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Rannán Gnóthaí Parlaiminte
Oifig an Phríomhoifigigh
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19/1/2023

Ms Sarah Cremin,
Committee Secretariat,
Public Accounts Committee,
Leinster House,
Dublin 2.

Re: Ref (S1119 PAC33)

Dear Ms Cremin,

I refer to your recent correspondence to Mr. Stephen Mulvany, Chief Executive Officer, Health Service Executive, regarding the governance arrangements for section 38 and 39 organisations.

Please find below for the attention of the Public Accounts Committee members a briefing note on this matter as requested

If any further information is required, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in blue ink that reads 'Ray Mitchell'.

Ray Mitchell
Assistant National Director
Parliamentary Affairs Division

1. Timeframes for S.38 and S.39 Agencies to submit audited financial accounts to the HSE

Voluntary Agencies in receipt of €150,000 or more in total funding are required to submit audited financial accounts to the HSE by the 31st of May of the following year. Additionally, For-Profit Agencies are required to submit audited financial accounts to the HSE at the same time that they file their accounts with the Companies Registration Office, which is usually nine months after their normal year-end date, but can be up to eleven months after their normal year-end date.

It should be noted that in some instances for technical reasons Voluntary Agencies' audited financial accounts might not be available for submission at the 31st of May. For instance, the audit of the accounts may not be fully completed at that time or the audit of the accounts may have been completed but they may not yet be approved by the Board of Directors and at the Agency's AGM. However, the HSE's SPG (Service Provider Governance) IT tracking system tracks the submission of each relevant Agency's financial accounts and there is ongoing monitoring and follow-up at operational level with the Agencies to ensure any outstanding accounts are submitted when finalised.

2. Level of Compliance with requirement for Agencies to submit financial accounts

In terms of the most recent complete calendar-cycle, which is in respect of the submission of Agencies' **2020** audited financial accounts, **576** Agencies were required to submit accounts and **574** (99%) have complied with the requirement. In respect of the submission of Agencies' **2021** audited financial accounts, the current position is that, **592** Agencies were required to submit accounts and **561** (95%) have complied with the requirement.

3. Bearing on HSE Funding in cases of Non-Compliance

The HSE Governance Framework for the management of Agencies does not provide for a direct adjustment to HSE funding where there is non-compliance by an Agency with the requirement to submit audited financial accounts to the HSE. Nonetheless, were an Agency not to discharge this requirement to produce and submit audited accounts it would be considered a serious breach of the relevant contractual document and therefore the ongoing relationship with that Agency, in particular, in terms of continued funding, would have to be reviewed, where warranted.

Health Service Executive
January 2023