

22 November 2017

Committee of Public Accounts  
Leinster House  
Dublin 2

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Our Ref: DC/BR

Dear Mr. Lenihan

**Independent review of the cost of care incurred by a Service Provider – Request by the Public Accounts Committee for a copy of the Deloitte Draft Report**

Thank you for your letter dated 2 November 2017 in which you request, on behalf of the Public Accounts Committee ("the Committee") a copy of the draft report produced in May 2017 as sent to WIDA.

The draft report was circulated to HSE and the Service Provider with the following caveat on its cover page:

*"This report is in draft. It is subject to amendment and should not be relied upon. It may not be shown, quoted or referred to any party without our prior written consent."*

Our report addressed two issues in accordance with our Terms of Reference, as follows:

- a) The cost of care from 2009 to 2016 of a specific individual in the care of a Service Provider; and
- b) The funding provided by the HSE to the Service Provider from 2009 to 2015.

Our findings and conclusions in respect of these two issues did not change between the Draft Report and the Report. The exclusion of the table in question has not impacted on our findings, conclusions or terms of reference.

Our findings and conclusions in our Report have been accepted by both the HSE and the Service Provider.

Providing our draft report would set a precedent. A draft report is incomplete and subject to change and subject to the caveat set out above. We cannot provide any draft reports to a party seeking to rely them for any matter contrary to the basis on which they have been prepared.

We are concerned the Committee is seeking to rely on our draft report when it was explicitly stated that it was subject to amendment and must not be relied upon. This concern is exacerbated by the fact that the matter which concerns the Committee, the removal of a table, did not impact on our terms of reference or on our findings.

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Whilst we cannot provide the draft report for the reasons outlined, we set out below the table and accompanying text which reflected comments by the Service Provider in the Draft Report.

*Text in the Draft Report dated 19 May 2017*

- 3.1 *The Service Provider has informed Deloitte it calculates that the level of reduction it suffered in 2010 was greater than the 5.1% in Table 3.2 above when the level of costs which it states it incurred from within its own resources are taken into account. The Service Provider states it was paying additional costs from its own resources which should have been funded in full by the HSE, which resulted in a greater reduction in its funding.*
- 3.2 *If these costs are taken into account in the percentage change, the Service Provider has calculated the percentage reduction in 2010 to be a 8.8% reduction, as set out in Table 3.3 below, compared to a 2% increase presented by the HSE to the PAC in relation to 2010.*

**Table 3.3 – Percentage change in the level of funding provided by the HSE from 2009 to 2015 excluding once-off and new services and including the deficit in the cost of care incurred by the Service Provider (Per the Draft Report)**

	2009	2010	2011	2012	2013	2014	2015
Base funding in prior year		2,152,870	2,252,900	2,182,888	2,122,279	2,096,809	2,090,603
VFM/CCP reductions		(109,770)	(40,012)	(82,658)	(37,775)	(11,462)	-
Deficit in cost of care	(58,318)	(83,633)	(88,389)	(85,852)	(85,292)	(73,761)	(65,890)
Actual reductions	(43,057)	(109,770)	(40,012)	(82,658)	(37,775)	(11,462)	-
<b>Net reductions in funding</b>	(101,375)	(193,403)	(128,402)	(168,510)	(123,067)	(85,223)	(65,890)
<b>% Reduction</b>		<b>-8.8%</b>	<b>-5.7%</b>	<b>-7.7%</b>	<b>-5.8%</b>	<b>-4.1%</b>	<b>-3.2%</b>

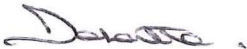
A number of points were considered by us in removing Table 3.3 from the draft report, namely:

- a) The table is confusing, as it contains duplicate lines for the actual reductions in funding in each year. The figures for the base funding and the actual reductions were subject to confirmation by the HSE, and the final factual position was reflected in Section 6 of the Final Report and accompanying paragraph 6.8 in the Report (see above).
- b) The deficit in the cost of care was a separate issue to the HSE's overall funding and the deficit is explicitly set out in Section 4 of the Report. By removing the table, we believed that the conclusions we reached as set out in Sections 4 and 6 of the Report were clearer to the reader. These findings were accepted by both parties.

Notwithstanding our removal of the table in question, we still included the Service Provider's position at paragraph 6.9 in our Report.

We trust this clarifies our position in relation to our Draft Report and the exclusion of Table 3.3.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Deloitte', is written over a faint, larger 'Deloitte' watermark.

**Deloitte**