

Vote 39: Health and Children

Introduction

As Accounting Officer for Vote 39, 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 2010 for the salaries and expenses of the Office of the Minister for Health and Children and certain other services administered by that Office, including miscellaneous grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2010, 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 7 form part of the Account.

Statement of Accounting Policies and Principles

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

Statement on Internal Financial Control

Enhancing Internal Controls

A Statement of Internal Financial Controls in the standard format for the year ended 31 December 2010 has been submitted with this account to the Comptroller and Auditor General. The following further actions have been taken, or are under way, to enhance the system of internal control.

Staff

The Department continues to identify staff training needs through the Performance Management and Development System, particularly in respect of financial management, accounting skills, litigation and procurement. Further training on VAT was obtained in 2010 relating to revised VAT rates and Schedules.

Information Technology

In 2010, the Department further updated its system for securing and validating network access. The Department has also deployed additional facilities for business requirements only. The Department has also deployed additional facilities for network monitoring to provide detailed analysis in relation to internal network traffic.

Risk Management

The Department operates a Risk Management system which is tightly integrated into the business planning process. A revised Risk Management Policy was issued in early 2010 to streamline risk management processes and monitoring of risks under the Management Advisory Committee. Additional recent proposed changes will also allow for "Medium" Impact Risks to be considered by the Management Advisory Committee where appropriate.

Internal Audit and Audit Committee

An annual audit programme is prepared under the auspices of the Audit Committee and the Internal Audit Unit reports to the Committee on the conduct of this programme and the finalisation of audit reports. During 2010, a total of ten audit reports were finalised and issued, of which six were included in the 2009 Audit Programme. Audit work in respect of an additional five reports from the 2010 Audit Programme was completed with the final reports agreed by the Audit Committee in 2010. The Audit Committee and the Internal Audit Unit operate under a written Charter.

Administrative and Financial Controls

In 2010, the work of the MAC Sub-Committee on Internal Financial Controls included examination and follow up of Internal Audit Reports, Financial Risks from the Risk Register, Comptroller and Auditor General Reports relating to the Health Sector and the wider Public Service and Minutes of the Minister for Finance, in order to ensure that relevant recommendations relating to internal financial control are acted upon.

The Sub-Committee is also responsible for reviewing the internal financial control environment and in 2010 it commenced a comprehensive ongoing review of this. The initial areas reviewed were Administrative Budgets, Programme Budgets and Tax Compliance. This has led to further enhancement of controls in the areas reviewed.

In relation to the Department's Asset Register, the Department is working towards fully using the Financial Management System (FMS) Asset Register module for its Appropriation Account 2010. Use of Electronic Funds Transfer (EFT) has been further extended during 2010 to all payments to suppliers in respect of goods and services.

MICHAEL SCANLAN

Accounting Officer

31 March 2011

Certificate of the Comptroller and Auditor General

I have audited the Appropriation Account of Vote 39: Health and Children for 2010 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 Department of Health and Children. 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 2010.

A handwritten signature in black ink, appearing to read 'John Buckley', with a stylized flourish at the end.

JOHN BUCKLEY

Comptroller and Auditor General

6 September 2011

Vote 39 Health and Children Appropriation Account 2010

Service	2010 Estimate provision	2010 Outturn	2009 Outturn
	€000	€000	€000
Administration			
A.1. Salaries, wages and allowances	32,173	29,140	32,679
A.2. Travel and subsistence	880	421	538
A.3. Incidental expenses	2,430	864	1,065
A.4. Postal and telecommunications services	1,090	548	599
A.5. Office machinery and other office supplies and related services	2,886	1,464	1,507
A.6. Office premises expenses	1,663	717	561
A.7. Consultancy services	1,178	701	524
A.8. Value for money and policy reviews	180	34	27
Grants			
B.1. Grants to research bodies	37,132	35,879	37,718
B.2. Grants to health agencies and other similar organisations (part funded by National lottery)	3,786	3,786	3,985
Other services			
C. Expenses in connection with the World Health Organisation and other International bodies	2,220	2,460	2,263
D. Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	29,193	19,410	13,000
E.1. Developmental, consultative, supervisory and advisory bodies	82,088	66,828	133,503
E.2. The Food Safety Promotion Board	6,665	6,665	5,623
E.3. The National Treatment Purchase Fund Board	90,092	90,092	90,350
E.4. Ireland / Northern Ireland Interreg	2,190	837	216
E.5. Office of the Ombudsman for Children	2,223	2,070	2,310
F.1. Payments in respect of disablement caused by thalidomide	395	374	374
F.2. Payments in respect of persons claiming to have been damaged by vaccination	1	—	—
F.3. Payments to a special account established under section 10 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	55,786	42,000	49,000

	2010 Estimate provision	2010 Outturn	2009 Outturn
Other services continued	€000	€000	€000
F.4. Payments to a reparation fund established under section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	9,849	6,400	5,200
G. Dissemination of information, conferences and publications in respect of health and health services	1,613	629	1,117
— <i>Payments to the State Claims Agency in respect of costs relating to clinical negligence*</i>	—	—	29,979
Capital services			
H. Grants in respect of building, equipping (including ICT) of agencies funded by the Department	15,000	10,778	13,298
Gross Expenditure	380,713	322,097	425,436
Deduct			
I. Appropriations-in-aid	4,296	5,926	5,600
Net Expenditure	376,417	316,171	419,836
Surplus to be surrendered		€60,246,281	€71,337,879

* Funding of the State Claims Agency in respect of costs relating to clinical negligence transferred from Vote 39 (Office of the Minister for Health and Children) to Vote 40 (Health Service Executive) with effect from 1 July 2009.

Notes to the Appropriation Account

1 Operating Cost Statement 2010

	Note	€000	2010 €000	2009 €000
Expenditure on administration [<i>sum of A subheads</i>]			33,889	37,500
Expenditure on services and programmes			288,208	387,936
Gross expenditure			<u>322,097</u>	<u>425,436</u>
Deduct				
Appropriations in aid			(5,926)	(5,600)
Net expenditure			<u>316,171</u>	<u>419,836</u>
Changes in capital assets				
Purchases cash		(127)		
Depreciation		411		
Loss on disposals		189	473	224
Changes in net current assets				
Decrease in closing accruals		(1,989)		
Decrease in stock		25	(1,964)	(2,139)
Direct expenditure			<u>314,680</u>	<u>417,921</u>
Net allied services expenditure	1.1		17,831	18,243
Notional rents			3,480	4,297
Total operating cost			<u><u>335,991</u></u>	<u><u>440,461</u></u>

1.1 Net Allied Services

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 39 borne elsewhere

Vote		2010 €000	2009 €000
7	Superannuation and Retired Allowances	8,305	8,684
9	Office of the Revenue Commissioners	5,174	5,624
10	Office of Public Works	3,708	3,316
20	Garda Síochána	412	344
	Central Fund - Ministerial etc. pensions	232	275
		<u>17,831</u>	<u>18,243</u>

2 Statement of Assets and Liabilities as at 31 December 2010

	Note	2010 €000	2009 €000
Capital Assets	2.1	1,010	1,475
		<u>1,010</u>	<u>1,475</u>
Current Assets			
Stocks	2.3	77	102
Prepayments		308	220
Accrued income		3,822	2,176
Other debit balances	2.4	4,543	9,214
Net Liability from the Exchequer	2.6	401	4
Total Current Assets		<u>9,151</u>	<u>11,716</u>
Less Current Liabilities			
Accrued expenses		281	529
Other credit balances	2.5	1,111	1,379
Bank and cash	2.2	3,833	7,839
Total Current Liabilities		<u>5,225</u>	<u>9,747</u>
Net Current Assets		<u>3,926</u>	<u>1,969</u>
Net Assets		<u>4,936</u>	<u>3,444</u>

2.1 Statement of Capital Assets

	Office Equipment €000	Furniture & Fittings €000	Totals €000
Gross assets			
Cost or valuation at 1 January 2010	2,943	2,559	5,502
Additions	131	4	135
Disposals	(544)	(394)	(938)
Cost or valuation at 31 December 2010	<u>2,530</u>	<u>2,169</u>	<u>4,699</u>
Accumulated Depreciation			
Opening balance at 1 January 2010	2,057	1,970	4,027
Depreciation for the year	315	96	411
Depreciation on disposals	(513)	(236)	(749)
Cumulative depreciation at 31 December 2010	<u>1,859</u>	<u>1,830</u>	<u>3,689</u>
Net Assets at 31 December 2010	<u>671</u>	<u>339</u>	<u>1,010</u>
Net Assets at 31 December 2009	<u>886</u>	<u>589</u>	<u>1,475</u>

2.2 Bank and Cash

at 31 December

	2010 €000	2009 €000
PMG balances and cash	2,495	(2,145)
Orders outstanding	(6,328)	(5,694)
	<u>(3,833)</u>	<u>(7,839)</u>

2.3 Stocks

at 31 December

	2010 €000	2009 €000
Stationery	30	36
IT consumables	47	66
	<u>77</u>	<u>102</u>

2.4 Other Debit Balances	2010	2009
at 31 December	€000	€000
Advances to OPW	291	81
Recoupable salaries	319	651
Recoupment of travel expenditure	24	25
Recoupment of travel pass scheme	136	104
Compensation Tribunal	3,764	8,340
Other debit suspense items	9	13
	<u>4,543</u>	<u>9,214</u>
	<u>4,543</u>	<u>9,214</u>
2.5 Other Credit Balances	2010	2009
at 31 December	€000	€000
Amounts due to the state		
Income Tax	413	11
Pay Related Social Insurance	206	10
Professional Services Withholding Tax	35	78
Value Added Tax	2	21
Pensions	90	384
Exchequer Extra Receipts	—	97
	<u>746</u>	<u>601</u>
Payroll deductions held in suspense	48	144
Other credit suspense items	317	634
	<u>1,111</u>	<u>1,379</u>
	<u>1,111</u>	<u>1,379</u>
2.6 Net Liability from the Exchequer	2010	2009
at 31 December 2010	€000	€000
Surplus appropriations to be surrendered	60,246	71,338
Exchequer grant undrawn	(60,647)	(71,342)
Net liability from the Exchequer	<u>(401)</u>	<u>(4)</u>
	<u>(401)</u>	<u>(4)</u>
Represented by:		
Debtors		
Debit balances: suspense	4,543	9,214
	<u>4,543</u>	<u>9,214</u>
Creditors		
Due to State	(746)	(601)
Bank and cash	(3,833)	(7,839)
Credit balances: suspense	(365)	(778)
	<u>(4,944)</u>	<u>(9,218)</u>
	<u>(4,944)</u>	<u>(9,218)</u>
	<u>(401)</u>	<u>(4)</u>
	<u>(401)</u>	<u>(4)</u>

2.7 Commitments	2010	2009
	€000	€000
at 31 December		

(A) Global Commitments

Commitments likely to arise in subsequent years for:
Procurement subheads

90	776
----	-----

(B) Multi-Annual Capital Commitments**1. Legally Enforceable Capital Commitments**

Expenditure in year	10,778	13,298
Commitments to be met in subsequent years	27,780	29,123

2. Capital Projects over €6.3 million

	Cumulative spend to 31 December 2009 €m	Paid in 2010 €m	To be paid in subsequent years €m	Total €m
Health Research Board (Clinical Research Facility St James's Hospital and Dublin Clinical Research Network)	1.225	1.258	9.000	11.483
Health Research Board (Clinical Research Facility at University College Hospital, Galway)	—	—	7.500	7.500
Total of legally enforceable commitments	1.225	1.258	16.500	18.983

3 Variations in Expenditure

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

Sub-head	Less/(more) than provided €000	Explanation
A.2.	459	The saving arose due to a reduction in the numbers travelling.
A.3.	1,566	The saving arose from the implementation of expenditure curtailment measures.
A.4.	542	The saving arose from the implementation of expenditure curtailment measures.
A.5.	1,422	The saving arose from the implementation of expenditure curtailment measures.
A.6.	946	The saving arose from building premises costs being less than anticipated.
A.7.	477	The saving arose from a delay in commencing certain consultancies.
A.8.	146	The saving arose due to spending being less than anticipated.
C.	(240)	The excess arose due to the increased cost of subscriptions to international organisations.
D.	9,783	The estimate of certain legal costs and settlements did not materialise as originally anticipated.
E.1.	15,260	The saving arose from the the rationalisation of health agencies, the moratorium on recruitment and other spending being less than anticipated.
E.4.	1,353	The saving arose from spending being less than anticipated.
E.5.	153	The saving arose from spending being less than anticipated.
F.3.	13,786	The saving arose from spending being less than anticipated.
F.4.	3,449	The saving arose from spending being less than anticipated.
G.	984	The saving arose from spending being less than anticipated.
H.	4,222	The saving was due to timing factors associated with the delivery of various projects.

4 Receipts

4.1 Appropriations-in-aid	2010	2010	2009
	Estimated	Realised	Realised
	€000	€000	€000
1. Miscellaneous	1	267	473
2. Receipts from pension related deduction on public service remuneration.	4,295	5,659	5,127
Total	4,296	5,926	5,600

Heading	Less/(more) than estimated €000	Explanation
1.	(266)	The variance was due in part to the receipt of the balance of funding from health agencies whose assets and liabilities transferred to the Department on their closure under the Government's programme of the rationalisation of state agencies.
2.	(1,364)	The amount due to the Department from health agencies in respect of the Pension Related Deduction on Public Service Remuneration was difficult to estimate due to the possible impact of the Government's programme of rationalisation of state agencies.

4.2 Extra receipts payable to the Exchequer

Receipts totalling €96,584, in respect of the voluntary surrender of salary under Section 483 of the Taxes Consolidation Act, 1997 were transferred to the Exchequer during the year.

5 Employee Numbers and Pay

	2010	2009
Number of staff at year end (full time equivalents)	430	488
	€000	€000
Pay	27,565	30,879
Higher, special or additional duties allowances	242	312
Other allowances	7	9
Overtime	202	203
Employer's PRSI	1,124	1,276
Total pay	29,140	32,679

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2010 €	Maximum individual payment 2009 €
Higher, special or additional duties	57	9	20,575	35,763
Other allowances	40	—	450	473
Overtime	64	6	19,121	22,174

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

6 Miscellaneous Items

6.1 National Lottery Funding

Subhead Description	2010 Estimate €000	2010 Outturn €000	2009 Outturn €000
B.2. Grants to health agencies and other similar organisations (part funded by National Lottery)	3,786	3,786	3,985
	<u>3,786</u>	<u>3,786</u>	<u>3,985</u>

Under subhead B.2, a total of €3.786 million was paid to health agencies and other similar organisations. Details of the funding paid are available on the Department's website "www.dohc.gov.ie".

6.2 Commissions and Enquiries

	Year of appointment	Total paid to end 2010 €000	2010 €000	2009 €000
Commission on Patient Safety and Quality Assurance	2007	302	8	12
Commission of Investigation under the Commissions of Investigation Act 2004 to examine matters relating to the management, operation and supervision of Leas Cross Nursing Home.	2007	2,105	289	569
		<u>2,407</u>	<u>297</u>	<u>581</u>

7 Miscellaneous Accounts

A Special Obstetrics Indemnity Fund has been established from which certain participating hospitals will be indemnified in respect of specified obstetric claims. Contributions are provided by the participating hospitals into the Fund. In addition, under the terms of an arrangement with the Medical Protection Society certain funds (the Special Obstetrics Fund) were transferred to part-fund the cost of designated obstetric claims against named obstetricians. These Funds are managed by the State Claims Agency. The intention is that claims will be met in the first instance by the Funds and any shortfall in cover will be met by the Department. The Funds are sufficiently resourced to meet anticipated claims for the foreseeable future and the question of a shortfall in cover does not arise at the present time.

