid				
	<i>Original</i> 3,377,263			
	<i>Supplementary</i> <u>(83,000)</u>	3,294,263	3,225,504	2,222,552
Net Expenditure				
	<i>Original</i> 11,632,588			
	<i>Supplementary</i> <u>254,000</u>	11,886,588	11,878,046	12,670,587
Surplus to be surrendered			<u>€3,541,887</u>	<u>€81,458,151</u>

Notes to the Appropriation Account

1 Operating Cost Statement 2009

	Note	€000	2009 €000	2008 €000
Expenditure on administration			97,180	76,278
Expenditure on services and programmes			15,006,370	14,816,861
Gross expenditure			15,103,550	14,893,139
Deduct				
Appropriations-in-aid			3,225,504	2,222,552
Net expenditure			11,878,046	12,670,587
Changes in capital assets				
Purchases cash		(290,258)		
Depreciation		160,117		
Disposals cash		379		
Loss on disposals		684	(129,078)	(179,891)
Changes in net current assets				
Decrease in closing accruals			(84,217)	219,799
Increase in stock			(26,693)	7,411
Direct expenditure			11,638,058	12,717,906
Reconciliation of Operating Cost to Expenditure Recognised in the Annual Financial Statements				
Operating Cost			11,638,058	12,717,906
Expenditure met from Other Income			3,341,595	2,347,776
Capital Expenditure charged to Income and Expenditure Account			290,258	345,665
Depreciation			(160,117)	(160,300)
Loss on Disposals			(684)	(4,835)
Expenditure per Income and Expenditure Accounts			15,109,110	15,246,212
Revenue Expenditure per Revenue Income and Expenditure Account			14,695,001	14,683,044
Capital Expenditure per Capital Income and Expenditure Account			414,109	563,168
Expenditure per Income and Expenditure Accounts			15,109,110	15,246,212

2 Statement of Assets and Liabilities as at 31 December 2009

	Note	2009 €000	2008 €000
Capital Assets	2.1	5,143,374	5,015,594
Financial Assets		3	3
		<u>5,143,377</u>	<u>5,015,597</u>
Current Assets			
Bank and cash	2.2	12,845	25,025
PMG Balance		181,677	61,769
Stocks	2.3	146,607	119,914
Debtors and Prepayments		143,248	130,601
Debit Balance: Long Stay		—	3,650
Other debit balances	2.4	73,674	77,303
Total Current Assets		<u>558,051</u>	<u>418,262</u>
Less Current Liabilities			
Creditors		154,169	263,105
Accrued expenses		1,415,744	1,377,971
Deferred Income		3,575	3,770
Other credit balances	2.5	225,773	163,289
Net Liability to the Exchequer	2.6	42,423	4,458
Total Current Liabilities		<u>1,841,684</u>	<u>1,812,593</u>
Net Current Assets		<u>(1,283,633)</u>	<u>(1,394,331)</u>
Net Assets		<u>3,859,744</u>	<u>3,621,266</u>

2.1 Statement of Capital Assets

	Land	Buildings	Work-in Progress	Equipment	Vehicles	Totals
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2009	2,025,422	2,689,850	452,500	1,071,394	91,588	6,330,754
Transfers	—	154,706	(164,454)	1,175	7,275	(1,298)
Additions	201	7,470	238,281	42,326	1,980	290,258
Disposals	—	(110)	(123)	(5,425)	(5,689)	(11,347)
Cost or valuation at 31 December 2009	2,025,623	2,851,916	526,204	1,109,470	95,154	6,608,367
Accumulated Depreciation						
Opening balance at 1 January 2009	—	526,631	—	719,670	68,859	1,315,160
Depreciation for the year	—	67,732	—	81,494	10,891	160,117
Depreciation on disposals	—	(102)	—	(4,716)	(5,466)	(10,284)
Cumulative depreciation at 31 December 2009	—	594,261	—	796,448	74,284	1,464,993
Net Assets at 31 December 2009	2,025,623	2,257,655	526,204	313,022	20,870	5,143,374
Net Assets at 31 December 2008	2,025,422	2,163,219	452,500	351,724	22,729	5,015,594

2.2 Bank and Cash

	2009	2008
	€000	€000
Officers Imprest at 31 December	518	494
Commercial Bank Account Balances	12,327	24,531
	12,845	25,025

2.3 Stocks

	2009	2008
	€000	€000
at 31 December		
Medical, Dental and Surgical Supplies	40,035	37,290
Laboratory Supplies	7,027	6,794
Pharmacy Supplies	20,577	21,340
High Tech Pharmacy Stocks	32,526	18,890
Pharmacy Dispensing Stocks	2,455	2,464
Blood and Blood Products	1,271	1,535
Vaccine Stocks (2009 includes H1N1 Vaccines)	30,153	19,430
Household Services	9,086	9,155
Stationery and Office Supplies	2,909	2,583
Sundries	568	433
	146,607	119,914

2.4 Other Debit Balances	2009	2008
	€000	€000
at 31 December		
SWA Debtors	(14)	1,424
Prepayments Suspense	(135)	5,824
Other Debtors Suspense	73,823	70,055
	<u>73,674</u>	<u>77,303</u>
2.5 Other Credit Balances	2009	2008
	€000	€000
at 31 December		
Amounts due to the state		
Income Tax	62,918	61,355
Pay Related Social Insurance	52,361	42,881
Professional Services Withholding Tax	20,714	20,311
Value Added Tax	5,546	5,454
Payroll deductions held in suspense	20,788	21,361
Special Income and Expenditure Balances	13,446	11,927
Advance from VHI	50,000	—
	<u>225,773</u>	<u>163,289</u>
2.6 Net Liability to the Exchequer	2009	2008
	€000	€000
at 31 December		
Surplus appropriations to be surrendered	8,542	81,458
Exchequer grant undrawn	33,881	(77,000)
Net liability to the Exchequer	<u>42,423</u>	<u>4,458</u>
Represented by:		
Debtors		
Net PMG Position and Cash	194,522	86,794
Debit Balances: Long Stay	—	3,650
Debit Balances : Suspense	73,674	77,303
	<u>268,196</u>	<u>167,747</u>
Creditors		
Due to State	(141,539)	(130,001)
Credit Balances: Special Income and Expenditure	(13,446)	(11,927)
Credit Balances: Suspense	(70,788)	(21,361)
	<u>(225,773)</u>	<u>(163,289)</u>
	<u>42,423</u>	<u>4,458</u>

2.7 Commitments		2009	2008	
		€000	€000	
at 31 December				
Global Commitments				
Commitments likely to arise in subsequent years for:				
Procurement Subheads		253,981	196,942	
Operating Leases		33,028	46,585	
Finance Leases		41,049	41,442	
Legally Enforceable Capital Commitments	NHO/PCCC	Cumulative spend to 31 Dec 2009	To be paid in subsequent years	
		€m	€m	
			Total	
			€m	
University College Hospital Galway - Phase 2	NHO	100.99	0.40	101.39
Community Nursing Unit, Loughrea	PCCC	9.14	5.50	14.64
St Anne's Child & Adolescent Psychiatric Unit	PCCC	4.36	3.10	7.46
Letterkenny General Hospital - Medical Ward Block (Seventy two beds)	NHO	6.37	13.28	19.65
Cork University Hospital - Cardiac/Renal	NHO	51.46	7.50	58.96
Cork University Hospital - Pet Scanner	NHO	5.71	1.10	6.81
Transfer of dedicated breast services from South Infirmity Victoria Hospital to Cork University Hospital	NHO	3.47	2.31	5.78
Bessboro , Co Cork - Child & Adolescent Psychiatric Unit	PCCC	3.00	4.98	7.98
St Mary's Community Nursing Unit, Cork City	PCCC	8.69	1.00	9.69
An Daingean Community Hospital	PCCC	14.54	0.30	14.84
Tralee Community Nursing Unit	PCCC	9.10	0.60	9.70
Farnlea Community Nursing Unit (One hundred beds)	PCCC	13.74	5.72	19.46
Ballincollig Community Nursing Unit	PCCC	15.02	4.84	19.86
Intergrated Patient Management System	NHO	27.79	0.31	28.10
St John's Hospital, Wexford, Phase 2 Development	PCCC	11.57	0.28	11.85
St Vincent's Hospital, Dungarvan, Co Waterford	PCCC	10.09	0.88	10.97
Cashel, Phase 2	PCCC	8.76	3.96	12.72
Connolly Hospital, Blanchardstown - Surgical Block	NHO	15.37	0.40	15.77
St Ita's Portrane, Co Dublin - Residential	PCCC	14.93	1.23	16.16
St Mary's Hospital, Phoenix Park - Community Nursing Unit & Campus Kitchen	PCCC	11.41	0.40	11.81
St Joseph's Raheny - One hundred bed Community Nursing Unit	PCCC	18.82	1.00	19.82
Our Lady of Lourdes Hospital, Drogheda- Extension & Refurbishment of A & E	NHO	25.00	7.57	32.57
Bloomfield Hospital, Stocking Lane, Rathfarnham, Dublin 16	PCCC	15.85	1.20	17.05
Pearse St/ Irishtown Health Centre	PCCC	13.77	0.21	13.98
Midland Regional Hospital, Tullamore - Equipment & Commissioning	NHO	26.07	0.69	26.76
General Hospital, Mullingar - Phase 2B	NHO	25.83	0.35	26.18
Riada House Development	PCCC	6.76	0.13	6.89
Clonskeagh Community Nursing Unit, Dublin 14 - One hundred bed Community Nursing Unit	PCCC	14.58	0.81	15.39
St Vincent's Hospital - Main Development	NHO	199.60	0.70	200.30
Mater Campus Hospital Development Ltd	NHO	42.00	84.70	126.70
Incorporated Orthopaedic Hospital, Clontarf - Phase 2 Development	PCCC	15.57	0.82	16.39

Legally Enforceable Capital Commitments cont.	NHO/PCCC	Cumulative spend to 31 Dec 2009 €m	To be paid in subsequent years €m	Total €m
National Cancer Control - Project technical support for NPRO Ph 2 Public private partnership, Phase 1 facilities at St James's & Beaumont hospitals & development works at St Lukes	NHO	34.45	40.50	74.95
National Paediatric Hospital Development Board	NHO	9.37	18.30	27.67
TOTAL		793.18	215.07	1,008.25

2.8 Matured Liabilities

The total amount of matured liabilities undischarged at 31 December 2009 was €16,278,667.

3 Variations in Expenditure

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

Sub-head	Less/(more) than provided €000	Explanation
A.1.	21,758	Expenditure on the H1N1 Pandemic was less than anticipated.
B.11.	2,907	National Lottery Grants are not paid until the conditions of the grant are fulfilled. Approved grants unpaid at 31 December 2009 amounted to €0.9 million.
B.13.	1,195	Expenditure is dependent on the timing of claims received from Pobal.
B.15.	1,130	There is a timing difference between expenditure incurred by the HSE in respect of the Insurance Scheme and the related payments to the Special Account. Expenditure incurred in 2009 amounted to €1.113 million.
B.18.	1,149	Expenditure is dependent on the timing and value of claims received from the State Claims Agency.

4 Receipts

4.1	Appropriations-in-aid	2009 Estimated €000	2009 Estimated €000	2009 Realised €000	2008 Realised €000
1.	Receipts from health contributions				
		<i>Original</i> 1,892,000			
		<i>Supplementary</i> (102,000)	1,790,000	1,755,753	1,326,677
2.	Recovery of cost of Health Services provided under regulations of the European Community				
		<i>Original</i> 250,000			
		<i>Supplementary</i> 37,000	287,000	286,580	100,000
3.	Receipts from certain excise duties on tobacco products		167,605	167,605	167,605
4.	Recovery from the UK Department of Health and Social Security of their share of the Leopardstown Park Hospital		170	—	149
5.	Recoupment of certain Ophthalmic Services Scheme costs from the Social Insurance Fund		5,000	5,000	6,048
6.	Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund		8,500	8,500	9,290
7.	Charges for maintenance in public and semi-private accommodation in public hospitals		343,000	324,637	263,060
8.	Economic & Social Disadvantage & Disability (Dormant Accounts Funded)		10,000	8,805	13,397
9.	Superannuation		205,000	220,411	212,263

		2009 Estimated €000	2009 Estimated €000	2009 Realised €000	2008 Realised €000
10.	Miscellaneous Receipts		150,000	116,229	124,063
11.	Receipts from Pension-related Deduction on Public Service Remuneration				
		<i>Original</i>	345,988		
		<i>Supplementary</i>	(18,000)	327,988	331,984
	Total	<i>Original</i>	3,377,263		
		<i>Supplementary</i>	(83,000)	3,294,263	3,225,504
				3,225,504	2,222,552

Explanation of significant variations

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

Heading	Less/(more) than estimated €000	Explanation
4.	170	No further receipts are due from the UK Department of Health.
7.	18,363	The amendment to the charging regime for long-stay charges resulted in lower than expected receipts.
8.	1,195	Receipts are dependent on the timing of claims received from Pobal.
9.	(15,411)	Receipts in respect of arrears of superannuation were greater than anticipated.
10.	33,771	Miscellaneous receipts were less than anticipated.

4.2 Reconciliation of Income per AFS to Appropriations-in-Aid per Appropriation Account

	Revenue	Capital	Total
Total Income per Annual Financial Statements	14,774,636	445,005	15,219,641
Less Exchequer Revenue Grant	(11,448,149)	(429,897)	(11,878,046)
Total Other Income per Annual Financial Statements	3,326,487	15,108	3,341,595

Less Income Credited to Suspense

Department of Community, Rural and Gaeltacht Affairs	(26,739)
National Cancer Screening Service	(22,644)
Non Vote Miscellaneous Income	(13,357)
Agency Services	(10,778)
Other Payroll Deductions	(9,956)
Department of the Environment, Heritage and Local Government	(3,500)
National Council for the Professional Development of Nursing and Midwifery	(2,236)
Health Research Board	(1,436)
Department of Social and Family Affairs	(380)

Less Movements in Working Capital

Less Difference between Maintenance Cash and Maintenance Income	(16,678)
Less Movement in other non-Vote Debtors	(8,387)

Appropriations-in-Aid **3,225,504**

4.3 Reimbursement of Private Activity in Acute Public Hospitals¹

Private patients receiving treatment in a private-designated bed in an acute hospital are liable for a maintenance charge (determined by the Minister for Health & Children) in addition to the public hospital inpatient charge.

From January 2009, the public hospital inpatient charge amounted to €75 per day, up to a maximum of €750 over a period of 12 consecutive months, and is payable by all non medical card holders irrespective of the designation of the bed they occupied. The maintenance charge for private patients, which is calculated on the basis of the average cost for treating all (public and private) patients, differs depending on whether the treatment is on a day or inpatient basis and in the case of the latter, whether the accommodation is classified as private or semi-private (see Table). Maintenance Charges for teaching hospitals are generally higher than those for non-teaching hospitals, reflecting their differences in cost profiles.

Daily Maintenance Charge for Private Patients in Acute Hospitals by Type of Accommodation and Hospital Category, 2006 – 2009.

	2006	2007	2008	2009
	€	€	€	€
Category 1 – HSE Regional Hospitals and Voluntary and Joint Board Teaching Hospitals				
Private Accommodation	551	689	758	910
Semi-Private Accommodation	432	540	594	713
Day Care Accommodation	397	496	546	655
Category 2 – HSE County Hospitals and Voluntary Non Teaching Hospitals				
Private Accommodation	460	460	506	607
Semi-Private Accommodation	370	370	407	488
Day Care Accommodation	329	329	362	434
Category 1 – HSE District Hospitals				
Private Accommodation	197	197	217	260
Semi-Private Accommodation	168	168	185	222
Day Care Accommodation	146	146	161	193

While some broad adjustment has been made for whether the patient is treated on a day or inpatient basis, the daily maintenance charges levied are otherwise independent of the treatment private patients receive and, therefore, may either exceed, or fall short of, the full economic cost of treatment incurred by the public hospital. The average daily cost in 2009 was estimated to be €1,018 for inpatients and €733 for day cases in Category 1 hospitals and €913 for inpatients and €885 for day cases in Category 2 hospitals.

¹ Report of the Expert Group on Resource Allocation and Financing in the Health Sector.

4.4 Extra receipts payable to the Exchequer

Extra Exchequer Receipts totalling €0.3 million were paid to the Exchequer in 2009.

	2009	2008
	€000	€000
Proceeds of sale of land and buildings	309	517
Refunds of deposits on property purchases	—	3,506

5 Employee Numbers and Pay

	2009	2008
Number of staff at year end (full time equivalents)	71,812	72,695
	2009	2008
Summary analysis of pay and pension costs	€000	€000
Basic Pay	3,694,776	3,573,416
Allowances	137,215	129,161
Overtime	192,834	219,026
Night duty	82,739	78,951
Weekends	205,020	201,195
On-Call	62,403	64,295
Arrears (National Pay Agreements, etc)	24,521	105,863
Employer PRSI	339,101	345,906
Superannuation	524,052	408,804
Total pay	5,262,661	5,126,617

Note 1: HSE Pay costs and numbers above relate to HSE employees only. The above figures are disclosed on an income and expenditure basis.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment	Maximum individual payment
			2009	2008
			€	€
Allowances	42,272	1,211	160,536	128,685
Overtime	24,752	6,149	201,886	156,689
Night duty	35,238	479	20,572	17,024
Weekends	66,765	2,230	18,178	28,747
On-Call	7,561	1,753	119,348	130,573
Other	14,404	216	109,373	129,897

Note 1: Certain Individuals received extra remuneration in more than one category.

Note 2: Allowances and Overtime Payments above relate to HSE employees only.

Note 3: The maximum individual allowance and overtime payments may include amounts paid in 2009 in respect of previous years.

5.2 Performance and Merit Payments

Gratuities (excluding pension lump sums) paid in 2009 amounted to €2,408,358.

Performance related pay paid in 2009 was €651,719.

5.3 Other Remuneration Arrangements

Payments to retired staff for services in 2009 amounted to €9,748,454.

Payments of €445,830 were made in 2009 arising from Labour Relations Commission/Rights Commissioners awards.

The cost of severance awards paid in 2009 totalled €203,849.

6 Miscellaneous Items

6.1 National Lottery Funding

A total of €4.6 million was paid to the HSE areas. The recipients of the funding, and the amounts paid, are summarised below. A full list is available on the HSE website (www.hse.ie).

National Lottery Funding

	2009	2008
	Outturn	Outturn
Block Allocations to HSE Areas	€000	€000
Eastern Region	1,483	1,674
Midland	409	321
Mid Western	411	481
North Western	337	373
North Eastern	607	618
South Eastern	921	1,091
Western	438	442
Total	4,606	5,000

6.2 Write-offs

During 2009, the HSE wrote off bad debts amounting to €7.889 million and increased the provision for bad debts by €5.714 million.

6.3 EU Funding

The outturn shown for Subhead C.1. includes expenditure which was co-financed under the INTERREG III A Initiative from the European Development Fund.

6.4 Legal Fees and Compensation

There were a total of 1,882 outstanding claims against the HSE with Irish Public Bodies Mutual Insurance Ltd. at the end of 2009.

There were a total of 1,731 outstanding claims against the HSE with the State Claims Agency at 16 February 2010.

The HSE paid a further €506,845 in respect of various claims brought against it and settled in 2009 which were not covered under insurance.

The HSE had 17 outstanding claims for compensation at 31 December 2009 which are not covered by the HSE insurance policy.

Other ex-gratia payments made during 2009 amounted to €261,512 and other miscellaneous payments amounted to €5,200.

The HSE is insured against employers liability and public liability risks up to an indemnity limit, under both retro-rated and flat-rated bases. Under the retro-rated basis, the final premium is not determined until the end of the coverage period and is based on the HSE's loss experience for that same period. The retro-rated adjustment payable by the HSE is subject to maximum and minimum limits. At 31 December 2009, it was not possible to accurately quantify the liability, if any, which may arise as a result of future retro-rating. The maximum liabilities for retro-rated claims still outstanding, based on agreed levels of each insurable risk, is €4,734 and €3,447,330 for employers liability and public liability respectively. All insurance premiums from 1 January 2001 have been paid on a flat basis only and no retro-rating applies to cover from this date forward.

From 1 July 2009 onwards the HSE is funded for claims processed by the State Claims Agency under the terms of the Clinical Indemnity Scheme. Awards paid to claimants under the terms of the scheme are accounted for on a pay-as-you-go basis. At 31 December 2009 the estimated liability incurred to that date under the Clinical Indemnity Scheme was €636 million.

6.5 Prompt Payment of Account Interest

Prompt Payment Interest paid by the HSE in 2009 was €433,946.

6.6 Contingent Liabilities

A High Court case was taken in 2007 by community pharmacists seeking to enforce contractual entitlement to advance payments for medical card schemes. Community pharmacy contracts provide for cash payments on 45 day terms in advance of actual claims payments which historically took longer than this credit period to process manually. Since the automation of claims processing, the practice of advance payment to community pharmacists was ceased as actual claims are paid within this 45 day timeframe. Pharmacists have sought to have the cash advances reinstated and the provision in the contract enforced. This case was defended by the Department of Health and Children but the judgement was in favour of the plaintiffs. The case is being appealed to the Supreme Court although a date has not been set as yet for this hearing.

If the Supreme Court upholds the judgement of the High Court, the outcome will be the reinstatement of all advance payments and the back payment of same, the cost of which will be in the order of €70 million in respect of arrears and €25 million per annum in 2009 and future years.

Pharmacists have lodged a separate claim with the HSE for loss of retail mark up on products dispensed under the terms of the over 70 medical card, products which would otherwise have been subject to higher margin where full eligibility did not exist. The claim is in the amount of €100 million, over and above the amount of €30 million currently paid per annum. The Irish Pharmaceutical Union have indicated that they will engage in non-binding mediation but may pursue the HSE through the courts if they are dissatisfied with the outcome.

The HSE is involved in a number of claims involving legal proceedings which may generate liabilities, depending on the outcome of the litigation. The HSE has insurance cover for public and employer liability, fire and specific all risk claims. In most cases such insurance would be sufficient to cover all costs, but this cannot be certain.

6.7 Other

The HSE paid €24.766 million in respect of insurance policies in 2009 and this is reflected in the outturn for Subhead B.1.