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Correspondence 3A.17
Meeting 108 -
16/01/2014

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15th January 2014

Ms. Niamh Maguire,
Committee Secretariat,
Committee of Public Accounts,
Leinster House,
Dublin 2

Dear Ms. Maguire,

I refer to your letter dated the 9th January 2014 regarding our attendance at the recent Public Accounts Committee meeting and a request for information on a number of follow up issues that arose during the course of the Committee's examination.

Please find here under for the attention of the Committee the HSE response to the matters raised for follow up in your correspondence.

I trust this information is of assistance.

Yours Sincerely,

Ray Mitchell
Assistant National Director
Parliamentary & Regulatory Affairs

**Follow Up from the Public Accounts Committee
Meeting 19th December 2013**

- 1. A note outlining the correspondence, if any, received from the CEO of the CRC or any record of the matter being raised with the HSE in respect of the pension payments being made by the CRC to the Mater Hospital.**

Response:

A review of the VHSS files has been undertaken and we can confirm that there is no record of any correspondence from the CRC to the HSE on the matter of the pension contributions being made by the CRC to the Mater Hospital.

- 2. A note on the outcome of meetings held in by the end of the second week in January 2014 with Section 38 agencies that had not supplied full information to the HSE arising from information requests on remuneration levels.**

Response:

Update note attached separately.

- 3. Confirmation of the amount of public funding given to St Vincent's Healthcare Group in 2013.**

Response:

St Vincent's University Hospital received a budget of €209.148m from HSE for 2013.

St Michaels Hospital received a budget of €26.481m from HSE for 2013.

- 4. A note on compliance with public sector procurement and recruitment policies by the newly established hospital groups with particular reference to the group established in the West/Northwest.**

Response:

The West North West Hospitals Group was established in August 2013. At all times, we are compliant with procurement regulation and recruitment policy. Any derogation on this is compliant with Circular 40 requirements. The Group works closely with National Procurement, HSE and Human Resources, HSE on delivery of procurement and recruitment for the Group. It was established on an administrative basis and remains part of the HSE structure. The HSE is continuing its examination of the relationships between public funded hospitals and private operated medical imaging facilities.

5. A note on the use of hotels to accommodate staff of the West/Northwest hospital group.

Response:

The Group CEO of the West/North West Hospitals Group receives a Department of Public Expenditure and Reform (DPER) approved Detention Allowance, agreed and sanctioned as part of his transfer from St. Vincent's to the West/North West Hospitals Group. This Detention Allowance acknowledges that the Group CEO will incur accommodation expenses being relocated from his home. Galway is now effectively established as his base. Any accommodation in Galway is not claimed by the Group CEO as this is covered by the approved Detention Allowance. Any accommodation charges are therefore at his own personal discretion as they are funded directly from the approved Detention Allowance.



**Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive**

**Update for the Committee of Public Accounts on progress
with the recommendations of the
HSE Internal Audit Report: Section 38 Agencies'
Remuneration**

**Committee of Public Accounts meeting
Thursday, 16th January 2014**

Health Service Executive January 2014

**Update for the Public Accounts Committee on progress with the
recommendations of the
HSE Internal Audit Report: Section 38 Agencies' Remuneration**

Corporate Governance

The new Annual Compliance Statement introduced in December 2013 to enhance the overall governance framework between the HSE and the agencies it funds has been finalised and made available to each Agency. Written confirmation has been sought from each Agency by 31st January 2014 of their intention to sign up to this new Compliance Statement process. This period of time has been provided to allow for sufficient time for this matter to be considered in full by each Board.

Governance standards are also being developed in relation to de facto 'subsidiaries' of each Section 38 Agency. In addition the HSE is exploring the requirement for any additional legislative powers required to address issues of non compliance with the Service Arrangement if required.

The Compliance Statement process will come into effect from January 2014 and applies to the 2013 financial accounts.

Government Pay Policy

Contact has been made with each Section 38 Agency by the four Regional Directors of Performance and Integration to work with the Chairs of the Boards to ensure each agency reaches compliance with Government pay policy. Meetings have been held with the majority of the agencies and the remaining three Agencies will be met in the coming week.

The expected outcome from this process is that Agencies will have provided full information in respect of all remuneration and perquisites paid, with the objective of reaching compliance in line with Section 7 of the Pay Policy. In this regard work is ongoing to ensure one of the following is actioned:

- Rescind arrangements with immediate effect
- Submit a business case for continuance of arrangements
- Seek to red-circle the arrangement on a personal to holder basis – a business case is required to support same

All business cases received will be reviewed by nominated members of the HSE Leadership Team and where necessary will be referred for sanction by the Department of Health and Department of Public Expenditure and Reform.

For the information of members, on 10th December 2013 the National Director of Human Resources issued a copy of Government Health Sector Pay Policy (DoH Circular 11/2013) to each Section 39 Agency in receipt of funding in excess of €250,000. In this correspondence each Agency was advised that while it is acknowledged that Section 39 Agencies are not bound by the Department of Health Consolidated Salary Scales, and their employees are not public servants or members of a public service pension scheme, that they should have due regard for overall Government pay policy.

Central Remedial Clinic

Mr. John Cregan, HSE Senior Manager, was appointed to the role of Interim Administrator in response to the resignation of the CEO and Board of Governors of the CRC and their resignation as Board Members of the Friends and Supporters of the CRC.

The role of Interim Administrator has three strands:

- Ensuring continuity in the delivery of the full range of services to the clients of the CRC and the agreement and implementation of a 2014 Service Agreement with the HSE;
- Overseeing the restoration of good governance arrangements, including the appointment of a Board of Governors and CEO to the CRC and directors to the Friends and supporters of the CRC; and
- Identifying any legacy issues requiring attention related to salary rates and compliance with public pay policy, pension schemes and pension payments, related undertakings (including CRC Medical Devices) and an assessment of any future financial impact of contractual obligations.

It is anticipated that much of the work of the Interim Administrator will be completed in Quarter 1 2014 and the HSE has committed to making available any resources or expertise (e.g. accountancy, legal or governance) required to meet this timeframe. The preparation and external audit of the CRC, the Friends and Supporters of the CRC and related undertakings are also expected to be completed within this timeframe.

Pending the completion of this work and the audits, the Interim Administrator will not be in a position to provide definitive answers to individual issues.

The Interim administrator will provide a report to the Director General in March/April 2014.

In the meantime arrangements are being made to commence a recruitment process to recruit a new CEO for the CRC through the Public Appointments Service.

*National Human Resources Directorate
15th January 2014*

