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An Coiste um Chuntais Phoiblí

Scrúdú ar Ráitis Airgeadais Fheidhmeannacht na Seirbhíse Sláinte do 2020, 2021, agus 2022, agus ar nithe airgeadais gaolmhara

Iúil 2024

Committee of Public Accounts

Examination of the 2020, 2021, and 2022 Financial Statements for the Health Service Executive, and related financial matters

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Introduction to the report

The purpose of this report is to identify the key issues arising from the Committee's engagements with the Health Service Executive (HSE), and to make corresponding recommendations to it.

The following section analyses the HSE financial statements for the years 2020, 2021, and 2022, identifies trends, and highlights issues arising that will be elaborated on in the latter part of this report.

Meetings held and matters examined

Meeting dates:

- 16 September 2021
- 23 September 2021
- 10 March 2022
- 26 May 2022
- 29 September 2022
- 6 October 2022
- 2 February 2023
- 11 May 2023
- 5 October 2023

Matters examined:

- HSE Financial Statements 2020
- HSE Financial Statements 2021
- HSE Financial Statements 2022
- The Comptroller and Auditor General's Special Report 114 – Emergency procurement of ventilators by the Health Service Executive

HSE Financial Statements

The HSE's financial statements are prepared on an accrual basis¹, and include both a Statement of Revenue Income and Expenditure (revenue account), and a separate Statement of Capital Income and Expenditure. This report will focus on the revenue account for the HSE in 2020, 2021, and 2022.

Financial Statements 2020

The HSE reported a net operating surplus of just over €200 million in 2020, having increased from €60 million in 2019. A huge contributing factor to this was the corresponding increase in Exchequer funding, relating to the COVID-19 pandemic.

The HSE's revenue income increased from €17.3 billion in 2019 to €20.3 billion in 2020. The majority of this income is sourced from Exchequer funding, with the Department of Health Revenue Grant totalling €19.5 billion in 2020.

Expenditure in the revenue account totalled €20.1 billion in 2020, increasing from €17.2 billion in 2019. The biggest areas in spending were Pay and Pensions (€6.4 billion), Grants to Outside Agencies (€5.4 billion) and Primary Care and Medical Card Schemes (€3.6 billion). Note 8 to the financial statements (Non Pay Expenditure) shows a significant increase in Medical/Surgical Supplies expenditure in 2020. The 2020 total for this item is €894.5 million, up from €314 million in 2019. Note 16 (Inventories) states that personal protective equipment (PPE) stock held at year end was revalued, resulting in an impairment loss of €374.4 million in 2020 that was included in the Medical/Surgical Supplies item for that year.

The Comptroller and Auditor General (C&AG) issued an unqualified (clear) audit opinion for the HSE's 2020 Financial Statements. However, he drew attention to the following areas:

- Losses arising from procurement of PPE,
- Non-effective expenditure on ventilators,
- Non-compliant procurement,
- ICT security breach, and
- Payroll fraud.

¹ The Minister for Health has directed a number of exceptions to standard accrual accounting. For example, depreciation is not charged, while pensions and claims against the HSE are accounted for on a 'pay-as-you-go' basis.

Financial Statements 2021

The HSE reported a net operating deficit of €195 million in 2021. Expenditure relating to the COVID-19 pandemic was a key driver for the deficit, and the increase in expenditure in the revenue account, which rose to €21.6 billion in 2021.

The HSE's revenue income increased to €21.4 billion in 2021, with a corresponding increase in the Department of Health Revenue Grant, which totalled €20.6 billion in 2021.

Expenditure on Pay and Pensions rose by €550 million to €7 billion, spending on Grants to Outside Agencies increased by €250 million to €5.7 billion while expenditure on Primary Care and Medical Card Schemes amounted to €3.9 billion, an increase of €280 million.

There was a significant increase in the Laboratory item under Clinical Non Pay expenditure, which grew from €298 million in 2020 to €623 million in 2021.

Expenditure on COVID-19 testing was included in this item.

The C&AG issued an unqualified (clear) audit opinion for the HSE's 2021 Financial Statements. Attention was drawn to the following disclosures made by the HSE:

- Losses relating to the procurement of PPE,
- Non-compliant procurement, and
- The cyberattack on the HSE in May 2021.

Financial Statements 2022

The HSE reported a net operating deficit of €185 million in 2022. Revenue income for the HSE in 2022 rose to €23.2 billion, with a corresponding increase in Exchequer funding through Vote 38 – Health, amounting to €22.3 billion in 2022².

Expenditure in the HSE's revenue account rose to €23.4 billion in 2022. Expenditure on Pay and Pensions increased by €778 million to €7.8 billion, spending on Grants to Outside Agencies increased by €651 million to €6.3 billion while expenditure on Primary Care and Medical Card Schemes amounted to €4.2 billion, an increase of €254 million.

² The €195 million operating deficit recorded by the HSE in 2021 was subtracted from the 2022 Department of Health Revenue Grant, totalling €22.5 billion, to leave net Exchequer funding of €22.3 billion to the HSE in 2022.

The tables below show trends in HSE income and expenditure in the years 2019 to 2022 which underline the financial impact of the COVID-19 pandemic on the HSE.

Graphic 1: Analysis of operating surpluses and deficits recorded at the HSE from 2019 to 2022

Financial Year	Revenue Income	Revenue Expenditure	Operating surplus/(deficit)
2019	€17.3 billion	€17.2 billion	€60 million
2020	€20.3 billion	€20.1 billion	€200 million
2021	€21.4 billion	€21.6 billion	(€195 million)
2022	€23.2 billion	€23.4 billion	(€185 million)

Graphic 2: Analysis of Exchequer funding to the HSE from 2019 to 2022

Financial Year	Department of Health Revenue Grant [net]	Total Revenue Income	Operating surplus/(deficit)
2019	€16.5 billion	€17.3 billion	€60 million
2020	€19.5 billion	€20.3 billion	€200 million
2021	€20.6 billion	€21.4 billion	(€195 million)
2022	€22.3 billion	€23.2 billion	(€185 million)

Graphic 3: Analysis of key expenditure lines recorded in the HSE’s Statement of Revenue Income and Expenditure from 2019 to 2022

Financial Year	Pay and Pensions	Grants to Outside Agencies	Primary Care and Medical Card Schemes	Total Revenue Expenditure
2019	€6 billion	€4.7 billion	€3.3 billion	€17.2 billion
2020	€6.4 billion	€5.4 billion	€3.6 billion	€20.1 billion
2021	€7 billion	€5.7 billion	€3.9 billion	€21.6 billion
2022	€7.8 billion	€6.3 billion	€4.2 billion	€23.4 billion

From the above tables, it is clear that Exchequer funding to the HSE and revenue expenditure at the organisation has risen significantly from 2019 to 2022. Funding from the Department of Health to the HSE was almost €6 billion higher in 2022 compared to 2019, while total revenue expenditure at the organisation was €6.2 billion higher in 2022 than in 2019.

The total for Pay and Pensions at the HSE was €1.8 billion higher in 2022 than in 2019. A similar increase can be found in grants provided to outside agencies, which were €1.6 billion higher in 2022 than in 2019. Meanwhile, expenditure on Primary Care and Medical Card Schemes was almost €1 billion more in 2022 than in 2019.

The C&AG issued an unqualified (clear) audit opinion for the HSE’s 2022 Financial Statements, and drew attention to the following issues:

- Losses related to obsolete COVID-19 vaccines and PPE,
- Non-compliant procurement,
- Inadequate monitoring and oversight of grants to outside agencies, and
- Payments to high earners.

The Comptroller and Auditor General's Special Report 114³

The C&AG's Special Report focuses on the emergency procurement of ventilators by the HSE at the beginning of the COVID-19 pandemic.

The report states that by late March 2020, the HSE estimated as part of its 'surge capacity planning' that an additional 326 ventilators would be needed. According to the report, the Department of Health sanctioned the purchase of 1,900 ventilators at an estimated cost of €73.5 million on 21 March 2020. The C&AG states that this examination 'was unable to find a business case prepared by the HSE to support the requirement for 1,900 ventilators', and that this quantity 'appears to have been based on the orders that the HSE had already placed with potential suppliers and orders that were at an advanced stage of negotiation'⁴.

The report states that the HSE ordered 3,500 ventilators, between 3 March 2020 and 14 April 2020, at a total cost of €129 million. The report found that this was almost twice the number of ventilators approved by the Department and over ten times the number the HSE estimated could be clinically used.

The report found that the HSE purchased 581 ventilators at a cost of €20.5 million from its established suppliers, nearly twice the estimated number clinically required and that could be used. The report also states that the HSE made advance payments to new ventilator suppliers, totalling €81 million, to secure almost 2,200 ventilators.

The report found that no due diligence checks were carried out for four of the ten new potential suppliers, and that the HSE's checks for the other six suppliers varied from commercial research to a high-level risk assessment.

The report found that, despite significant quality issues identified with 41 of 100 ventilators tested from the new suppliers, the HSE did not cancel the remaining orders it had placed with two suppliers for 365 ventilators at a cost of €6.8 million. According to the report, none of the 467 ventilators received from the new suppliers were put into clinical use in Ireland.

The report found that, of the €81 million spent on advance payments to new ventilator suppliers, the HSE was refunded €50.5 million following the subsequent cancellation

³ [C&AG Special Report 114 - Emergency procurement of ventilators by the Health Service Executive](#)

⁴ [C&AG Special Report 114 - Emergency procurement of ventilators by the Health Service Executive, page 10](#)

of orders but did not receive value for expenditure on ventilators totalling €30.5 million.

Of the €30.5 million, the report states that the HSE is pursuing refunds of €22.3 million, and that expenditure of €8.1 million has been deemed unrecoverable. The report concluded that there is currently no practical guidance available to public bodies on the use of advance payments.

The report found that the weekly expenditure report sent by the HSE to the Department of Health and the Department of Public Expenditure and Reform only included expenditure for ventilators that had been delivered and did not include the payments in advance and refunds received from cancelled orders. The report concluded that this 'was seriously misleading and negated the effectiveness of the Departments' oversight of the expenditure'⁵.

The C&AG made one recommendation in the report, which is presented below.

Recommendation made by the C&AG

6.1 The Department of Public Expenditure and Reform/Office of Government Procurement should consider developing practical guidance for public bodies on the use of advance payments including

- defining an advance payment
- setting out the circumstances when advance payments can be made
- providing a methodology to assist public bodies in determining when it is appropriate to include an advance payment within a contract
- setting out the steps a public body should follow before negotiating an advance payment clause within a contract
- clarifying when approval should be sought from DPER, for example, where amounts are above a specified threshold or are being made outside the normal circumstances.

⁵ [C&AG Special Report 114 - Emergency procurement of ventilators by the Health Service Executive, page 12](#)

The Accounting Officer agreed with the C&AG's recommendation. The Committee notes the recommendation made, and welcomes confirmation from the Department of Public Expenditure, NDP Delivery, and Reform that the recommendation was implemented in March 2023⁶, by way of the publication of two sets of guidance on the Department's website. The HSE told the Committee that it 'will be bound by, and fully accept, the spirit of' the recommendation⁷. The Committee considers this to be a somewhat ambiguous response and calls on the HSE to fully implement this recommendation in order to ensure adequate governance of the use of advance payments for goods and services.

The Committee also asks that the HSE learns lessons from the conclusions highlighted by the C&AG in his Special Report going forward, and calls for more robust reporting and due diligence in the procurement of goods and services.

⁶ [Committee of Public Accounts - Meeting Transcript - 5 October 2023](#), page 9

⁷ [Committee of Public Accounts - Meeting Transcript - 5 October 2023](#), page 9

Issues identified and recommendations made by the Committee of Public Accounts

Based on its analysis of the matters under examination during its engagement with the HSE, the Committee highlights six issues arising, and makes a number of corresponding recommendations: -

Issue One – Implementation of the HSE’s Integrated Financial Management System

A business case was approved in 2014 for a new finance operating model within the HSE. In accordance with the business case, the capital cost of an integrated financial management system (IFMS) for the HSE was budgeted at €82 million (excluding VAT). The HSE set out a target of 80% completion by the first quarter of 2024, as per its original plan in February 2020.

The Committee recommended in its second report, published in January 2021⁸, that the HSE prioritise and adhere to its timeline for the IFMS. The HSE informed the Committee in September 2021 that the timeline for the IFMS project had been pushed back by **one year** to the first quarter of 2025, due to delays arising from the HSE’s response to the COVID-19 pandemic, and the cyberattack on the HSE.

The Committee received correspondence in October 2023 which outlined further delays to the IFMS project⁹. According to the update, 80% completion will not be achieved until November 2025, representing a **20-month delay** to this phase of the project. The HSE attributed the additional delays to:

- the replacement of DXC Technology by IBM as the new system integrator for the IFMS, which caused a **two-month delay** to the project, and
- a **six-month delay** arising from delays encountered with implementation group 1, which pushed back the go-live dates for implementation groups 2-5.

⁸ Committee of Public Accounts Report on its examination of C&AG Special Report 110 – Nursing Homes Support Scheme (Fair Deal), Recommendation 1

⁹ R2177 PAC33, page 2

The Committee was also told during its meeting with the HSE in October 2023 that there have been ‘significant post-implementation difficulties’ following the rollout of the IFMS in the east of the country.

The HSE told the Committee in October 2023 that, while ‘the contractual commitment arising from the 2022 SI tender can be accommodated within the current allocation of €82m [...] the total costs of the project will exceed the €82m budget over the next number of years’, and that the IBM contract includes consumer price index (CPI) indexation provisions from month 25 onwards¹⁰. The HSE confirmed that its Finance Reform Programme, which comprises the IFMS, incurred cumulative capital expenditure of just over €44 million as at end quarter three 2023¹¹, a figure which increased to just under €50 million at the end of 2023¹².

Recent correspondence from the HSE, received by the Committee in April 2024¹³, details three significant updates to the IFMS project:

- the project was suspended as members of the Fórsa trade union commenced industrial action from 6 October 2023 until 7 February 2024,
- the Department of Health has provided additional funding of €40m in the HSE’s 2024 Letter of Determination, in order to accelerate the rollout of the IFMS, and
- a re-plan of the project, aiming to implement the IFMS across the entire statutory health system by mid-2025, was presented to the HSE Board in March 2024 for final approval.

Since its recommendation to the HSE in 2021, the Committee has kept the implementation of the IFMS project under close review. The Committee welcomes that implementation of the IFMS is well underway throughout the HSE, and that the organisation is already learning lessons to ensure further delays are mitigated as it moves through the implementation groups for the system.

¹⁰ [R2177 PAC33](#), page 5

¹¹ [R2177 PAC33](#), page 5

¹² [R2533 PAC33](#), page 5

¹³ [R2533 PAC33](#), page 4

Notwithstanding this, the Committee believes that allowing a 20-month delay for such a crucial project for financial management within the HSE, amid rapidly increasing Exchequer funding for the organisation, was unacceptable.

The Committee notes the significant additional funding for the IFMS through Exchequer funding, and while it welcomes the decision to accelerate the project to mid-2025, the Committee underlines the importance of justifying additional expenditure of €40 million to the taxpayer.

Recommendations:

1. The Committee recommends that the HSE provides it with a quarterly progress report on the IFMS project, from September 2024 until full implementation, including:
 - up-to-date timelines for implementation, and notification when parts of the system are implemented.
 - up-to-date expenditure on the project,
 - any issues encountered during implementation, and
 - the HSE's corrective actions to prevent similar issues occurring in each additional phase of implementation.
2. The Committee recommends that the Department of Health reports to it, by September 2024, on the decision to provide additional funding of €40 million to the HSE in respect of the IFMS project, how this figure was arrived at, and its view on how value can be achieved from this outlay.

Issue Two – Child and Adolescent Mental Health Services

Dr Sean Maskey's review into the care received by children and young people at South Kerry Child and Adolescent Mental Health Services (CAMHS) between July 2016 and April 2021 was published by the HSE on 26 January 2022.

Dr Maskey found that 'the care received by 240 young people did not meet the standards which it should have', and that 'significant harm was caused to 46 children and young people' at South Kerry CAMHS during the period under review¹⁴.

Dr Maskey's review was raised in Dáil Éireann during Leaders Questions. An Taoiseach Micheál Martin stated that 'there will be a full audit nationwide of compliance with CAMHS operational guidelines by all CAMHS teams', and 'a prescribing audit will be conducted in each of the 72 CAMHS teams'¹⁵.

The Committee of Public Accounts sought to engage with the HSE on the matter and related issues following the publication of Dr Maskey's review, and met with the HSE in March 2022. During the meeting, the Committee highlighted the urgent need for a full audit of CAMHS nationwide.

Arising from the Dr Maskey review, several audits were commissioned by the HSE into CAMHS, including a National Audit of Prescribing in Child and Adolescent Mental Health Service and a National Audit of Adherence to the CAMHS Operational Guidelines. The HSE informed the Committee in May 2022 that the former audit would be reported on in quarter four 2022, with the final report being published at the end of July 2023¹⁶. The audit into Adherence to the CAMHS Operational Guidelines was published in January 2024¹⁷.

The Committee further engaged with the HSE in September 2022 to examine mental health services in Community Healthcare Organisation (CHO) areas 4 and 8. Key issues flagged by members during the meeting included recruitment for mental health services across the country, waiting lists for CAMHS, funding of mental health facilities and the review of South Kerry CAMHS.

¹⁴ [South Kerry CAMHS review, HSE website](#)

¹⁵ [Official report of Dáil Éireann, 26 January 2022, page 52](#)

¹⁶ [Prescribing in Child and Adolescent Mental Health Services audit, July 2023](#)

¹⁷ [National Audit of Adherence to the CAMHS Operational Guidelines Report, January 2024](#)

The HSE provided the Committee with data as at the end of August 2023, which showed that there were 3,891 children on the waiting list¹⁸. While the Committee welcomes the decrease in the waiting list from July 2023, the list is still significantly higher than the figure of 2,816 children on the waiting list in March 2020. Of the 3,891 total, 656 children had been waiting for over 12 months, which equates to over 1 in 6 children on the waiting list. The Committee welcomes confirmation from the HSE that the number of children on the waiting list for CAMHS decreased to 3,759 at the end of 2023¹⁹.

Proportionally, those children on the waiting list in CHO area 4 amount to almost a quarter of the children on the national waiting list for CAMHS and make up over half the children waiting for longer than 12 months. When compared with CHO area 7, which has a higher population, and CHO areas 8 and 9, which have a similar population, it is clear to the Committee there is a particular issue with CHO area 4 regarding waiting times for CAMHS.

The Committee believes that value-for-money is not derived from the economy of service alone but must also consider the quality of outcomes from that particular service. With regard to CAMHS, the Committee believes that on the evidence it has seen, South Kerry CAMHS delivered unsatisfactory outcomes. In the view of the Committee, the long waiting lists for CAMHS in CHO areas across the State indicates a lack of effectiveness of current spending on CAMHS nationwide.

The HSE provides the annual expenditure on mental health services in its annual report. The below table outlines HSE expenditure on this area from 2019 to 2022.

Year	Expenditure
2019	€964 million
2020	€1.04 billion
2021	€1.07 billion

¹⁸ R2177 PAC33, page 9

¹⁹ R2522 PAC33, page 2

2022

€1.2 billion

While this expenditure is outlined in the HSE's annual report, the figure is not contained in its audited financial statements, and no further breakdown is available in the annual report on the figure. The absence of such information prevents full transparency, to the Committee and to the public, of expenditure in on mental health services. For instance, the Committee cannot examine how the €233 million increase in mental health expenditure was apportioned across the individual areas in this sector.

Recommendations:

3. The Committee recommends that the HSE provides it, by September 2024 and on an annual basis thereafter, with a detailed report on CAMHS, to include:
 - the waiting lists by CHO, and by length of time on the waiting list,
 - the current waiting times for a bed in an approved Child and Adolescent Mental Health Services facility, by CHO,
 - the number of CAMHS whole-time equivalents (WTE) in each CHO, and the WTE targets for the year in question,
 - the number of CAMHS vacancies by CHO,
 - what efforts have been made by the HSE to fill any such vacancies,
 - the number of occupational therapists, physiotherapists, speech & language therapists, recruited annually,
 - the number in the above disciplines in training, and
 - details on efforts to increase training places.
4. The Committee recommends that the HSE include a note in its financial statements, starting from its 2024 financial statements, to outline the annual expenditure on mental health services, broken down by CHO, and the proportion of which that is spent on CAMHS.

Issue Three – Oversight and governance of Section 38 and Section 39 agencies

The Committee, over the course of several meetings in relation to the HSE's financial statements, discussed the oversight and governance of Section 38 and Section 39 agencies by the HSE. A large proportion of the HSE's total revenue expenditure is spent on grants to such agencies – between 26.4% to 27.3% over the years 2019 to 2022. Expenditure on grants from the HSE to such agencies increased from €4.7 billion in 2019 to €6.3 billion in 2022.

The Committee's engagement with the HSE on 23 September 2021 focused on oversight and governance arrangements concerning grants to such agencies, and the service arrangement between the HSE and SouthDoc.

In relation to SouthDoc, the Committee queried why the agency was receiving its full funding from the HSE despite services being curtailed due to the COVID-19 pandemic. The HSE funded SouthDoc to the tune of €7.3 million in each of the years 2019 and 2020, which increased to €7.5 million in both 2021 and 2022²⁰.

Correspondence to the Committee on 28 April 2021 confirmed that 'SouthDoc out of hours GP services were curtailed since the commencement of the Covid pandemic in March 2020' and that 'the centre in Listowel is open for appointments since last weekend [17 & 18 April 2021], and the Blackpool centre will be available for appointments commencing next week'²¹. In August 2021, the HSE's position was that 'the SouthDoc service continued to operate throughout the Covid pandemic with the utilisation of the necessary precautions required during the different phases of the public health emergency'²².

The Committee is not fully satisfied as to the rationale provided by the HSE in relation to the unchanged funding during the years 2020 and 2021 to SouthDoc, despite curtailed in-person services.

During its meeting with the HSE in September 2021, the Committee queried the number of audits undertaken by the HSE on the agencies it provides funding to, and whether those audits comprise both random and targeted audits²³.

²⁰ [Written PQ from Sean Sherlock TD to the HSE - PQ ref 36431/23 - 2 August 2023](#)

²¹ [R0534 PAC33](#), page 2

²² [R0798 PAC33](#), page 2

²³ [Committee of Public Accounts - Meeting Transcript - 23 September 2021](#), page 15

The HSE, in subsequent correspondence to the Committee, confirmed that all audits undertaken in this regard were targeted, and that 139 audit reports were completed of such agencies by HSE Internal Audit between 2016 and June 2021²⁴. In the breakdown provided, there was a minor decrease in audit reports in 2019 (34) compared to 2018 (37). Only 10 audit reports were completed in 2020 owing to the COVID-19 pandemic, while 4 audit reports were completed in the first half of 2021. The HSE states that it ‘funds in the region of 2,100 Section 38 and Section 39 service providers and grant-aided agencies’²⁵. Using the most recent year not affected by the pandemic, the HSE completed 34 audit reports in respect of 2,100 agencies funded by the organisation. The Committee believes that this is a very low number of HSE audits undertaken on the sector, which in 2022 received €6.3 billion in funding from the HSE.

During the Committee’s meeting with the HSE on 5 October 2023, the C&AG flagged a downward trend in the proportion of annual funding covered by timely formal contract agreements between the HSE and Section 38 and Section 39 organisations. The C&AG stated that ‘by the end of 2022, only 83% of the funding issued to section 38 and 39 agencies was covered by a completed funding agreement of the appropriate type’²⁶, compared with 96% in 2017. The Committee again highlights that the sector received €6.3 billion from the HSE in 2022, and is concerned that the level of monitoring and oversight of these grants by the HSE is decreasing.

Recommendations:

5. The Committee recommends that the HSE sends a detailed report to it, by September 2024, on the organisation’s oversight and governance of Section 38 and Section 39 agencies, to include:
 - the proportion of funding issued to such agencies that was covered by an appropriate contract agreement with the HSE in 2023, and

²⁴ [R0829 PAC33](#), page 6

²⁵ [R0829 PAC33](#), page 7

²⁶ [Committee of Public Accounts - Meeting Transcript - 5 October 2023](#), page 4

- its efforts to reverse the downward trend in funding issued to such agencies that was covered by an appropriate contract agreement with the HSE.
6. The Committee recommends that the HSE reports to it, by September 2024, on the organisation's oversight of grants to SouthDoc and other HSE-funded agencies during the COVID-19 pandemic, particularly on the following matters:
- whether any agencies had a significant change to its funding; if so, what was the rationale, and
 - in the case of agencies that retained full funding, what evaluation (if any) was undertaken as to whether the particular agency was fulfilling its service-level agreement with the HSE.
7. The Committee recommends that the HSE reports to it, by September 2024, on audits undertaken by HSE internal audit on Section 38 and Section 39 agencies, including:
- the number of audit reports completed by the HSE in respect of such agencies in the years 2021, 2022, 2023, and 2024 to date,
 - whether each audit report focuses on one or multiple agencies, and
 - the proportion of the audits undertaken from 2016 to date that consisted of repeat audits.
8. The Committee recommends that the HSE sets out increased targets for the number and frequency of its audits of Section 38 and Section 39 agencies for 2025 and provides the Committee with same by end-2024.

Issue Four – Procurement of ventilators during the COVID-19 pandemic, and obsolescence of COVID-19 vaccines

The Committee believes there was a need to be proactive during the pandemic in order to secure necessary ventilators for the HSE on an emergency basis.

Furthermore, the Committee acknowledges that the HSE was operating in a pressurised environment with a lack of concrete information regarding treatment pathways for COVID-19, and acknowledges the unprecedented nature of events during the pandemic.

However, the Committee was alarmed the findings of the C&AG's Special Report into the procurement of ventilators during the pandemic, which included:

- the absence of a business case prepared by the HSE to support the requirement for 1,900 ventilators at an estimated cost of €73.5 million,
- that the HSE had no benefit or value for expenditure totalling €30.5 million on ventilators, of which the HSE regards €8.1 million as unrecoverable,
- a lack of due diligence in relation to new suppliers from which the HSE sourced ventilators, and
- insufficient reporting by the HSE to the Department of Health and the Department of Public Expenditure and Reform in relation to expenditure for ventilators, which the report states was 'was seriously misleading and negated the effectiveness of the Departments' oversight of the expenditure'.

The Committee engaged with the HSE, alongside the Department of Health and a representative from the Department of Public Expenditure, NDP Delivery, and Reform (DPENDR), in May 2023 to examine the Special Report. The HSE confirmed that the order of 1,900 ventilators would not 'match what you would normally do for a full business case for expenditure of €75 million'²⁷.

While discussing the weekly expenditure reports that were described as 'seriously misleading' by the C&AG, the HSE stated it 'accepted the Comptroller and Auditor

²⁷ Committee of Public Accounts - Meeting Transcript - 11 May 2023, page 14

General's overall report and its recommendations'²⁸. However, it did 'not accept the Department was misled'²⁹.

DPENDR told the Committee, 'we fully accept the Comptroller and Auditor General's finding on that issue'³⁰.

The Committee also questioned why the Department of Health gave sanction to the HSE to place orders for up to 1,900 ventilators, despite it being known that 'only an additional 326 ventilators could be deployed'³¹. The Committee believes that this, coupled with the lack of a business case for the estimated cost of €73.5 million for those ventilators, shows insufficient oversight and governance at Departmental level.

During the Committee's meeting with the HSE in October 2023, the C&AG drew attention to the write-off of €94.4 million related to the obsolescence of stock of COVID-19 vaccines in 2022. This figure included vaccines that had not been used before their expiry date, or vaccines expected to expire before they could be used. While the Committee appreciates the changing nature of COVID-19 and its variants, and that it was not a normal vaccination programme³² – two reasons given by the HSE for the obsolescence of its stock of vaccines – the Committee believes that the organisation should use lessons learned from the COVID-19 pandemic as guidance for the purchase and storage of vaccines going forward.

Recommendations:

9. The Committee recommends that the HSE publishes reports completed by its internal audit team.
10. The Committee recommends that the Department of Health examines any pre-existing guidelines it has in relation to the sanction of significant expenditure, including advance payments for goods and services, by the HSE, and provides the Committee with a report by September 2024 on

²⁸ [Committee of Public Accounts - Meeting Transcript - 11 May 2023](#), page 16

²⁹ [Committee of Public Accounts - Meeting Transcript - 11 May 2023](#), page 41

³⁰ [Committee of Public Accounts - Meeting Transcript - 11 May 2023](#), page 17

³¹ [Committee of Public Accounts - Meeting Transcript - 11 May 2023](#), page 31

³² [Committee of Public Accounts - Meeting Transcript - 5 October 2023](#), page 30

how any such guidelines were found to be deficient in relation to HSE expenditure on ventilators in 2020.

11. The Committee recommends that the HSE provides it, by September 2024, with an update on how much has been recovered of the €22.3 million in refunds pursued arising from ventilators deemed not fit for purpose or orders cancelled.

The Committee further recommends that the HSE makes every effort to ensure that the money is recouped in full, without delay.

12. The Committee recommends that the HSE explores all avenues to minimise ineffective expenditure on emergency procurement, such as increasing the number of potential suppliers of ventilators.

Issue Five – Recruitment across the HSE, and high remuneration of staff at the organisation

During its meeting with the HSE on 5 October 2023, the Committee examined matters including the remuneration of senior executives at the organisation. The C&AG drew the Committee's attention to the HSE's disclosure that eight staff members at the organisation each received remuneration in excess of €500,000, with the highest remunerated staff member receiving €974,000³³. The C&AG also drew attention to a HSE internal audit report which 'identified some potential internal control gaps around payments to highly-remunerated staff under local working pattern arrangements'.

The HSE informed the Committee during the meeting that it is working to address the issue of remuneration of certain staff in excess of €500,000 per annum, 'based on the internal audit reports and the resulting action plans'³⁴. The Committee believes it is important for transparency, to it and the public, for the HSE to publish its internal audit reports, and makes Recommendation 8 under Issue Four of this report in that regard.

During the meeting of 5 October 2023, the Committee queried why the number of staff earning more than €450,000 increased from eight in 2021 to 14 in 2022³⁵. The Committee questioned the value-for-money and effectiveness achieved for the taxpayer through such high remuneration of HSE staff³⁶. The HSE stated that those 14 high earners worked 'way in excess' of 40 hours a week, and that this was also partly caused by recruitment issues³⁷.

An embargo on the recruitment of senior and administrative members of staff at the HSE was extended to almost all staff at the organisation in November 2023. At its meeting with the Department of Health, which included representatives from the HSE, on 1 February 2024, the Committee queried the impact of the embargo on essential recruitment within the HSE.

The HSE stated that it finished 2023 with net growth of 8,300 staff on the start of 2023, which was 2,200 greater than targeted, and estimated that between 4,000

³³ [Committee of Public Accounts - Meeting Transcript - 5 October 2023](#), page 4

³⁴ [Committee of Public Accounts - Meeting Transcript - 5 October 2023](#), page 5

³⁵ [Committee of Public Accounts - Meeting Transcript - 5 October 2023](#), page 5

³⁶ [Committee of Public Accounts - Meeting Transcript - 5 October 2023](#), page 10

³⁷ [Committee of Public Accounts - Meeting Transcript - 5 October 2023](#), page 6

and 5,000 posts 'planned over a multi-annual cycle to improve clinical programmes and services' are delayed as a result of the embargo³⁸. The HSE confirmed that the delayed posts 'would go right across every grade code, from medical, nursing, management and administration to allied health professionals'³⁹.

The Committee believes that, in light of the significant increases in Exchequer funding to the HSE, and the need to tackle waiting lists across various services, the HSE should prioritise essential recruitment in the organisation and avoid situations where a small number of consultants work an extremely high number of hours and, as a result, receive very high overtime payments.

Recommendations:

13. The Committee recommends that the HSE provides it, by September 2024 and on an annual basis thereafter, with a report on vacancies at the organisation, to include:

- the number of staff employed by the HSE in each sector, broken down by CHO and by clinical or admin roles, including the number for the previous year in each case,
- the number of vacancies in each sector broken down by CHO, and including the number for the previous year in each case,
- what efforts have been made by the HSE to fill any such vacancies including workforce planning, and any co-operation with training institutions,
- a breakdown of staff members recruited at the organisation in the last four years, by clinical or administrative staff, across all grades, including management.

14. The Committee recommends that the HSE works to resolve the internal control gaps, identified by the HSE's internal audit, around payments made to consultants under local hospital arrangements, and reports to the Committee on the matter by September 2024.

³⁸ [Committee of Public Accounts - Meeting Transcript - 1 February 2024](#), pages 11-12

³⁹ [Committee of Public Accounts - Meeting Transcript - 1 February 2024](#), page 23

Issue Six – Collapse in the availability of public dental services

The Committee, over the course of several meetings with the HSE, examined issues in dental services, including the school dental programme, the lack of available dentists to those that qualify for the Dental Treatment Services Scheme (DTSS) and orthodontic treatment for children.

In relation to the DTSS, the Committee has drawn attention to the collapse of the scheme in recent years. The Committee underlined during its meeting in May 2023 that there were 1,660 dentists operating the scheme in 2017, but that this number had fell to 1,052 in March 2023⁴⁰, representing a 37% decrease in dentists operating the DTSS.

The Committee, during its meeting with the HSE in October 2023, also flagged the high number of children on the waiting list for orthodontic treatment through the HSE's dental services for children. For instance, it was raised that 618 children in Wexford were on the waiting list for dental maxillofacial surgery, with 161 children waiting for over five years⁴¹.

In further correspondence to the Committee in November 2023, the HSE stated that the school dental scheme 'aims to target 3 classes (2nd, 4th, 6th) but is resource dependent', and that 'the majority of areas are targeting 6th class only'⁴². The HSE went on to state that 'only one dental area has resources enabling them to target 25% of 2nd class children, with no dental area indicating that they have sufficient resources to target 4th class'. Information was sought on the school dental scheme in counties Laois and Offaly. The HSE confirmed, in its November 2023 correspondence, that the 6th class of 2019/2020 was the school year group being completed in County Laois at that time, with the 6th class of 2020/2021 being completed in Offaly.

On consideration of the information discussed during Committee meetings with the HSE relating to public dental schemes, and the statistics provided by the HSE on the school dental scheme, the Committee believes that there are major deficiencies in the provision of HSE dental schemes that need to be resolved as a matter of urgency. The Committee emphasises that more needs to be done to increase the number of dentists operating such schemes under the HSE.

⁴⁰ [Committee of Public Accounts - Meeting Transcript - 11 May 2023](#), page 39

Currently, the HSE website does not provide a list of private dentists contracted to provide services under the DTSS on the relevant dental services page for each Local Health Office. The HSE advises to call or visit the local office.

The Committee believes that the lack of publicly available information online hinders the transparency of operations under the DTSS. It is difficult for the Committee to examine the outcomes of the money spent under the DTSS if information as to how many dentists are operating the scheme is not easily accessible.

Recommendations:

15. The Committee recommends that the HSE publish a list of private dentists contracted to provide services under the Dental Treatment Services Scheme on the relevant dental services webpage for each Local Health Office, and keep such lists updated on a regular basis.
16. The Committee recommends that the HSE work collaboratively with the Department of Health, and representative groups for dentists, to find ways of rapidly increasing the number of dentists contracted to provide services under the Dental Treatment Services Scheme, the school dental programme for children and any other dental schemes operated by the HSE, and reports to the Committee on the matter by September 2024.

⁴¹ [Committee of Public Accounts - Meeting Transcript - 5 October 2023](#), page 38

⁴² [R2372 PAC33](#), page 8

Appendix 1 Committee Membership

The following Deputies were members of the Committee of Public Accounts when the report was agreed:

John Brady	Sinn Féin
Ciarán Cannon	Fine Gael
Cormac Devlin	Fianna Fáil
Damien English	Fine Gael
Alan Kelly	Labour
Paul McAuliffe	Fianna Fáil
Imelda Munster	Sinn Féin
Catherine Murphy	Social Democrats
Verona Murphy	Independent
Marc Ó Cathasaigh	Green Party
James O'Connor	Fianna Fáil
Brian Stanley (Cathaoirleach)	Sinn Féin

Appendix 2 Committee Orders of Reference

Dáil Standing Order 218 – Committee of Public Accounts

218. (1) There shall stand established, following the reassembly of the Dáil subsequent to a General Election, a Standing Committee, to be known as the Committee of Public Accounts, to examine and report to the Dáil upon—

- (a) the accounts showing the appropriation of the sums granted by the Dáil each year to meet the public expenditure and such other accounts as they see fit (not being accounts of persons included in the Second Schedule of the Comptroller and Auditor General (Amendment) Act 1993) which are audited by the Comptroller and Auditor General and presented to the Dáil on an annual basis, together with any reports by the Comptroller and Auditor General thereon;
- (b) the Comptroller and Auditor General's reports on his or her examinations of economy, efficiency, effectiveness evaluation systems, procedures and practices; and
- (c) other reports carried out by the Comptroller and Auditor General under the Act.

(2) In considering particular accounts pursuant to paragraph (1)(a), the Committee shall examine whether, having regard to changes in—

- (a) the volume or quality of services or other outputs delivered, and
- (b) associated expenditure,

over time, it can be demonstrated that value for money has or has not been achieved.

(3) The Committee shall bring conclusions and recommendations reported to the Dáil pursuant to paragraph (1)(a) in relation to particular accounts to the attention of the relevant Committee established pursuant to Standing Order 95.

(4) The Committee may suggest alterations and improvements in the form of the Estimates submitted to the Dáil and shall bring any such suggestions as reported to the Dáil to the attention of the Committee on Budgetary Oversight.

(5) The Committee may proceed with its examination of an account or a report of the Comptroller and Auditor General at any time after that account or report is presented to Dáil Éireann.

(6) The Committee shall have the power to send for persons, papers and records.

(7) Paragraphs (4) to (9) inclusive of Standing Order 96 shall not apply to the Committee.

(8) Every report which the Committee proposes to make shall, on adoption by the Committee, be laid before the Dáil forthwith whereupon the Committee shall be empowered to print and publish such report together with such related documents as it thinks fit.

(9) The Committee shall present an annual progress report to Dáil Éireann on its activities and plans.

(10) Notwithstanding the provisions of paragraph (1) of this Standing Order, the Committee shall have the power to examine and report upon a specific matter of general public interest relating to the appropriation of public moneys, which is not comprehended by appropriation accounts or reports of the Comptroller and Auditor General within the meaning of paragraph (1), subject to—

- (a) a positive determination having been made by the Committee on Remit Oversight under Standing Order 93A pursuant to a request by the Committee of Public Accounts under Standing Order 93B for an extension to its orders of reference for the purpose of examining the matter; and
- (b) the approval of the Dáil by way of an appropriate motion under Standing Order 93B to instruct the Committee in conducting its examination of the matter.

(11) The Committee shall refrain from—

- (a) enquiring into in public session, or publishing, confidential information regarding the activities and plans of a Government Department or office, or of a body which is subject to audit, examination or inspection by the Comptroller and Auditor General, if so requested either by a member of the Government, or the body concerned; or
- (b) enquiring into the merits of a policy or policies of the Government or a member of the Government or the merits of the objectives of such policies.

(12) The Committee may, without prejudice to the independence of the Comptroller and Auditor General in determining the work to be carried out by his or her Office or the manner in which it is carried out, in private communication, make such suggestions to the Comptroller and Auditor General regarding that work as it sees fit.

(13) The Committee shall consist of thirteen members, none of whom shall be a member of the Government or a Minister of State, and four of whom shall constitute a quorum. The Committee and any sub-Committee which it may appoint shall be constituted so as to be impartially representative of the Dáil.

Appendix 3 Witnesses

The Comptroller and Auditor General, Mr. Seamus McCarthy, is a permanent witness to the Committee and attends all of its engagements.

The following tables, by meeting date, contain the names of witnesses who attended the Committee during each of the **nine meetings** examined by this report:

Meeting on 16 September 2021

Health Service Executive	
Mr. Paul Reid	Chief Executive Officer
Ms Anne O'Connor	Chief Operations Officer
Mr. Stephen Mulvany	Chief Financial Officer
Mr. John Swords	National Director, Procurement
Ms Mairead Dolan	Assistant Chief Financial Officer

Department of Health	
Mr. John O'Grady	Principal Officer

Meeting on 23 September 2021

Health Service Executive	
Mr. Paul Reid	Chief Executive Officer

Health Service Executive	
Ms Anne O'Connor	Chief Operations Officer
Mr. Stephen Mulvany	Chief Financial Officer
Mr. Joe Ryan	National Director, Operational Performance and Integration
Ms Mairead Dolan	Assistant Chief Financial Officer

Department of Health	
Mr. Kevin Colman	Principal Officer

Meeting on 10 March 2022

Health Service Executive	
Mr. Paul Reid	Chief Executive Officer
Ms Anne O'Connor	Chief Operations Officer
Mr. Stephen Mulvany	Chief Financial Officer
Ms Yvonne O'Neill	National Director, Community Operations
Mr. Jim Curran	National Director, Capital and Estates
Dr Amanda Burke	Executive Clinical Director for Galway Roscommon Mental Health Services

Department of Health	
Ms Louise McGirr	Assistant Secretary
Ms Margaret Campbell	Principal Officer
Mr. Seamus Hempenstall	Principal Officer

Meeting on 26 May 2022

Health Service Executive	
Mr. Paul Reid	Chief Executive Officer
Ms Anne O'Connor	Chief Operations Officer
Mr. Stephen Mulvany	Chief Financial Officer
Mr. Liam Woods	National Director, Acute Operations
Ms Mairead Dolan	Assistant Chief Financial Officer
Ms Anne Marie Hoey	National Director, Human Resources

Department of Health	
Mr. Robert Watt	Secretary General
Ms Fiona Larthwell	Principal Officer
Mr. Seamus Hempenstall	Principal Officer
Mr. Kevin Colman	Principal Officer
Mr. John O'Grady	Principal Officer

Department of Public Expenditure, NDP Delivery and Reform

Mr. Daniel O'Callaghan	Principal Officer
Mr. Eoin Dormer	Principal Officer

Meeting on 29 September 2022

Health Service Executive

Mr. Paul Reid	Chief Executive Officer
Mr. Damien McCallion	Chief Operations Officer
Mr. Stephen Mulvany	Chief Financial Officer
Mr. Maurice Farnan	Assistant National Director, Community Operations
Ms Mairead Dolan	Assistant Chief Financial Officer
Ms Anne Kennedy	Acting Chief Officer and Head of Finance, CHO 8
Ms Dervila Eyres	Head of Mental Health Services, CHO 8
Mr. Hugh Scully	General Manager, Mental Health Services, CHO 4
Mr. Michael Fitzgerald	Chief Officer, CHO 4

Department of Health

Ms Siobhán McArdle	Assistant Secretary
Mr. Kevin Colman	Principal Officer

Meeting on 6 October 2022

Health Service Executive	
Mr. Stephen Mulvany	Chief Executive Officer
Mr. Damien McCallion	Chief Operations Officer
Ms Mairead Dolan	Chief Financial Officer
Mr. Robert Morton	Director, National Ambulance Service
Professor Cathal O'Donnell	Clinical Director, National Ambulance Service

Department of Health	
Mr. Keith Comiskey	Principal Officer
Mr. Kevin Colman	Principal Officer

Meeting on 2 February 2023

Health Service Executive	
Mr. Stephen Mulvany	Chief Executive Officer
Mr. Damien McCallion	Chief Operations Officer
Ms Mairead Dolan	Chief Financial Officer
Dr Colm Henry	Chief Clinical Officer
Ms Yvonne O'Neill	National Director, Community Operations
Ms Anne Marie Hoey	National Director, Human Resources

Department of Health	
Ms Deirdre Comiskey	Principal Officer
Mr. John O'Grady	Principal Officer

Meeting on 11 May 2023

Health Service Executive	
Mr. Bernard Gloster	Chief Executive Officer
Mr. Stephen Mulvany	Chief Financial Officer
Ms Anne Marie Hoey	National Director, Human Resources
Ms Mary Day	National Director, Acute Operations
Ms Martina Queally	Chief Officer, CHO 6

Department of Health	
Mr. Sean Flood	Chief Executive Officer, National Treatment Purchase Fund
Ms Louise McGirr	Assistant Secretary
Mr. Derek Tierney	Assistant Secretary
Mr. Kevin Colman	Principal Officer

Department of Public Expenditure, NDP Delivery and Reform

Mr. Evan Coady	Principal Officer
Mr. Eoin Dormer	Principal Officer

Meeting on 5 October 2023

Health Service Executive

Mr. Bernard Gloster	Chief Executive Officer
Mr. Stephen Mulvany	Chief Financial Officer
Dr Colm Henry	Chief Clinical Officer
Ms Anne Marie Hoey	National Director, Human Resources
Mr. David Walsh	National Director, Community Operations

Department of Health

Ms Louise McGirr	Assistant Secretary
Mr. Kevin Colman	Principal Officer

Appendix 4 References

Information from the following sources informed the Committee's issues and recommendations in this report: -

References
Meeting Transcript – 16 September 2021
Meeting Transcript – 23 September 2021
Meeting Transcript – 10 March 2022
Meeting Transcript – 26 May 2022
Meeting Transcript – 29 September 2022
Meeting Transcript – 6 October 2022
Meeting Transcript – 2 February 2023
Meeting Transcript – 11 May 2023
Meeting Transcript – 5 October 2023
Meeting Transcript – 1 February 2024
Official report of Dáil Éireann, 26 January 2022
Written PQ from Sean Sherlock TD to the HSE - PQ 36431/23 - 2 August 2023
Health Service Executive – Financial Statements 2020
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The Comptroller and Auditor General's Special Report 114 – Emergency procurement of ventilators by the Health Service Executive

Committee of Public Accounts Report on its examination of C&AG Special Report 110 – Nursing Homes Support Scheme (Fair Deal)

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South Kerry CAMHS review, HSE website

Prescribing in Child and Adolescent Mental Health Services audit, July 2023

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