

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 2009 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 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 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

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

Enhancing Internal Controls

The following further actions have been taken, or are underway, to enhance the system of internal control.

Staff Training

The Department operates the Performance Management and Development System (PMDS) to assist in identifying staff training needs, including in respect of financial management and accounting skills. The Department's Finance Unit has achieved accreditation to the highest levels in relation to its training on the Corepay payroll system and its associated business intelligence tool, which is used for analysis, reporting and planning purposes. Additional training has been carried out in relation to public financial management procedures and specific taxation-related issues, such as VAT, Professional Services Withholding Tax and Benefit-in-Kind. The Department's Training Unit also organises seminars for all Department staff in relevant areas such as litigation.

Information Technology

The Department further enhanced IT security during the course of the year. In addition, the incorporation of the Department's Asset Register into the Financial Management System (FMS) commenced in 2009. This will allow the Department to switch wholly to using the FMS Asset Register module for its Appropriation Accounts 2010. Use of Electronic Funds Transfer (EFT) has been further extended during 2009 to include the new Early Childhood Care and Education scheme and payment to suppliers in respect of other goods and services.

Risk Management

The Department operates a Risk Management system which, during 2009, has been more tightly integrated into the business planning process. A revised Risk Management Policy has been developed during 2009 (and was issued in early 2010) to streamline risk management processes and monitoring of risks under the Management Advisory Committee.

Internal Audit & 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 2009 a total of five audit reports were finalised and issued, while audit work in respect of an additional eight reports 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

The Department has a Code of Corporate and Financial Governance in place since 2007. The Management Advisory Committee (MAC) of the Department plays a strong role in overseeing expenditure management and financial control. A monthly financial report is discussed at MAC covering the financial position on Vote 39 (Department of Health and Children) and Vote 41 (Office of the Minister for Children and Youth Affairs). (This report also includes details in relation to Vote 40 (Health Service Executive)).

The MAC has established a Sub-Committee on Internal Financial Controls in order to oversee the operation of the Department's financial control environment. The work of the Sub-Committee includes examination and follow up of Internal Audit Reports, Financial Risks from the Risk Register, C & AG 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.

MICHAEL SCANLAN

Accounting Officer

31 March 2010

Certificate of the Comptroller and Auditor General

I have audited the Appropriation Account of the Vote for Health and Children 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 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 2009.

Chapter 36 of my annual report refers 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 blue ink, appearing to read 'John Buckley', with a long horizontal stroke extending to the right.

JOHN BUCKLEY

Comptroller and Auditor General

7 September 2010

Vote 39 Health and Children Appropriation Account 2009

Service	2009 Estimate provision	2009 Outturn	2008 Outturn
	€000	€000	€000
Administration			
A.1. Salaries, wages and allowances	34,913	32,679	32,010
A.2. Travel and subsistence	850	538	954
A.3. Incidental expenses	1,727	1,065	1,735
A.4. Postal and telecommunications services	1,000	599	788
A.5. Office machinery and other office supplies and related services	2,351	1,507	2,152
A.6. Office premises expenses	1,100	561	958
A.7. Consultancy services	988	524	1,483
A.8. Value for money and policy reviews	200	27	36
Grants			
B.1. Grants to research bodies	38,578	37,718	39,922
B.2. Grants to health agencies and other similar organisations (part funded by National Lottery)	3,985	3,985	3,985
Other services			
C. Expenses in connection with the World Health Organisation and other International bodies	2,220	2,263	1,808
D. Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	32,074	13,000	20,054
E.1. Developmental, consultative, supervisory and advisory bodies	152,554	133,503	138,843
E.2. The Food Safety Promotion Board	7,000	5,623	7,000
E.3. The National Treatment Purchase Fund Board	90,300	90,350	104,641
E.4. Ireland / Northern Ireland Interreg	340	216	143
E.5. Office of the Ombudsman for Children	2,310	2,310	2,411
F.1. Payments in respect of disablement caused by thalidomide	395	374	378
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	64,286	49,000	64,286
F.4. Payments to a reparation fund established under section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	11,349	5,200	11,349

	2009 Estimate provision	2009 Outturn	2008 Outturn
	€000	€000	€000
G. Dissemination of information, conferences and publications in respect of health and health services	1,969	1,117	1,763
H. Payments to the State Claims Agency in respect of costs relating to clinical negligence	30,000	29,979	42,608
Capital services			
I. Grants in respect of building, equipping (including ICT) of agencies funded by the Department	15,000	13,298	22,383
Gross Expenditure	495,490	425,436	501,690
Deduct			
J. Appropriations-in-aid	4,316	5,600	4,014
Net Expenditure	491,174	419,836	497,676
Surplus to be surrendered		<u>€71,337,879</u>	<u>€35,706,297</u>

Notes to the Appropriation Account

1 Operating Cost Statement 2009

	Note	€000	2009 €000	2008 €000
Expenditure on administration			37,500	40,116
Expenditure on services and programmes			387,936	461,574
Gross expenditure			425,436	501,690
Deduct				
Appropriations in aid			5,600	4,014
Net expenditure			419,836	497,676
Changes in capital assets				
Purchases cash		(158)		
Depreciation		378		
Disposals cash		—		
Loss on disposals		4	224	1,417
Changes in assets under development				
Cash payments			—	—
Changes in net current assets				
Decrease in closing accruals		(2,110)		
Increase in stock		(29)		
			(2,139)	(11,845)
Direct expenditure			417,921	487,248
Net allied services expenditure	1.1		18,243	15,808
Notional rents			4,297	4,471
Total operating cost			440,461	507,527

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		2009 €000	2008 €000
7	Superannuation and Retired Allowances	8,684	7,138
9	Office of the Revenue Commissioners	5,624	5,739
10	Office of Public Works	3,316	2,209
20	Garda Síochána	344	450
	Central Fund - Ministerial etc. pensions	275	272
		18,243	15,808

2 Statement of Assets and Liabilities as at 31 December 2009

		2009	2008
	Note	€000	€000
Capital Assets	2.1	1,475	1,714
Capital Assets under Development	2.2	—	—
		1,475	1,714
Current Assets			
Stocks	2.4	102	73
Prepayments		220	234
Accrued income		2,176	2
Other debit balances	2.5	9,214	6,155
Net Liability from the Exchequer	2.7	4	237
Total Current Assets		11,716	6,701
Less Current Liabilities			
Accrued expenses		529	494
Other credit balances	2.6	1,379	1,153
Bank and cash	2.3	7,839	5,239
Total Current Liabilities		9,747	6,886
Net Current Assets		1,969	(185)
Net Assets		3,444	1,529

2.1 Statement of Capital Assets

	Office Equipment	Furniture & Fittings	Totals
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2009	9,986	2,691	12,677
Additions	122	21	143
Disposals	(7,165)	(153)	(7,318)
Cost or valuation at 31 December 2009	2,943	2,559	5,502
Accumulated Depreciation			
Opening balance at 1 January 2009	8,969	1,994	10,963
Depreciation for the year	251	127	378
Depreciation on disposals	(7,163)	(151)	(7,314)
Cumulative depreciation at 31 December 2009	2,057	1,970	4,027
Net Assets at 31 December 2009	886	589	1,475
Net Assets at 31 December 2008	1,017	697	1,714

2.2 Statement of Capital Assets under Development

	In-House Computer Applications €000
Amounts brought forward at 1 January 2009	—
Cash payments for the year	—
Transferred to asset register	—
Amounts carried forward at 31 December 2009	—

2.3 Bank and Cash

	2009	2008
at 31 December	€000	€000
PMG balances and cash	2,145	(904)
Orders outstanding	5,694	6,143
	7,839	5,239

2.4 Stocks

	2009	2008
at 31 December	€000	€000
Stationery	36	48
IT consumables	66	25
	102	73

2.5 Other Debit Balances	2009	2008
at 31 December	€000	€000
Advances to OPW	81	171
Recoupable salaries	651	512
Recoupment of travel expenditure	25	15
Recoupment of travel pass scheme	104	96
Compensation Tribunal	8,340	5,328
Other debit suspense items	13	33
	<u>9,214</u>	<u>6,155</u>
	<u><u>9,214</u></u>	<u><u>6,155</u></u>
2.6 Other Credit Balances	2009	2008
at 31 December	€000	€000
Amounts due to the State		
Income Tax	11	528
Pay Related Social Insurance	10	194
Professional Services Withholding Tax	78	119
Value Added Tax	21	22
Pensions	384	124
Exchequer Extra Receipts	97	—
	<u>601</u>	<u>987</u>
Payroll deductions held in suspense	144	34
Other credit suspense items	634	132
	<u>1,379</u>	<u>1,153</u>
	<u><u>1,379</u></u>	<u><u>1,153</u></u>
2.7 Net Liability from Exchequer	2009	2008
at 31 December	€000	€000
Surplus to be surrendered	71,338	35,706
Exchequer grant undrawn	(71,342)	(35,943)
Net liability from Exchequer	<u>(4)</u>	<u>(237)</u>
	<u><u>(4)</u></u>	<u><u>(237)</u></u>
Represented by:		
Debtors		
Debit balances: suspense	9,214	6,155
	<u>9,214</u>	<u>6,155</u>
Creditors		
Due to State	(601)	(987)
Bank and cash	(7,839)	(5,239)
Credit balances: suspense	(778)	(166)
	<u>(9,218)</u>	<u>(6,392)</u>
	<u><u>(9,218)</u></u>	<u><u>(6,392)</u></u>
	<u><u>(4)</u></u>	<u><u>(237)</u></u>

2.8 Commitments	2009	2008
at 31 December	€000	€000

(A) Global Commitments

Commitments likely to arise in subsequent years for:

Procurement subheads	776	1,360
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(B) Multi-Annual Capital Commitments**1. Legally Enforceable Capital Commitments**

Expenditure in year	13,298	22,383
Commitments to be met in subsequent years	29,123	43,401

2. Capital Projects over €6.3 million:

	Cumulative spend to 31 December 2008 €m	Paid in 2009 €m	To be paid in subsequent years €m	Total €m
National Cancer Screening Service - National Expansion to South/West regions	21.070	0.979	0.030	22.079
Health Research Board (Clinical Research Facility St James's Hospital and Dublin Clinical Research Network)	0.500	0.725	10.250	11.475
Total of legally enforceable commitments	21.570	1.704	10.280	33.554

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.	312	The saving arose due to reductions made to the approved rates of travel and subsistence during the year and to a reduction in the numbers travelling.
A.3.	662	The saving arose from the implementation of expenditure curtailment measures.
A.4.	401	The saving arose from the implementation of expenditure curtailment measures.
A.5.	844	The saving arose mainly due to printing and ICT costs being less than anticipated.
A.6.	539	The saving arose from building premises costs being less than anticipated.
A.7.	464	The saving arose from a delay in commencing certain consultancies.
A.8.	173	The saving arose due to spending being less than anticipated.
D.	19,074	The estimate of certain legal costs and settlements did not materialise as originally anticipated.
E.1.	19,051	The saving arose from the rationalisation of health agencies, the moratorium on recruitment and other spending being less than anticipated.
E.2.	1,377	The saving arose from spending being less than anticipated.
E.4.	124	The saving arose from spending being less than anticipated.
F.3.	15,286	The saving arose from spending being less than anticipated.
F.4.	6,149	The saving arose from spending being less than anticipated.
G.	852	The saving arose from spending being less than anticipated.
I.	1,702	The saving was due to timing factors associated with the delivery of various projects.

4 Receipts

	2009 Estimated €000	2009 Realised €000	2008 Realised €000
4.1 Appropriations-in-aid			
1. Miscellaneous	1	473	4,014
2. Receipts from Pension Related Deduction on Public Service Remuneration	4,315	5,127	—
Total	4,316	5,600	4,014

Explanation of significant variations

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

Heading	Less/(more) than estimated €000	Explanation
1	(472)	The variance was mainly due to the receipt of costs in respect of witness expenses for a case taken by various tobacco companies against the Minister for Health and Children and others. The case was subsequently dropped.
2	(812)	The Pension Related Deduction on Public Service Remuneration was introduced in 2009 and the amount due from health agencies was underestimated.

4.2 Extra receipts payable to the Exchequer

Other receipts totalling €96,584 were received during the year.

5 Employee Numbers and Pay

	2009	2008
Number of staff at year end (full time equivalents)	488	529
	2009	2008
	€000	€000
Pay	30,879	30,093
Higher, special or additional duties allowances	312	306
Other allowances	9	9
Overtime	203	272
Employer's PRSI	1,276	1,330
Total pay	32,679	32,010

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2009 €	Maximum individual payment 2008 €
Higher, special or additional duties	60	11	35,763	20,187
Other allowances	48	—	473	463
Overtime	59	6	22,174	26,019

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

6 Miscellaneous Items

6.1 National Lottery Funding

Subhead	Description	2009 Estimate €000	2009 Outturn €000	2008 Outturn €000
B2	Grants to health agencies and other similar organisations (part funded by National Lottery)	3,985	3,985	3,985
		3,985	3,985	3,985

Under subhead B2, a total of €3.985 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 2009 €000	2009 €000	2008 €000
A. Commission on Patient Safety and Quality Assurance	2007	294	12	168
B. 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	1,816	569	1,071
		2,110	581	1,239

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.

