Committee of Public Accounts

Meeting 26th October 2017

Opening Statement

Mr. Tony O’Brien
Director General
Health Service
Chairperson and members, thank you for the invitation to attend today’s meeting and the opportunity to address concerns regarding an Independent review undertaken by Deloitte as it relates to a Disability Support provider in the South East and which is directly concerned with the case of “Grace”. I am also accompanied by Ms Aileen Colley, Chief Officer CHO area 5. Ms Colley only joined the HSE in September 2015 and therefore it is important to point out she would not have had any involvement in the matters in the South East prior to that date.

I am mindful that in addressing these concerns, I have taken the time to consider a number of issues addressed to the members of the PAC by the Provider in correspondence dated 4th October 2017.

I think it is important to preface my opening statement in the knowledge that matters of concern here are also germane to the Statutory Investigation which is currently sitting.

In addressing the matters in the Service Provider’s correspondence to the Committee, I wish to provide important background and context leading to the Final 20 page Report and appendices issued to me, as Commissioner of the Review, by Deloitte on 15th September 2017.

**Background and Context to the Deloitte Review**

During the course of my Opening Statement (page 6) to the Committee in February 2016, I discussed levels of **funding** for the voluntary provider for the years 2009 to 2015 inclusive. The budget for the voluntary provider involved was set out together with a comparison of the percentage increase or decrease in budget relative to the percentage increase or reductions across the area and nationally.

In the course of the meeting the then Chairman of the PAC stated the following;

‘I understand that Mr. O’Brien is going to have a discussion with them and I know he will be fair about it. I think when you look at the funding figures that you quoted in your opening statement, and factor in the work that had to be done and the care that had to be given, you will find that their funding actually decreased over the period. I will not argue with you about the figures, but I am going to ask you to examine that table at some stage and be prepared to inform the next Committee of Public Accounts of the position’.
Following the Committee meeting, the figures were disputed by the voluntary provider in question. As part of an engagement with the organisation, I gave a commitment that I would undertake an independent external review of funding; to which they were agreeable. I commissioned Deloitte, an internationally recognised organisation to undertake the review, in accordance with the following Terms of Reference which relate to:

1. The cost of care from 2009 to 2016 of a specific individual in the care of a Service Provider and;
2. The funding provided by the HSE to the Service Provider form 2009 to 2015.

**Concerns raised regarding Independence of the Report**

I now wish to address the serious allegations made by the Service Provider in their correspondence to the Committee in relation to the Independence of the Report.

Deloitte as part of its methodology undertook to engage with both the Provider and relevant HSE personnel and requested information from both parties. As part of the process deployed, Deloitte exchanged a Draft document with both parties and had further engagements with them regarding clarifications and inputs to the draft. I understand that the methodology employed by Deloitte is the norm when undertaking such reviews. That is, it is a reasonable standard to expect that both parties to the review would have had the opportunity to comment and offer feedback for “consideration” following which the Independent Reviewer has to decide on what will or will not be included in the Final Report having taken into account the information and views of the parties to the Review. This is precisely what Deloitte undertook as an independent and reputable professional services firm.

Notwithstanding this and given the gravity of the concerns expressed and the assertions contained in the Providers Correspondence, I felt it important to seek written assurances from Deloitte as to their view of the assertions made. I therefore wish to read into the record of the PAC the following response received from Deloitte;

“In support of our findings in respect of part (b) of the TORs (our analysis of the funding provided by the HSE to the service provider from 2009 to 2015), our report includes the detail of the amounts initially reported by HSE to the PAC in respect of funding provided over the period adjusted for funding for one-off and new services
which shows the real reduction in funding for like for like services over the period and is consistent with what was in the draft report.

There was an additional table (table 3.3) in the draft report which further adjusted the funding received for the shortfall determined under section (a) of the TORs. We determined that further adjusting the table for this shortfall was confusing and could be misleading as the report already clearly set out the shortfall related to part (a) of our TOR. The removal of this table was not as a result of any pressure from the HSE.

As the report was prepared for the HSE, we considered it appropriate that additional information be included in the report which provided the HSE’s context to our findings. It is not uncommon in such reports to obtain responses to findings from those subject to the review and the report clearly sets out that this information was provided by the HSE and not subject to independent review by Deloitte.

It was not in our TOR to conclude as to whether the shortfall in the funding for Grace was effectively an additional cut in funding to the body or deliberately done because of the whistleblowing, this is a matter for the Commission of Investigation.”

Concerns raised with regard to removing Tables from the “Draft Report”.

Having regard to the above response from Deloitte, I wish to further address concerns raised with regard to material (in this instance Tables relating to financial data) being in the draft Report for consideration as distinct to the Final Report issued by the Independent Reviewer, Deloitte.

As I have referenced in relation to Deloitte’s correspondence the information that was contained in Table 3.3 of the draft report had already been dealt with in the report and was removed to avoid confusion. The removal of this table was not as a result of any pressure from the HSE.
**Funding from the HSE to the Provider**

Deloitte in its final report reproduced the table of figures provided by me in my Opening Statement at the PAC meeting held on 2nd February 2016. These figures were subsequently disputed by the Provider.

The Deloitte report at 6.4, (page 17) says the following in relation to these figures ‘From our analysis of the breakdown of the funding provided by the HSE to the Service Provider, we are satisfied that the figures set out in Table [6.1] above are in respect of total funding’. The report further says at 6.5, (page 17) ‘The Service Provider has advised us that whilst there was an overall 18% increase in the level of funding in 2015 compared with 2014, this increase is after the provision of new services …’ I take from the above that the figures as presented by the HSE to this committee in February 2016 were correct.

**Summary**

I have accepted the Final Report as issued to me by Deloitte. I remain of the view that the evidence in this report shows that the service provider was treated fairly in comparison with other similar service providers in the period under review.

I am satisfied based on assurances from Deloitte that any adjustments between the draft report of May 2017 and the final report was not as a result of any pressure from the HSE.

It is also my view that any remaining concerns should be dealt with through the Farrelly Commission which as you are aware is established in accordance with the provision of section 32 of the Commissions of Investigation Act 2004.

**Thank You.**