



By Email

17 October 2023

Ms Sarah O'Farrell
Clerk to the Committee
Committee of Public Accounts
Leinster House
Dublin 2
D02 XR20

Email: pac@oireachtas.ie

Re: Ref:S1404 PAC33

Dear Ms O'Farrell

In response to your e-mail of 16 October 2023, Children's Health Ireland (CHI) is providing an update to the Committee of Public Accounts in advance of our appearance on Thursday 19 October on the following matters:

- 1) Briefing note on the CHI Commissioning Programme as of October 2023. This provides high-level background on the detailed planning being undertaken by CHI to ensure the safe opening of the new children's hospital and the Children's Research and Innovation Centre on a shared campus with St James's Hospital.
- 2) High-level summary of Children's Health Ireland Financial Statements Year Ending 31 December 2021. A copy of our detailed financial statement is also included for your convenience. These have previously been submitted to the Committee. Our Annual Report can be access [here](#)
- 3) Theatres (Committee of Public Accounts reference S1411 PAC33) – including the previous submission in response to the Committee's queries relating to surgical theatres in the new children's hospital.

This information is in addition to the briefing note provided by the National Paediatric Hospital Development Board on Friday 13 October 2023.

Yours sincerely

Eilish Hardiman
Chief Executive
Children's Health Ireland

Committee of Public Accounts Briefing Paper – 19 October 2023**Children’s Health Ireland Commissioning Programme October 2023 Update****1.0 Introduction**

- 1.1 Children’s Health Ireland (CHI) was established as a legal entity in December 2018 and commenced on 1 January 2019. Since this time, work on integrating services, functions and teams across CHI facilities to become a single organisation with one governance and management structure and one culture has been progressed in preparation to move into the new children’s hospital.
- 1.2 The Children’s Hospital Programme was established to lead and deliver this project of exceptional transformation, digitalisation, integration and change within the Irish healthcare system.
- 1.3 This integration of services, functions and teams has provided a single managerial structure, with a single CHI Board, single executive and designated leaders across corporate, clinical and clinical support areas, including single corporate systems in Finance and Human Resources and other corporate functions, such as, procurement. A single email system and single webpage across five facilities / locations is well advanced.
- 1.4 The process of integration of services functions and teams within CHI is now well established and will continue to evolve. Ensuring CHI as an organisation is fit for the future and to function in the new hospital. This large change management task needs to be implemented while delivering high quality services in challenging circumstances.

2.0 The National Model of Care for Paediatric Healthcare Services (HSE 2016)

- 2.1 The establishment of the new children’s hospital as a single tertiary and quaternary care centre, providing specialist treatment and care for the sickest children and young people is a key enabler of the National Model of Care for Paediatric Healthcare Services.
- 2.2 This Model of Care provides the framework within which CHI as the new children’s hospital and its outpatient and urgent care centres will deliver secondary, tertiary and quaternary paediatric care, in conjunction with regional and local hospitals, primary care and community services for children and young people across Ireland.
- 2.3 The opening of CHI at Connolly in 2019 and CHI at Tallaght in 2021 were key steps in the implementation of this Model of Care, as part of providing locally based secondary care for children and young people in the Greater Dublin Area.
- 2.4 The next phases of implementation for the National Model of Care are the opening of the children’s hospital and the design, implementation and operationalisation of a network of integrated paediatric services with CHI as the hub in this network.

3.0 The Children’s Hospital

- 3.1 The Children’s Hospital Programme is currently implementing a detailed Commissioning Plan to ensure the safe opening of the children’s hospital and the

Children's Research and Innovation Centre on a shared campus with St James's Hospital.

- 3.2 The commissioning process now incorporates the integration process to deliver:
- 3.2.1 A digital and technologically advanced hospital, which will be driven by multiple digital systems, including an Electronic Health Care Record (EHR), designed with over 1000 hours of clinical design input.
 - 3.2.2 A workforce plan to safely open and operate the hospital to opening capacity.
 - 3.2.3 Standardisation of Policies, Procedures and Systems for a digital hospital.
 - 3.2.4 Implementation of a Paediatric Academic Health Sciences Network and Centre, to include the Children's Research and Innovation Centre facility on the campus shared with St James's Hospital.

4.0 Key milestones of success:

April 2023:

- 4.1 CHI partnered with Commissioning Experts, Newpark Healthcare, who have extensive international knowledge and experience of successfully opening digital hospitals and have commissioned 24 hospitals across the world.
- 4.2 The whole hospital commissioning process commenced with the establishment of a leadership commissioning team comprising of CHI staff and Newpark Healthcare. A dedicated senior CHI Executive, Transformation Director was appointed in December 2022 to lead this programme.
- 4.3 A dedicated commissioning framework is used to ensure Day 1 opening success with 171 workstreams to be completed before substantial completion.
- 4.4 The hospital is being commissioned to international best practice to open a digital hospital by applying Joint Commission International (JCI) accreditation standards to the commissioning process.
- 4.5 The Joint Commission's standards and emphasis on clinical practice guidelines help organisations establish a consistent approach to care, reducing the risk of error. In applying JCI standards to commissioning, we envisage that the hospital will be ready for the journey towards accreditation in the years post opening.
- 4.6 The cross-city Clinical Directorate Model was implemented in 2023, which is CHI's Clinical and Operational Leadership model for the new hospital.
- 4.7 The Chief Academic Officer for the Paediatric Academic Health Sciences Network and Centre has been appointed and will commence in March 2024 to lead out on a collaborative with multiple universities and CHI on paediatric education, research and innovation.
- 4.8 A detailed CHI staff engagement programme commenced to develop an understanding of the commissioning process for CHI staff, finishing in October 2023. At the end of the staff engagement programme all areas of the children's hospital will have agreed a

Scope of Service for each department, service and function and area policies and procedures for the new hospital will be identified.

- 4.9 CHI service users, patients and families attend the engagement sessions to work with the staff. This ensures that the children and families are at the centre of future service design.
- 4.10 CHI engineering staff have partnered with National Paediatric Hospital Development Board (NPHDB) staff to oversee the NPHDB technical commissioning of the children's hospital as areas are released by the contractor.

May 2023:

- 4.11 A detailed programme of work was commenced to ensure that 'state of the art' laboratory services are available in the children's hospital using a Managed Laboratory System model.
- 4.12 Work with St James's Hospital intensified to agree future shared campus working.

June 2023

- 4.13 The implementation of the Electronic Health Care record (as part of Project Ogham / Epic) was launched and is a 22-month implementation programme.
- 4.14 A workforce submission to the HSE is at an advanced stage, focusing on the staff required for 2024 as part of the annual National Service Plan and needed to open and operate the children's hospital.
- 4.15 Agreement was reached on the ward allocation within the children's hospital, using the current recorded clinical activity per specialty across CHI along with the projected population growth and known service developments.

October 2023

- 4.16 In keeping with the Definitive Business Case assumptions, an updated workforce paper identifying the opening and future workforce requirements for the new hospital has been submitted to the HSE.

2024

- 4.17 2024 will see the continuation of the 171 workstreams described above.
- 4.18 Completion of a single email across CHI, a dedicated website and CHI intranet.
- 4.19 Implementing new ways of working in the existing hospitals, as designed in the engagement sessions in preparation for the children's hospital.
- 4.20 EHR engagement pathways and data flow implementation work streams continue, this is a significant work load.
- 4.21 Continue the implementation of the Managed Laboratory Tender.

4.22 Continuation of Emergency planning and Scenario workshops.

5.0 Post Substantial Completion/ Commissioning Period

- 5.1 A master schedule of activities is currently being developed in partnership with NPHDB to ensure interdependencies are mapped. These activities will be completed within the operational commissioning period and before the hospital can open. The commissioning work streams run in parallel. They include setting up every department in detail.
- 5.2 After substantial completion, the first 10 days for CHI commissioning will involve a detailed snagging period, which will require approximately 80 people, to ensure all 6000+ rooms can be reviewed and snags documented.
- 5.3 Parallel to department set-up activities, there are over 36,000 equipment items to be placed, installed and commissioned post substantial completion. This includes equipment to be delivered or already held in storage. Equipment must be unpacked, asset tagged and transported to appropriate service areas, then installed and tested.
- 5.4 Once testing of medical equipment (including laboratory) is complete, they need to interface to Epic and other ICT systems. These interfaces are not standardised and when established need to be validated. Equipment items (2000+) with a high degree of integration with Epic include:
- 200 Laboratory Items: Fridges, freezers, centrifuges, incubators, microscopes
 - 50 Pharmacy Items: ACU, shelving, counters
 - 700 Infusion Items: Stands, docking stations, volumetric and syringe delivery
 - 60 Ventilation Items
 - 50 Anaesthetic Items: Gas mixers, anaesthetic machines, workstations
 - 1,000 Physiological Monitoring Items: Oxygen monitors, blood pressure machines
- 5.5 Once the storage systems is in place in approximately 60,000 stock locations, there will be a sequence of work to implement the stock replenishment solution and the initial stocking of the associated stock locations.
- 5.6 All relevant staff will need training on new and extensive digital and technologically advanced infrastructure, equipment and systems. A detailed training programme will be implemented for 4,500+ (headcount) staff covering:
- Building familiarisation
 - Equipment technical and user training
 - Department specific training
 - Trial-runs and simulations incorporating feedback and lessons learned
 - Emergency drills
 - EHR training
- 5.7 The Volunteer programme will be commenced to support the arrival of patients, staff and families to the hospital.
- 5.8 A successful 'readiness assessment' must be achieved prior to the 'Go / No Go' Command being given.

- 5.9 Activation of the Service Migration Plan which includes coordination of Ambulance, Garda and other essential services required for safe patient and staff transfer
- 5.10 In the latter weeks, elective activity will be reduced to allow for capacity across all sites to prepare for migration. International experience would suggest that activity levels need to be brought down to 50% occupancy to ensure that all of the facilities are able to operate at a safe level throughout the migration process

6.0 Migration

- 6.1 There is a detailed migration plan (commenced in June 2022) to move existing hospitals' services, patients, transferred equipment and staff to the new hospital.
- 6.2 Migration cannot take place in winter due to clinical and operational risks and the inability to reduce current hospital activity due to the quantum of unscheduled care demands on services.
- 6.3 Migration of patients will take from 7 to 10 days, depending on the time of year and acuity of the children (how sick they are), approximately 150 children will be moved into the new hospital.
- 6.4 During this period, there will be five CHI facilities in operation including Temple Street, Crumlin and Tallaght Hospitals, the urgent care and outpatient centres at Connolly and Tallaght and the new hospital.

7.0 Stabilisation

- 7.1 This is a period of 1 year post opening, to ensure the systems, policies and planning from the pre-commissioning stage are fit for purpose, as staff, patients and families settle into their new environment.
- 7.2 The initial 6 months will have a command centre to deal with day-to-day issues that arise and are yet unseen, while EHR will also have a command centre for a period of 3 months.

Committee of Public Accounts Briefing Paper – 19 October 2023**Children's Health Ireland Financial Statements Year Ending 31 December 2021 Summary**

Children's Health Ireland ('CHI') is the legal entity established on 1 January 2019 under the Children's Health Act 2018 (No 27 of 2018) ('the Act'). The Act gives effect to the integration of the existing paediatric services provided in Our Lady's Children's Hospital Crumlin, Children's University Hospital (Temple Street), and the paediatric services provided at the Adelaide and Meath Hospital, Dublin, incorporating the National Children's Hospital, commonly known as Tallaght University Hospital.

Section 10 of the Act requires CHI to prepare the annual financial statements in such form as the Minister for Health may direct and in accordance with accounting standards specified by the Minister.

The financial statement has been audited by the Office of the Comptroller and Auditor General for the year ended 31 December 2021 as required under the provisions of section 10 of the Children's Health Act 2018.

In considering CHI's performance and achievements in 2021, it is important to note that the organisation – and the country as a whole – was dealing with the presence of Covid-19. During the same period the organisation also had to deal with the significant impact of the HSE ransomware Cyber-Attack, which resulted in an initial curtailment of activity and contingency arrangements and controls being put in place. Notwithstanding these challenges, significant increases in activity were attained. The new 4,600m² Paediatric Outpatient and Emergency Care Unit at CHI at Tallaght opened in November 2021.

CHI returned a deficit of €2,314,824 for 2021 (2020: surplus of €584,603), thereby resulting in a cumulative deficit at financial year-end of €9,142,094 (2020: €6,827,270). The detailed results and financial position for the year ended 31 December 2021 are set out in the Statement of Revenue Income and Expenditure, Statement of Changes in Reserves and Statement of Financial Position. It should be noted that the €2.3m deficit noted above related to Statutory adjustments made in preparation of the financial statements, mainly related to FRS102 Accrual for holiday entitlements not utilised in the year. The provision is for the associated cost of the increase in staff holiday entitlements at year end, reflecting challenges associated with taking leave due to both Covid-19 and the Cyber-Attack. This compares with effective breakeven reported to the HSE following receipt of the supplementary 2021 funding.

The key drivers for the increase in the HSE Allocation of approximately €28 million are as follows; full year funding in relation to service developments in 2020, significant new service developments across CHI in 2021; Covid-19 funding; funding associated with public pay policy implementation and reduced scope for private income generation.

The increase in patient income of €2.7 million primarily reflects the return of patient activity and reduced impact of Covid-19 when compared with 2020. Included within this category are both public and private patients.

Other income is comprised of superannuation income, canteen income, parking charges, accommodation and rental income, donations, research and development income. The reduction in other income during 2021 has been driven by a continued fall in superannuation income due to changes in public pay policy, a fall in donation income in the period was due to the fewer major capital projects being undertaken through the Children's Health Foundation grant funding process.

Total Expenditure has increased by €33 million, of this amount €20.6 million related to Pay expenditure. The key drivers of this increase are national pay restoration and increments, increased headcount related to service development funding, the full year pay costs of prior years' service developments and Covid-19 related costs.

Non Pay expenditure increased by €15 million, overall cost of consumable products and services has been impacted by the hyper inflationary economic situation. The main drivers of clinical expenditure growth have been in Medical and Surgical Supplies and Laboratory costs. The growth is due to general inflation in consumable costs across the system, paired with an increased complexity in patient case mix and the related

product consumption. The main drivers of non-clinical growth are accounting policy impacts and emergency spends/works that will not be re-occurring on the same basis.

CHI worked with the HSE in addressing financial challenges relative to the services delivered in 2021 ensuring no reduction in activity and continue to work closely with our HSE colleagues in 2023 to ensure strong financial management practices are in place across the organisation.

Procurement Compliance

CHI has disclosed amounts to the value of €2,220,392 related to non-compliant procurement in our Financial Statements for 2021. Acknowledging the non-compliance in 2021, significant progress has been made by CHI in regard to the systems, policies, processes and controls which support our procurement practices.

CHI has worked since its inception to centralise procurement teams across CHI, implementing standardised processes and controls. In 2023 CHI went live with a single HSE supported SAP platform incorporating all CHI sites, providing a single foundation system for contract, vendor and material management and the end-to-end procurement to pay cycle.

Whilst much progress has been made, we still face challenges in achieving 100% compliance. The reasons for this include;

- The complexity and range of patient treatments across the 39 clinical specialities provides a unique requirement for time sensitive and often patient specific consumables.
- In relation to areas such as external laboratory testing, CHI's ability to address this issue fully is restricted by the large on-going procurement exercise required to meet the day one operational needs of the new children's hospital. This limits our ability to implement fully compliant lab solutions into our existing hospitals in advance of the opening of the new children's hospital.
- Facilities management is a significant challenge for CHI, specifically due to the aging infrastructure at CHI at Temple Street. Whilst CHI has put in place framework agreements to service these areas, the ability of these framework providers to react to CHI's urgent requirements is often too slow and potentially impacts on the delivery of care. This requires CHI to use smaller vendors who can respond to issues in a rapid manner.
- Recruitment, retention and staffing is one of CHI's principal risks and is an area which has presented significant challenges to Ireland's entire health service. CHI's use of a varied range of recruitment and agency service providers has occurred when necessitated by highly pressured situations, when the frameworks in place could not deliver the immediate people requirement of the organisation. CHI will report improvements in this area since 2021 with vacancy levels reducing in hard-to-fill areas, as we continue to increase staff numbers on the trajectory to meet workforce planning requirements for the new hospital.

CHI has undertaken multiple competitive procurement processes since the 2021 disclosure, addressing various elements of non-compliance. However, in the interest of transparency CHI continues to foresee a level of non-compliance in 2022 as we address the challenges noted above in preparation for the operationalisation of the new children's hospital.

Children's Health Ireland

Board Report and Financial Statements

31st December 2021

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General Information

Address	Children's Health Ireland Block A Herberton St James's Walk Rialto Dublin 8 D08 HP97
Registered Charity Number (RCN)	20202295
Charity CHY (Revenue) Number	22235
Telephone Number	076 695 9192
Bankers	Bank of Ireland 6 O'Connell Street Lower Dublin 1 D01 X324 Ulster Bank 33 College Green Dublin 2 D02 DD76
Auditors	Comptroller and Auditor General 3A Mayor Street Upper Dublin 1 D01 PF72
Solicitors	Mason Hayes & Curran Barrow Street Dublin 4 D04 TR29

Governance Statement and Board Members' Report For the year ended 31st December 2021

The Board Members present their annual report and financial statements for the year ended 31st December 2021.

Governance

Children's Health Ireland ('CHI') is the legal entity established on 1 January 2019 under the Children's Health Act 2018 (No 27 of 2018) ('the Act'). The Act gives effect to the integration of the existing paediatric services provided in Our Lady's Children's Hospital Crumlin, Children's University Hospital (Temple Street), and the paediatric services provided at the Adelaide and Meath Hospital, Dublin, incorporating the National Children's Hospital, commonly known as Tallaght University Hospital.

The functions of the Board of CHI are set out in Section 12 of the Act. The Board is accountable to the Minister for Health and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day to day management, control and direction of CHI are the responsibility of the Chief Executive (CE) and the senior management team. The CE and the senior management team must follow the strategic direction set by the Board and must ensure that all Board Members have a clear understanding of the key activities and decisions related to the entity and of any significant risks likely to arise. The CE acts as a direct liaison between the Board and management of CHI.

Board Responsibilities

The work and responsibilities of the Board are set out in CHI's Board Governance Suite. This document contains the matters specifically reserved for Board decision. Standing items considered by the Board include:

- Declaration of interests;
- Reports from the Audit and Risk Committee, Governance and Nominations Committee, Quality and Patient Safety Committee, Organisation and Remuneration Committee, Capital Projects Committee;
- Financial reports / management accounts;
- Risk management;
- Performance reports; and
- Reserved matters.

Matters reserved for the Board are:

- (i) Significant acquisitions, disposals and retirement of assets (including property) of Children's Health Ireland or its subsidiaries. The schedule should specify clear quantitative thresholds for contracts above which Board approval is required;
- (ii) Major investments and capital projects;
- (iii) Delegated authority levels, treasury policy and risk management policies;
- (iv) Approval of terms of major contracts;
- (v) Assurances of compliance with statutory and administrative requirements in relation to the approval of the appointment, number, grading, and conditions of all staff, including remuneration and superannuation;
- (vi) Approval of annual budgets and corporate plans;

Governance Statement and Board Members' Report (continued)

- (vii) Approval of annual reports and financial statements;
- (viii) Appointment, remuneration and assessment of the performance of, and succession planning for, the Chief Executive; and
- (ix) Significant amendments to the pension benefits of the Chief Executive and staff.

Section 10 of the Act requires CHI to prepare the annual financial statements in such form as the Minister for Health may direct and in accordance with accounting standards specified by the Minister.

In preparing the annual financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Disclose and explain any material departures from applicable accounting standards; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that CHI will continue in existence for at least one year from the date of signing of the financial statements.

The Members of the Board are responsible for ensuring that accounting records are maintained which disclose, with reasonable accuracy at any time, the financial position of CHI and to enable the Board to ensure that the financial statements comply with the accounting standard laid down by the Minister for Health. The Board is also responsible for safeguarding the assets of CHI and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Board Structure

CHI is governed by a Board of twelve members appointed by the Minister for Health. Section 13(2) of the Act provides that Board Members appointed on 'establishment' day shall hold office as follows:

- (a) the chairperson shall hold office for a term of 5 years from the date of his or her appointment;
- (b) 5 ordinary members shall hold office for a term of 5 years from the date of appointment;
- (c) 6 ordinary members shall hold office for a term of 3 years from the date of appointment.

Section 13(2) of the Act also provides that the Board shall, at its first meeting, determine by lot the 5 members to serve a term of 5 years and the remaining 6 members to serve a term of 3 years. The Chairman's 5-year term of office is defined in the Act.

Section 14 of the Act deals with Board appointments after establishment day. Section 14(1) states that Board appointments after establishment day shall hold office for a term not exceeding 4 years.

Governance Statement and Board Members' Report (continued)

The table below shows the names of Board Members, their dates of appointment and their terms of appointment.

Board Member	Date of Appointment	Term
Professor Jim Browne (Chairperson)	4th December 2018	5 Years
Con Cronin *	4th December 2018	3 Years
Mary Cryan *	4th December 2018	3 Years
Liam Dowdall **	4th December 2018	5 Years
Professor Martin Elliot *	4th December 2018	3 Years
Catherine Guy *	4th December 2018	3 Years
Dr Anne Kilgallen	4th December 2018	5 Years
Dr Gavin Lavery *	4th December 2018	3 Years
Brigid McManus *	4th December 2018	3 Years
Eleanor O'Neill	16th November 2020	3 years
Turlough O'Sullivan	4th December 2018	5 Years
Sean Sheehan	4th December 2018	5 Years

* These Board members were re-appointed by the Minister for Health for a further term of office commencing 4th December 2021 to 3rd December 2025.

** Liam Dowdall resigned from the Board on 28th February 2022.

Schedule of Attendance, Fees and Expenses

In accordance with Part 16 (1) of the Act, the Board is required to hold no fewer than six meetings in a twelve-month period and so many meetings as are necessary. A schedule of attendance at the Board meetings for 2021 is set out below including the fees and expenses received by each member:

	Total Number of Meetings	Total Attended	Fees 2021 *	Expenses 2021 **
Professor James Browne (Chairperson)	11	11	-	470
Con Cronin	11	11	-	-
Mary Cryan	11	11	-	-
Liam Dowdall	11	10	-	-
Professor Martin Elliott	11	11	-	-
Catherine Guy	11	11	-	-
Dr Anne Kilgallen	11	9	-	-
Dr Gavin Lavery	11	9	-	-
Brigid McManus	11	11	-	-
Eleanor O'Neill	11	11	-	-
Turlough O'Sullivan	11	11	-	-
Sean Sheehan	11	11	-	-
			0	470

Governance Statement and Board Members' Report (continued)

*CHI Board Members receive no remuneration.

** In addition, €405 of expenditure was paid by CHI on behalf of the CHI Board members in relation to travel and hotel accommodation as follows:

Board Member Expenses	2021
	€
Jim Browne	<u>875</u>
	<u><u>875</u></u>

Governance Statement and Board Members' Report (continued)

Board Committees

a) Audit and Risk Committee

The Board has established an Audit and Risk Committee ('ARC'). The terms of reference of the ARC, which are reviewed annually, are contained in the CHI Board Governance Suite approved by the Board at its January 2019 meeting. The terms were reviewed and updated in February 2022.

The ARC comprises a minimum of three Board members. The members are Sean Sheehan (Chairperson), Con Cronin, Mary Cryan, all of whom are Board members, and Bernard McLoughlin whom is an external member.

The ARC has a particular role, acting independently of the management of CHI, to ensure that the interests of Government and other stakeholders are fully protected in relation to business and financial reporting and internal control.

The focus of the ARC, in providing its advice to the Board and the Chief Executive, is on oversight of and advice on: (i) CHI's financial reporting and (ii) CHI's systems of internal control and risk management. The ARC also plays a role in promoting good accounting practice, improved and more informed financial decision-making and safeguarding CHI's assets and resources through a focus on improving regularity, propriety and value for money throughout CHI.

The ARC met on ten occasions in 2021. In addition, two joint meetings of the ARC and the Quality and Patient Safety Committee ('QPSC') took place. Attendance by each member of the Committee at the ARC meetings is set out in the table below:

Member	Total Number of Meetings	Total Attended
Sean Sheehan (Chairperson)	10	10
Con Cronin	10	10
Mary Cryan	10	9
Bernard McLoughlin	10	10

There were two joint sessions of the ARC and the Quality and Patient Safety Committee during the year. The meeting is chaired on an alternate basis by the Chairs of the ARC and QPSC committees. Attendances at these meetings are set out overleaf.

b) Quality and Patient Safety Committee

The Board has established a Quality and Patient Safety Committee ('QPSC').

The terms of reference of the QPSC, which are reviewed annually, are contained in the CHI Board Governance Suite approved by the Board at its January 2019 meeting.

The QPSC comprises a minimum of three Board members. The members for 2021 were Dr Gavin Lavery (Chairperson), Dr Anne Kilgallen and Sean Sheehan, all of whom are Board members, and Aveen Murray and Dr Colm Costigan, both of whom are external members.

Governance Statement and Board Members' Report (continued)

The remit of the QPSC includes:

- Provide a level of assurance to the Board on appropriate governance structures, processes, standards and controls relating to quality and patient safety;
- Oversee the development by the Executive Management Team of a quality improvement plan for the service in line with agreed Quality Improvement Strategy;
- Recommend to the Board a quality and patient safety programme and an Executive Management Team structure, policies and processes that clearly articulates responsibility, authority and accountability for quality, safety and risk management across the service;
- Secure assurance from the Executive Management Team on the implementation of the quality and patient safety programme and the application of appropriate governance structures and processes (e.g. communicating risk) including monitored outcomes through quality indicators and outcome measures;
- Secure assurance from the Executive Management Team that the hospital services are conforming with all regulatory and legal requirements to assure quality, safety and risk management; and
- To consider in greater depth matters referred to the Committee by the Board and referral of issues to the Board for consideration when necessary.

The QPSC met on eight occasions in 2021. Attendance by each member of the Committee at these meetings is set out in the table below:

Member	Total Number of Meetings	Total Attended
Dr Gavin Lavery (Chairperson)	8	8
Dr Anne Kilgallen	8	6
Sean Sheehan	8	7
Aveen Murray	8	6
Dr Colm Costigan	8	7

There were two joint sessions of the ARC and the Quality and Patient Safety Committee during the year. The meeting is chaired on an alternate basis by the Chairs of the ARC and QPSC committees. Attendances at these meetings were as follows:

Member	Total Number of Meetings	Total Attended
Dr Gavin Lavery	2	2
Sean Sheehan	2	2
Dr Anne Kilgallen	2	2
Con Cronin	2	1
Mary Cryan	2	2
Aveen Murray	2	1
Dr Colm Costigan	2	1
Bernard McLoughlin	2	2

Governance Statement and Board Members' Report (continued)

c) Governance and Nominations Committee

The Board has established a Governance and Nominations Committee ('GNC'). The terms of reference of the GNC, which are reviewed annually, are contained in the CHI Board Governance Suite approved by the Board at its January 2019 meeting.

The GNC comprises a minimum of three Board members. The members are Brigid McManus (Chairperson), Turlough O'Sullivan and Catherine Guy.

The remit of the GNC includes:

- Governance policies and processes;
- Nominations/board reviews;
- Board induction, skills and evaluation; and
- Remuneration, succession and performance evaluation system in respect of the Chief Executive.

The GNC met on nine occasions in 2021. Attendance by each member of the Committee at these meetings is set out in the table below:

Member	Total Number of Meetings	Total Attended
Brigid McManus (Chairperson)	9	9
Catherine Guy	9	9
Turlough O'Sullivan	9	9

d) Organisation and Remuneration Committee

The Board has established an Organisation and Remuneration Committee ('ORC')

The terms of reference of the ORC, which are reviewed annually, are contained in the CHI Board Governance Suite approved by the Board at its January 2019 meeting.

The ORC comprises a minimum of three Board members with additional external members as required. The members are Turlough O'Sullivan (Chairperson), Brigid McManus, Mary Cryan, and external members, Mary Duff and Derek McGrath.

The remit of the ORC includes:

- Values, Vision and Mission Management;
- Staff Wellbeing and Support;
- Hospital transition and integration activities;
- Succession Planning of the Executive Management Team; and
- Remuneration/Executive and Organisational Performance.

Governance Statement and Board Members' Report (continued)

The ORC met on four occasions in 2021. Attendance by each member of the Committee at these meetings is set out in the table below:

Member	Total Number of Meetings	Total Attended
Turlough O'Sullivan (Chairperson)	4	4
Mary Cryan	4	4
Brigid McManus	4	4
Mary Duff	4	3
Derek McGrath	4	4

e) Capital Projects Committee

The Board has established a Capital Projects Committee ('CPC').

The terms of reference of the CPC, which are reviewed annually, are contained in the CHI Board Governance Suite approved by the Board at its January 2019 meeting.

The CPC comprises a minimum of three Board members. The members for 2021 were Professor Jim Browne (Chairperson), Catherine Guy and Liam Dowdall. Eleanor O'Neill was appointed to the Committee on 26th February 2021.

A core remit of the CHI Board is to act as client to the National Paediatric Hospital Development Board for the capital project to design, build, equip and furnish the two Paediatric Outpatient and Urgent Care Centres and new hospital in accordance with the approved Project Brief.

The CPC's role is to consider strategic and operational issues relating to the client's remit of the capital project, equipping and ICT and to make recommendations to the Board for decision in order to provide inputs and support decisions that reflect the client's requirements in the completed infrastructure.

The CPC met on six occasions in 2021. Attendance by each member of the Committee at these meetings is set out in the table below:

Member	Total Number of Meetings	Total Attended
Professor James Browne (Chairperson)	6	6
Liam Dowdall	6	5
Catherine Guy	6	6
Eleanor O'Neill	6	6

f) Future Operating Cost Committee

This was a short term Committee of the Board established to examine the Future Operating Cost Model. Its membership comprised Sean Sheehan (Chairperson), Brigid McManus and Professor Martin Elliott. Having fulfilled its original objective, the Committee did not meet during 2021. The Committee was reinstated by the Board in 2022.

Governance Statement and Board Members' Report (continued)

CHI Aims & Objectives 2021

The 2021 Operational Plan for CHI formed the basis of the Service Level Arrangement between CHI and the HSE. It set out, at a high level, the type and volume of services that CHI sought to provide in 2021, within the allocated resources and the parameters of the Financial Plan. It also considered the statutory and regulatory requirements and the Operational Plans from the HSE and was influenced by the six over-arching strategic objectives as set out in the CHI Statement of Strategy 2021-2025.

The Children's Hospital Programme & Project (CHP & P)

The Children's Hospital Programme & Project (CHP & P) will be delivered through building the new hospital (which is the responsibility of the NPHDB), and the delivery of the Children's Hospital Programme (which is the responsibility of the CHI Board). The Children's Hospital Programme (CHP) is the programme of work for which the Children's Health Ireland Board is responsible. It has three main pillars: to integrate the three hospitals and develop a strategic plan for paediatric services, develop the ICT solution for the new facilities and to act as client for the build for the new children's hospital and Paediatric Outpatient and Urgent Care Centres. This includes all the programme activities required to ensure the successful delivery of the Programme.

Review of Performance and Achievements for the Financial Year

In considering CHI's performance and achievements in 2021, one should be cognisant of the ongoing presence of Covid 19 and also the significant impact of the HSE ransomware cyber-attack, which resulted in an initial curtailment of activity and contingency arrangements and controls being put in place. Notwithstanding, significant increases in activity were attained, as follows:

- In-patient admissions increased by 13% to 19,661;
- Day cases increased marginally to 24,887;
- Emergency Department and Urgent Care presentations increased by 33% to 118,601;
- Out-Patient attendances increased marginally to 132,698; and
- Average length of stay remained constant at 4.7 days.

Despite the increased activity levels, the year-end forecasts for Inpatient and Daycase waiting list targets were adversely impacted by the winter surge and Covid19, thereby resulting in the HSE waiting list targets for 2021 not being met.

There were a number of noteworthy achievements and events during what has been an exceptional year for the Irish health system and CHI. The following are just some examples:

- The new 4,600m² Paediatric Outpatient and Emergency Care Unit at CHI at Tallaght opened in November 2021. It is expected that this new facility will provide up to 17,000 additional outpatient opportunities and will provide care to more than 30,000 Emergency care presentations annually.

Governance Statement and Board Members' Report (continued)

- CHI continued to work with our partners in the National Orthopaedic Hospital, Cappagh ("NOHC") in 2021 to extend the service provided to our patients on the Orthopaedic and Radiology waiting lists.
- CHI hosted its first CHI Professionalism Conference in May 2021. The event, which was held virtually with over 600 persons attending, was one component of the Professionalism multifaceted programme that aims to improve patient centred care and improve staff support and self-care.
- CHI launched the award winning HSE Rainbow badge campaign in paediatric settings giving our staff a way to show that their place of work offers open, non-judgemental and inclusive care for children, young persons, families and staff who identify as LGBTI+.
- CHI and the Office of the Nursing and Midwifery Services Director launched 'Leading the Way; A National Strategy for the Future of Children's Nursing in Ireland 2021-2031'.
- CHI is proud of the way our staff responded to the Covid-19 challenge in 2021 and supported the Covid-19 vaccination programme, including supplying a team of specialists to the Citywest vaccination center.

Principal risks and uncertainties

CHI continues to improve our risk management processes to ensure that our risks are identified, prioritised, managed, monitored and reported consistently. There is on-going work in relation to the identification and development of key controls for the complex range of risks that CHI manages on a day to day basis. COVID-19 and the national criminal Cyber-attack impacted on our ability to provide patient care. Our efforts continue to enhance organisational resilience to enable us to deal with such disruptive events, to restore services within pre-agreed timeframes to achieve minimal impact on our patients and families. The principal risks to achieving our strategic objectives, including the uncertainties that CHI faces, are set out below:

Access to care and continuity of services:

- Increased demand for services beyond funded and resourced levels and physical estate capacity, as well as the negative impacts of COVID-19 and the national criminal Cyber-attack on business continuity provision of services as well as patient and staff safety. This has resulted in on-going challenges in meeting diagnostic and treatment waiting list targets leading to risk of harm to children due to delayed diagnosis and care.
- Risks associated with ageing estate and challenges to equipment replacement programme, in particular some specialist equipment, for example MRI, CT, electrical systems, HSSD, in the context of addressing access to and integrating services, prior to moving to the new hospital.
- The risk of a loss of control of data and compliance with data regulations and standard which may result in a risk to the rights and freedoms of individuals (patients, staff, contractors and other stakeholders), owing partly to the lack of a standardised Information Governance Framework.
- Risks relating to accessing and continuity of services provided by third parties to CHI and the interdependencies this creates for CHI.

Best Models/Systems of Care:

- Risks associated with the merger and integration of the existing children's hospitals in advance of the move to the new children's hospital and developing a single unified operating model of care.
- The risk that CHI activity levels are higher than they need to be because a network of integrated acute paediatric services does not deliver the expected local provision of clinical activity in the regional and local hospitals.

Governance Statement and Board Members' Report (continued)

People and Change:

- Service delivery challenges associated with identified specialisms, in seeking to attract, develop and retain a highly skilled and qualified workforce to meet growing service needs, within Pay & Numbers Strategy and global shortages; impacts of COVID-19, national criminal Cyber-attack and quantum of change on staff leading to staff shortages and burnout.

IT/Digital:

- The risk of failure of the digital transformation programme because of a lack of capability and capacity within the organisation to develop and deliver a fully digital health service.
- Risks associated with historic and on-going State under investment in ICT infrastructure, presenting challenges to integration and a cyber-security threat including the lack of financial investment to develop a Security Operations Centre (SOC). This centralised function within CHI would employ people, processes and technology to continuously monitor and improve an organisation's security posture while preventing, detecting, analysing, and responding to cyber security incidents. CHI continues its efforts to mitigate this risk through the application of internal controls, however, the residual risk is a source of on-going concern.

Results for the year and financial position

CHI returned a deficit of €2,314,824 for 2021 (2020: surplus of €584,603), thereby resulting in a cumulative deficit at financial year-end of €9,142,094 (2020: €6,827,270). The detailed results and financial position for the year ended 31 December 2021 are set out in the Statement of Revenue Income and Expenditure, Statement of Changes in Reserves, Statement of Financial Position and Statement of Cash Flows on pages 25 to 29.

Going Concern

As discussed in more detail in accounting policy d), the Board Members have given careful consideration to the preparation of the financial statements on a going concern basis. The Board is confident that sufficient revenue allocations will be provided by the HSE in a timely manner to ensure that CHI continues as a going concern for a period not less than 12 months from the signing of the financial statements.

Key Personnel Changes

Executive

Name	Role	Commenced/Ceased
Prof. Peter Greally	Chief Clinical Director	Ceased 28 th February 2021
Deirdre Hegarty	Chief Commissioning Officer	Ceased 30 th March 2021
Dr Ciara Martin	Clinical Director, CHI at Connolly and Tallaght	Ceased 5 th December 2021
Dr Alan Goldman	Chief Medical Officer	Commenced 5 th July 2021
Dr Ike Okafor	Clinical Director, CHI at Connolly and Tallaght	Commenced 17 th January 2022

Governance Statement and Board Members' Report (continued)

Safety, Health & Welfare at Work Act 2005

Each CHI hospital site has established a Health and Safety Statement in accordance with the Safety, Health & Welfare at Work Act 2005.

Environmental Matters

CHI sought to minimise adverse impacts on the environment from its activities whilst continuing to address health, safety and economic issues. CHI has established an Executive Committee to promote environmental awareness and support green initiatives across all facilities and services. The Green Campus Committee's vision is to develop sustainable business practices and infrastructure to reduce CHI's carbon footprint in terms of water and energy consumption.

Political Donations

There were no political donations made during the financial year.

Charities Regulator Code of Governance

This Code was published in November 2018 and required that charities be fully compliant by 31st December 2020. Following completion of a review of compliance with the Code in 2021 and submission of the required documents to the Charities Regulator, CHI is in compliance with the Code.

Prompt Payments Act and EU Late Payments Regulations

The Prompt Payments of Account Act, 1997 and European Communities (Late Payments in Commercial Transactions) Regulations 2012 impose a legal requirement on bodies to make interest payments in respect of invoices that are paid in excess of 30 days after receipt. It is the policy of CHI that payments to suppliers are made in accordance with the terms and conditions agreed between CHI and its suppliers, provided that all trading terms and conditions have been complied with. Procedures are in place which provide reasonable assurance that CHI is complying in all material respects with the Prompt Payments of Accounts Act, 1997 and European Communities (Late Payments in Commercial Transactions) Regulations 2002. The interest paid under the terms of the regulations amounted to €35,674 in the period.

Post Balance Sheet Events

There are no significant post balance sheet events since the balance sheet date.

Statement of relevant audit information

In the case of each of the persons who are Board Members at the time this report is approved:

- (a) so far as each Board Member is aware, there is no relevant audit information of which the statutory auditors are unaware, and
- (b) each Board member has taken all the steps he or she ought to have taken as a Board Member to make himself or herself aware of any relevant audit information and to establish that the statutory auditors are aware of that information.

Governance Statement and Board Members' Report (continued)

Disclosures required by the Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that CHI has complied with the requirements of the Code of Practice for the Governance of State Bodies ('the Code'), as published by the Department of Public Expenditure and Reform in August 2016.

Consultancy Costs

Consultancy costs include the cost of external advice to management and exclude outsourced 'business-as-usual' functions.

	2021	2020
	€	€
Legal Advice	688,528	901,362
Tax and Financial Advice	116,491	27,060
Other	502,790	675,451
Total Consultancy Costs	1,307,809	1,603,873
Consultancy Costs Capitalised	-	-
Consultancy Costs charged to Income and Expenditure	1,307,809	1,603,873

Legal Costs and Settlements

Expenditure incurred in relation to general legal advice received by CHI is disclosed in Consultancy Costs above. There were thirteen legal settlements made in 2021, all of which were made by the State Claims Agency.

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows

	2021	2020
	€	€
Domestic		
- Board	875	4,506
- Employees	204,894	321,481
International		
- Board	-	620
- Employees	11,776	34,777
Total	217,545	361,384

Governance Statement and Board Members' Report (continued)

Hospitality Expenditure

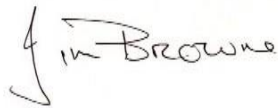
The Statement of Revenue Income and Expenditure includes the following hospitality expenditure

	2021	2020
	€	€
Staff Hospitality	10,785	6,998
Client Hospitality	-	-
Total	10,785	6,998

Statement of Compliance

The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code, whilst ensuring any exceptions to this compliance can be appropriately reported upon. CHI can demonstrate compliance with the Code with the exception of procurement matters outlined in the Statement of Internal Control.

Signed on behalf of the Board of Children's Health Ireland



Chairperson
30th September 2022

Statement on Internal Control
For the year ended 31st December 2021

Scope of Responsibility

On behalf of the Board of CHI, I acknowledge our responsibility for ensuring that an effective system of internal control is maintained and operated. The responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level, within the risk appetite set by the Board, rather than to eliminate it. The system can therefore provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely manner.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in CHI for the year ended 31 December 2021 and up to the date of approval of the financial statements.

Capacity to Handle Risk

The Board has established an Audit and Risk Committee (ARC). The terms of reference of the ARC, which are reviewed annually, are contained in the CHI Board Governance Suite approved by the Board at its January 2019 meeting. The terms were reviewed and updated in February 2022.

The ARC comprises a minimum of three Board members. The members throughout 2021 and to date in 2022 are Sean Sheehan (Chairperson), Con Cronin, Mary Cryan and Bernard McLoughlin (external member).

CHI is committed to the establishment and operation of an Internal Audit function. Pending the appointment a fully resourced internal team, the ARC have engaged the assistance of external audit service providers. An Internal Audit plan was approved for 2021, albeit was necessary to curtail the underlying work due to the ongoing impact of Covid 19 and the HSE cyber-attack. A comprehensive audit plan for 2022-2024, encompassing 22 specific audits over the three year period, was approved by the ARC in February 2022.

A Board Schedule for 2021 was established to prioritise the development of a CHI Enterprise Risk Management Framework, including a CHI Risk Management Policy and Risk Appetite Statement.

Risk and Control Framework

CHI has implemented a Five Level risk management system which identifies and reports key risks at different levels of the Organisation. Level 1 is the Corporate Risk Register, Level 2 is the Executive Risk Register and Level 3, 4 and 5 sit within the Directorate structures. This system also records management actions being taken to address risks, and, to the extent possible and appropriate, mitigate those risks. The system is subject to on-going review, alignment and improvement.

Risk management processes have identified key risks facing CHI and there are risk registers in place which record these risks. The risks have been evaluated and then graded according to their significance. The Board and ARC review the Level 1 (Corporate) Risk register every quarter and a full review of the Level 1 Risk Register was completed in July 2021. There is also a 'Principal Risk Review' scheduled by the ARC twice a year which will look further than the Corporate Risk register. The outcome of these assessments is used to plan and allocate resources to ensure, insofar as is practicable, that risks are managed to an acceptable level.

Statement on Internal Control (continued)

An Open Disclosure policy, procedures and training have been implemented in CHI. CHI continues to support attendances at the relevant training programmes and to ensure that the dissemination of the related procedures is consistent across the organisation and supports monitoring of same.

CHI operates a single system and process for the management of all incidents, and for more in depth investigation and review of serious incidents, as defined by the HSE. The process obligates CHI to report reviews which are not closed within the set HSE timeframes, and sets internal targets for completion times. CHI continues to appropriately report breaches of this HSE timeframe and have initiated a body of work to further develop the internal process to ensure the timely closure of these reviews going forward. There is a single process in place to ensure effective communication with children and families during such reviews.

The onset of Covid 19 has had an inevitable impact on the manner in which CHI conducts its business. Examples have included periodic curtailed activity levels, implementation of new ways of working and increased instances of staff working from home. As such practices have evolved, management have considered the scope for increased risk arising and have endeavoured to ensure that the control environment is able to adopt to mitigate such risks.

I confirm that a control environment containing the following elements is in place:

- Key business processes remain under continuous review and development;
- Financial responsibilities have been assigned at management level with corresponding accountability;
- There is an appropriate budgeting system with an annual budget which is kept under review by senior management and the Board;
- There are systems aimed at ensuring the security of the information and communication technology systems, with funding requests to further enhance; and
- There are systems in place to safeguard the assets.

CHI at Tallaght operates under a service level agreement between CHI and Tallaght University Hospital. Monitoring and control over CHI at Tallaght transactions is managed through processes, reviews and shared management interactions as provided for within the service level agreement.

On-going Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board. I confirm that the following on-going monitoring systems are in place:

- Key risks and related controls have been identified and processes have been put in place to monitor and to continue to develop upon the operation of those key controls and to report any identified deficiencies;
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned; and
- There are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

Statement on Internal Control (continued)

Procurement

I confirm that CHI has procedures in place to ensure compliance with current procurement rules and guidelines. Matters arising regarding control over procurement are highlighted under internal controls issues below.

Review of Effectiveness

I confirm that CHI has procedures to monitor the effectiveness of its risk management and control procedures and continues to develop in this regard. CHI's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the ARC which oversees their work, and the senior management within CHI responsible for the development and maintenance of the internal control framework.

I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2021.

Internal Control Issues

Prior to 2019, the hospitals comprising CHI operated independent procurement functions using different systems and operating models. CHI commenced the process of consolidation of the procurement functions in 2019. Substantial progress has been made in this regard and the work remains ongoing.

CHI carried out a review of the procurement of goods and services in 2021, with a total value of €130,742,902. The review concluded that goods and services to the value of €128,522,510 had been procured in a manner that was compliant with EU and national procurement guidelines. The balance of expenditure in 2021 amounting to €2,220,392 was deemed non-compliant with public procurement guidelines. The expenditure areas identified are consistent with those noted for further review in the prior year's financial statements. The non-compliance related to external laboratory testing, facilities management, ICT support services, recruitment, medical consumables and professional services. Progress on reaching compliance in these areas was impacted in 2021 by the ongoing impact of Covid 19 and the HSE cyber-attack. CHI has scheduled tendering of non-compliant expenditure in respect of all these areas during 2022 -2023.

The 2021 accounts include a charge of €77,359 in respect of requests for settlement of private insurer invoices that were rejected by an insurance company on the basis that the invoices were not submitted within the required timeframe in accordance with underlying agreements. The total cumulative provision in respect of rejected invoices at the end of 2021 was €251,281.

HSE cyber attack

On 14th May 2021, the HSE suffered a major ransomware cyber-attack which caused its IT systems to be shut down. This in turn had a significant impact on the clinical, operational and financial systems of CHI, resulting in an initial curtailment of activity and contingency arrangements and controls being put in place. The majority of systems were impacted and a major process commenced to restore critical systems over the following months. The attack demonstrated the need for CHI to build its resilience and to develop a CHI wide Business Continuity Management System, which has commenced. CHI is continuing to engage with the HSE on ensuring that enhanced security arrangements are put in place and has replaced a number of the core systems as a result. Risks associated with management and recovery of this attack have been captured and are being managed through the risk management process. Funding applications have been made, where appropriate. The threat of further cyber-attacks remain under ongoing review and the control framework will continue to evolve in this regard.

Conclusion

The Board acknowledges that it has overall responsibility for the system of internal control within CHI and will continue to monitor and support further development of controls. Progress will be reassessed in the 2022 Review of the Effectiveness of the System of Internal Control.

On behalf of the Board of Children's Health Ireland:

A handwritten signature in black ink that reads "Jim Browne". The signature is written in a cursive style with a large initial 'J'.

Chairperson

Date: 30th September 2022

Comptroller and Auditor General Report

Report for presentation to the Houses of the Oireachtas

Children's Health Ireland

Opinion on the financial statements

TBC

Statement of Revenue Income and Expenditure
for year ended 31 December 2021

	Notes	2021	2020
		€	€
Income			
Health Service Executive - Revenue & Capital Grant	2	415,415,222	387,406,708
Patient Income	3	19,143,277	16,482,668
Other Income	4	24,845,033	25,370,724
Total Income for the Year		459,403,532	429,260,100
Expenditure			
<i>Pay & Pensions</i>	7		
- Clinical		(246,426,849)	(234,594,438)
- Non Clinical		(80,629,732)	(71,816,467)
<i>Non Pay</i>			
Direct Patient Care	8	(71,188,178)	(69,800,664)
Support Services	8	(13,592,988)	(12,270,869)
Administrative Costs	8	(40,006,700)	(31,518,140)
Depreciation	11	(10,217,031)	(9,070,129)
Total Expenditure		(462,061,478)	(429,070,707)
Operating (Deficit) / Surplus for the year before appropriations		(2,657,946)	189,393
Transfers from Capital Account / Capital Donations Reserve		343,122	395,210
(Deficit) / Surplus for the year		(2,314,824)	584,603

All gains and losses have been dealt with through the Statement of Revenue Income and Expenditure and the Statement of Capital Income and Expenditure (Note 10).

The primary financial statements of CHI comprise the Statement of Revenue Income and Expenditure, Statement of Changes in Reserves, Statement of Financial Position and Statement of Cash Flows on pages 25-29.

On behalf of the Board of Children's Health Ireland



Jim Browne

Chairperson
30th September 2022



Eilish Hardiman

Chief Executive
30th September 2022

Statement of Changes in Reserves
 for year ended 31 December 2021

2021	Revenue Reserve	Capital Account	Donations Account	Total 2021
	€	€	€	€
Balance 1 January 2021	<u>(6,827,270)</u>	<u>76,803,232</u>	<u>5,042,511</u>	<u>75,018,473</u>
<u>Transfer from/(to) Revenue Income and Expenditure:</u>				
Funding allocated to acquire Property, Plant & Equipment:				
- HSE Capital Grants	-	3,750,470	-	3,750,470
- Other sources of capital plan funding	-	-	167,173	167,173
- HSE Revenue Funding applied to purchase assets (note 9)	-	2,610,784	-	2,610,784
Fundraising, Donations & Bequests allocated to acquire Property, Plant & Equipment	-	-	3,345,482	3,345,482
	<u>-</u>	<u>6,361,254</u>	<u>3,512,655</u>	<u>9,873,909</u>
<u>Asset Transfers:</u>				
Asset Transfers *	<u>-</u>	<u>52,997,114</u>	<u>-</u>	<u>52,997,114</u>
	<u>-</u>	<u>52,997,114</u>	<u>-</u>	<u>52,997,114</u>
<u>Less:</u>				
Net Book Value of Property, Plant and Equipment disposed/impaired in the year	-	-	-	-
Amortisation release in line with Depreciation	-	(9,468,468)	(748,563)	(10,217,031)
	<u>-</u>	<u>(9,468,468)</u>	<u>(748,563)</u>	<u>(10,217,031)</u>
Net Deficit for the year	(2,314,824)			(2,314,824)
Balance 31 December 2021	<u>(9,142,094)</u>	<u>126,693,132</u>	<u>7,806,603</u>	<u>125,357,641</u>

* Asset transfers primarily represent HSE asset transfers from the National Paediatric Hospital Development Board in respect of the new Outpatient and Emergency Care Unit on the grounds of Tallaght University Hospital.

Statement of Changes in Reserves continued

2020	Revenue Reserve	Capital Account	Donations Account	Total Combined 2020
	€	€	€	€
Balance 1 January 2020	(7,411,873)	78,632,384	3,138,191	74,358,702
<u>Transfer from/(to) Revenue Income and Expenditure:</u>				
Funding allocated to acquire Property, Plant & Equipment:				
- HSE Capital Grants	-	4,060,366	-	4,060,366
- Other sources of capital plan funding	-	-	227,687	227,687
- HSE Revenue Funding applied to purchase assets (note 9)	-	1,903,441	-	1,903,441
Fundraising, Donations & Bequests allocated to acquire Property, Plant & Equipment	-	-	2,483,422	2,483,422
	-	5,963,807	2,711,109	8,674,916
<u>Asset Transfers:</u>				
HSE Asset Transfers	-	470,380	-	470,380
	-	470,380	-	470,380
<u>Less:</u>				
Net Book Value of Property, Plant and Equipment disposed/impaired in the year	-	-	-	-
Amortisation release in line with Depreciation	-	(8,263,339)	(806,789)	(9,070,128)
	-	(8,263,339)	(806,789)	(9,070,128)
Net Surplus for the year	584,603			584,603
Balance 31 December 2020	(6,827,270)	76,803,232	5,042,511	75,018,473

Note: Capital Account relates to capital grants received from the HSE and other sources allocated to fund project expenditure under the HSE approved capital plan. Capital Donations relates to fundraising income or donations applied in funding expenditure on capitalised assets.

The primary financial statements of Children's Health Ireland comprise the Statement of Revenue Income and Expenditure, Statement of Changes in Reserves, Statement of Financial Position and Statement of Cash Flows on pages 25-29.

On behalf of the Board of Children's Health Ireland



Jim Browne

Chairperson
 30th September 2022



Eilish Hardiman

Chief Executive
 30th September 2022

Statement of Financial Position
 as at 31 December 2021

	Notes	2021	2020
		€	€
Fixed Assets			
Tangible Fixed Assets	11	134,799,976	82,145,984
Current Assets			
Inventories	13	5,544,868	5,699,029
Trade and Other Receivables	14	69,421,571	49,830,794
Cash at Bank	17	5,624,314	11,242,590
		80,590,753	66,772,413
Current Liabilities			
Bank Overdraft	17	(2,947,257)	(2,998,503)
Creditors (amounts falling within one year)	18	(87,085,831)	(70,901,421)
		(90,033,088)	(73,899,924)
Net Current Liabilities		(9,442,335)	(7,127,511)
Net Assets		125,357,641	75,018,473
Capital and Reserves			
Capital Account		126,693,132	76,803,232
Capital Donations		7,806,603	5,042,511
Revenue Reserves	19	(9,142,094)	(6,827,270)
		125,357,641	75,018,473

The primary financial statements of Children's Health Ireland comprise the Statement of Revenue Income and Expenditure, Statement of Changes in Reserves, Statement of Financial Position and Statement of Cash Flows on pages 25-29.

On behalf of the Board of Children's Health Ireland



Jim Browne

Chairperson
 30th September 2022



Eilish Hardiman

Chief Executive
 30th September 2022

Statement of Cash Flows
for year ended 31 December 2021

	2021	2020
	€	€
Cash Flows from Operating Activities		
Revenue Income & Expenditure (Deficit)/ Surplus in the year	(2,314,824)	584,603
Depreciation	10,217,031	9,070,129
Amortisation	(10,217,031)	(9,070,128)
Finance Costs (less interest received) charged to Revenue	25,746	28,043
	<u>(2,289,078)</u>	<u>612,647</u>
Increase in Trade & Other Receivables	(19,590,777)	(1,499,234)
Increase in Creditors and Accrued Liabilities	16,184,410	14,551,012
Decrease/(Increase) in Inventories	154,161	21,104
Net Cash from Operating Activities	<u>(5,541,284)</u>	<u>13,685,529</u>
Cash Flows from Investing Activities		
Capital Expenditure from Capital Grants - capitalised	(60,260,239)	(7,241,855)
Revenue grant applied to fund Capital Project Expenditure	(2,610,784)	(1,903,441)
Interest paid on bank loans, overdrafts and finance leases	(25,746)	(28,043)
Net Cash from Investing Activities	<u>(62,896,769)</u>	<u>(9,173,339)</u>
Cash Flows from Financing Activities		
Capital Grants received from HSE	3,750,470	4,060,366
Capital Grants received from other sources	6,123,439	4,614,550
Asset Transfers	52,997,114	470,380
Net Cash Flows from Financing Activities	<u>62,871,023</u>	<u>9,145,296</u>
Net (Decrease)/Increase in Cash and Cash Equivalents	(5,567,030)	13,657,486
Cash and Cash Equivalents at 1 January	8,244,088	(5,413,399)
Cash and Cash Equivalents at 31 December	<u>(2,677,058)</u>	<u>8,244,087</u>

Note 17

The primary financial statements of Children's Health Ireland comprise the Statement of Revenue Income and Expenditure, Statement of Changes in Reserves, Statement of Financial Position and Statement of Cash Flows on pages 25-29.

On behalf of the Board of Children's Health Ireland



Jim Browne

Chairperson
30th September 2022



Eilish Hardiman

Chief Executive
30th September 2022

Accounting Policies

The basis of accounting and significant accounting policies adopted by CHI are set out below.

a) General

Children's Health Ireland ('CHI') was established under the Children's Health Act 2018 ('the Act'). The Act gave effect to the integration of the existing paediatric services provided in Our Lady's Children's Hospital Crumlin, Children's University Hospital (Temple Street) and the paediatric services provided at the Adelaide and Meath Hospital, Dublin, incorporating the National Children's Hospital, commonly known as Tallaght University Hospital.

The three children's hospitals and the previous hospital group transitioned from four separate, independently governed entities into one new single organisation legally commenced on 1 January 2019.

CHI began providing treatment to patients at its new paediatric outpatient and urgent care centre at Connolly Hospital, Blanchardstown in 2019. CHI operates this centre in a facility provided by the HSE under a licence agreement, which is to be replaced by a lease agreement in the future. The building was transferred from the National Paediatric Hospital Development Board to the HSE in line with Sections 56 & 62 of the Children's Health Act 2018. The licence agreement is provided to CHI by the HSE at an annual peppercorn fee. The licence agreement is not capitalised in the financial statements as it does not meet the criteria for treatment as a fixed asset. Equipment not integral to the building at Connolly has been transferred from the National Paediatric Hospital Development Board directly to CHI. The equipment has been capitalised in line with the criteria laid out in CHI's fixed asset policy.

The presentation and functional currency of these financial statements is Euro.

CHI is a public benefit entity.

b) Merger Accounting – Amalgamation of the former Section 38 Paediatric hospitals into CHI

FRS 102 provides for public benefit entity combinations that are in substance a gift or a merger to be accounted for using merger accounting. Under merger accounting there is no fair value exercise, although adjustments are made to achieve uniformity of accounting policies. The results and cash flows of all combining entities are brought into the financial statements of the new entity from the beginning of the period in which the merger occurs. Merger accounting was used to determine the adjusted opening balance sheet on 1 January 2019 following combination of the predecessor bodies.

c) Basis of Preparation

The financial statements have been prepared on an accruals basis and under the historical cost convention, except for certain assets and liabilities that are measured at fair values as explained in the accounting policies below.

The financial statements are in the form approved by the Minister for Health with the consent of the Minister for Public Expenditure and Reform under Section 10 of the Children's Health Ireland Act 2018.

CHI has adopted Irish and UK Generally Accepted Accounting Principles (GAAP), FRS 102, in accordance with accounting standards issued by the Financial Reporting Council, subject to one exception specified by the Minister, in relation to the accounting treatment of pensions. Pensions are accounted for on a 'pay as-you go' basis. The provisions of FRS 102 'Section 28: Employee Benefits' are not applied and the liability for future pension benefits accrued in the year has not been recognised in the financial statements.

The financial statements reflect the requirements of the Code of Practice for the Governance of State Bodies 2016, which came into effect for accounting periods commencing on or after the 1st September, 2016.

Accounting Policies (continued)

The financial statements do not include the accounts of Children's Health Foundation (a new charitable foundation created by the merger of The Children's Medical Research Foundation and the Temple Street Foundation), a separate legal entity over which CHI exercises no control.

The accounting policies have been applied consistently in dealing with items which are considered material in relation to CHI's Financial Statements.

d) Going Concern

CHI is primarily funded by means of an annual revenue allocation from the Health Service Executive ('HSE'). At 31 December 2021 the cumulative revenue allocation deficit stood at €9,142,094 (2020: €6,827,270). The deficit recorded relates predominantly to legacy issues brought forward –and in respect of which there has been detailed discussions with the HSE with a view to securing a funding adjustment.

The Board acknowledge that the continued support and funding by the HSE, both in relation to the annual revenue allocations and also the funding of the cumulative revenue allocation deficit, is critical in ensuring that CHI continues as a going concern. In assessing going concern, the Board has identified that CHI may not have sufficient resources to continue as a going concern over the period from the signing of these financial statements until the receipt of the next scheduled revenue allocation in January 2023. However, the Board are confident that the current engagement with the HSE will continue and that sufficient revenue allocations will be provided by the HSE in a timely manner to ensure that CHI continues as a going concern for a period not less than 12 months from the signing of the financial statements. The financial statements do not include the adjustments that would result if the entity was unable to continue as a going concern.

e) Income Recognition

(i) HSE Revenue and Capital Grant income

The HSE provides grants to CHI in respect of capital and revenue (non-capital) services, under Section 38 of the Health Act, 2004. An annual Service Arrangement is the contractual mechanism governing the relationship between CHI and the HSE, as commissioning and funding authority.

The Annual Service Arrangement between HSE and CHI links service quantum, funding, staffing, quality standards and service user outcomes. The Service Arrangement requires CHI to manage and deliver services within the funding allocation notified by the HSE.

The HSE issues a Letter of Allocation to CHI setting out the maximum level of net expenditure it may incur on the provision of services in the relevant financial year.

Revenue Grant income provided by the HSE in respect of administration and non-capital services is accounted for in the Statement of Revenue Income and Expenditure. The amounts notified by the HSE to CHI at the end of the financial year in the final Letter of Allocation is recognised as income on an accruals basis. Thus, where funding allocated for a specific purpose remains unspent at year-end, the related income may be deferred and matched against the related expenditure in a future period, once incurred.

Capital Grant funding is provided by the HSE in respect of expenditure on capital plan projects. This income is recognised in the Statement of Revenue Income and Expenditure in the year it is received, transferred on a deferred income basis in the Capital Account (reserve) in the Statement of Financial Position, and released to the Statement of Revenue Income and Expenditure on a systematic basis over the expected useful life of the asset to which the grant funding relates. Thus, where capital funding for a specific item remains unspent at year-end, the related income may be deferred and matched against the related expenditure in a future period, once incurred.

Accounting Policies (continued)

(ii) Other Hospital Revenue:

(a) Patient Income

Revenue from patient treatments comprise the:

- I. Private In-Patient Charge – income from charges levied for in-patient and day-case services provided to private patients under the Health Act, 1970 (as amended by the Health (Amendment) Act, 2013);
- II. Public In-Patient Charge – income from charges levied for in-patient and day-case services provided to public patients under the Health Act, 1970 (as amended by the Health (Amendment) Act, 2013);
- III. Out-Patient/Emergency Department Charge – income from charges levied for out-patient services provided under the Health Act, 1970 (as amended) at an Accident & Emergency Department, or any other facility providing similar services, as set out in the Health (Out-Patient Charges) Regulations 2019; and
- IV. Road Traffic Accident Charge(s) – income from charges levied under the Health (Amendment) Act, 1986 for in-patient and out-patient services provided to a person following a road traffic accident where the person is entitled to receive damages or compensation in respect of such services.

Income for services provided to patients and charged in accordance with the above legislation by, or on behalf of, the HSE is recognised at the point in time the service is provided.

(b) Superannuation Income

Superannuation contributions from staff are recognised when the deduction is made (see pensions accounting policy below).

(c) Other Income

All other hospital revenue is recognised in income when the funding is received or receivable, on the basis that any performance-related conditions are met.

(d) Fundraising, Donations and Bequests

Funds received from Donations, Bequests and fundraising events, without condition or restriction, are recognised as income in the Statement of Revenue Income and Expenditure when there is an unconditional entitlement, the receipt is probable, and the amount can be measured with sufficient reliability.

Donations and bequests being subject to donor imposed conditions that specify how the future economic benefits embodied in the donation should be consumed are deferred within liabilities in the Statement of Financial Position until the performance conditions have been met.

Donations, Bequests and Fundraising recognised as income and applied to the purchase of Property, Plant and Equipment assets are transferred on a deferred basis to the Capital Donations Reserve account in the Statement of Financial Position, and released to the Statement of Revenue Income and Expenditure on a systematic basis over the expected useful life of the asset to which the funding relates. Assets purchased from fundraising, donations and bequest income are capitalised, and the source of such funding is disclosed in the notes to the financial statements.

Accounting Policies (continued)

The transfer of income applied to the purchase of Property, Plant and Equipment assets to a Capital Donations Reserve is being applied from 1 January 2019. Donations, Bequests and Fundraising recognised as income and applied to the purchase of Property, Plant and Equipment assets in prior years is presented in the Capital Account Reserve. The approach being adopted in the implementation of this policy is due to assets, in particular property, which is amortised over a 40 year period, being amortised in one account in prior years in Our Lady's Children's Hospital, Crumlin. While the policy applied in prior years meant that such income was transferred on a deferred basis to the balance sheet (Capital Account) and released to the Statement of Revenue Income and Expenditure on a systematic basis over the expected useful life of the asset, the Capital Account was not analysed by funding source. The application of this policy retrospectively would require investigation as to the sources of funding for each asset over as much as 40 years. Having considered the effort required to apply this policy retrospectively and the value to be derived from such an exercise, CHI has decided to apply this policy from 1 January 2019.

In the event of legacies or endowments that specify a bequest to be administered independently for the benefit of the hospital authority, such funds are to be retained separate from the ordinary funds of the hospital, and not accounted for within the hospital's statutory financial statements.

(e) Research & Development

Income and expenditure in respect of Research and Development is recognised in the Statement of Revenue Income and Expenditure on the basis of expenditure incurred in the year for which funding has or will be provided by a third party. Expenditure incurred for which funding has not been received at year end is shown as a receivable on the Statement of Financial Position. Funding received in respect of which expenditure has not been incurred by year end, is shown on the Statement of Financial Position as deferred income.

f) Fixed Assets

Property, Plant and Equipment (PPE) comprises Land, Buildings, Equipment and Motor Vehicles (as appropriate).

Property, Plant and Equipment are stated at historic cost less accumulated depreciation, adjusted for any provision for accumulated impairment losses. Historic cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, Plant and Equipment assets are capitalised based upon the substance and type of Property, Plant and Equipment, and the source of grant funding provided under the HSE capital plan, and minor asset purchases through the hospital revenue allocation, agreed with the HSE. Capitalised assets represent assets that are in use in delivering hospital services, where the service benefit is expected to be used for more than one financial year, and the cost of the asset exceeds certain minimum value thresholds.

Property, Plant and Equipment, where the cost is in excess of €7,000 (or €1,200 for Computer equipment), is capitalised in full.

Assets acquired below the cost thresholds funded from the revenue allocation, including expenditure funded from HSE capital grants of a non-project nature (i.e. ongoing repairs, maintenance or backlog capital works), are expensed under the respective Non-Pay subjective headings in the Statement of Revenue Income and Expenditure.

Accounting Policies (continued)

A breakdown of expenditure on Property, Plant and Equipment expenditure funded from HSE grant income is provided in Note 9 'Purchase of Property, Plant and Equipment in the Statement of Revenue Income and Expenditure in the financial statements.

Donated assets are capitalised at the fair value at time of receipt in accordance with conditions specified by the donor and reviewed for impairment on the same basis as purchased assets.

CHI began providing treatment to patients at its new paediatric outpatient and urgent care centre at Connolly Hospital, Blanchardstown in 2019. CHI operates this centre in a facility provided by the HSE under a licence agreement. The facility provided under this licence agreement comprises a building and equipment. The licence agreement between the HSE and CHI is to be replaced by a lease agreement in the future. The licence agreement is provided to CHI by the HSE at an annual peppercorn fee. The licence agreement is not capitalised in the financial statements as it does not meet the criteria for treatment as a fixed asset.

g) Depreciation

Depreciation is provided on all property, plant and equipment (including donated assets) at rates estimated to write off the cost less any residual value on a straight-line basis over their estimated useful life. The depreciation policy adopted by CHI recognises the value it derives from PPE assets through their usage in the delivery of services at the following rates:

Land	No depreciation
Buildings	2.5% per annum*
Modular buildings (i.e. prefabricated buildings)	10% per annum
Equipment – computers and ICT systems	33% per annum
Equipment – other	10% per annum
Motor Vehicles	20% per annum

* Capital expenditure on Leasehold improvements at CHI at Temple Street is capitalised in accordance with National Financial Regulation 06 – Fixed Asset and Capital Accounting and recorded within Buildings. The expenditure is fully amortised in the year of incurrence on the basis of the limited expected lifespan remaining within the respective leaseholds and that no long term economic benefits are expected to accrue from the expenditure upon surrender of the leases.

Capitalised assets that include a number of components with significantly different asset lives, as may apply to certain plant and equipment items, require the substantive components are treated as separate assets and depreciated over their own useful economic lives.

Depreciation methods and useful lives are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which CHI expects to consume an asset's future economic benefits.

Depreciation is charged for a full year in the year of acquisition. No depreciation is recognised in the year of disposal. Depreciation is calculated with reference to the date the asset comes into use (i.e. the purchase date). Where a period of time elapses between the purchase and use of an asset or capital expenditure is classified as Work-in-Progress, no depreciation is charged.

Whenever events or changes in circumstances indicate that the remaining useful life may not be as long as assumed previously, an impairment loss is recognised immediately in the Statement of Revenue Income and Expenditure to reflect the appropriate adjustment to the asset's accumulated depreciation amount on the Statement of Financial Position.

Accounting Policies (continued)

On the disposal of Property Plant and Equipment, depreciation ceases to be charged and the asset is de-recognised. The asset net book value and unamortised capital grant are released and matched against the disposal proceeds (net of costs) in the Statement of Revenue Income and Expenditure.

h) Capital Account Reserve

The Capital Account Reserve represents the unamortised value of funding for the acquisition of capitalised assets.

Capital grants allocated for the purchase of Property, Plant and Equipment are recognised in the Capital Account Reserve in the Statement of Financial Position on a deferred basis and amortised to the Statement of Revenue Income and Expenditure on a systematic basis over the expected useful life of the asset. Funding included in the Capital plan for non-project/capital expenditure is transferred from the Capital Account (reserve) to match the related expenditure charged to the Statement of Revenue Income and Expenditure.

Revenue grants used for the purchase of Property, Plant and Equipment, the repayment of instalments for capitalised leased assets, or funding allocated to expenditure on assets under the hospital's capital plan are transferred to the Capital Account Reserve on a deferred income basis, and amortised to the Statement of Revenue Income and Expenditure consistent with the rates of depreciation provided on the related asset.

In accordance with Department of Health standard policy, a statement of capital income and expenditure which recognises all sources of income received to fund CHI's capital expenditure in accordance with the HSE approved capital plan is presented in Note 10 to the financial statements

i) Capital Donations Reserve

The Capital Donations Reserve represents the unamortised value of funding from donations, bequests and fundraising income for the acquisition of capitalised assets.

Donations, Bequests and Fundraising income applied to the purchase Property, Plant and Equipment are recognised in the Capital Donations Reserve account in the Statement of Financial Position on a deferred basis, and amortised to the Statement of Revenue Income and Expenditure on a systematic basis over the expected useful life of the asset.

As outlined in policy e) Income Recognition (ii)(d) above, this policy is being applied from 1 January 2019. Donations, Bequests and Fundraising income applied to the purchase Property, Plant and Equipment in prior years are recognised in the Capital Account Reserve account in the Statement of Financial Position on a deferred basis, and amortised to the Statement of Revenue Income and Expenditure on a systematic basis over the expected useful life of the asset.

j) Leases

(a) Operating Leases

Rentals payable under operating leases are dealt with in the financial statements as they fall due. Lease incentives are recognised over the lease term on a straight line basis.

Accounting Policies (continued)

(b) Finance Leases

Assets purchased by way of finance lease are stated upon initial recognition in Property, Plant and Equipment at an amount equal to the fair value of the leased property, or if lower, the present values of the minimum lease payments at the inception of the lease, depreciated over its useful life. At the inception of a finance lease, the outstanding capital amount as determined at initial recognition is recognised as a finance lease obligation and included in creditors. Interest is calculated using the effective interest rate method and charged to the Statement of Revenue Income and Expenditure over the period of the lease. Under Department of Public Expenditure and Reform Public Financial Procedures, public bodies are not permitted to enter into finance lease obligations without prior approval of the HSE, with the consent of the Minister for Health, the Minister for Public Expenditure and Reform and the Minister for Finance.

k) Inventories

Inventory is stated at the lower of cost and net realisable value.

l) Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Revenues and costs are translated at the exchange rates ruling at the dates of the underlying transactions. The resultant surpluses or deficits are dealt with in the Statement of Revenue Income and Expenditure.

m) Employee Benefits

(a) Short-term Employee Benefits

Salaries, wages and employment-related costs, such as social insurance costs, are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the financial year is recognised as an expense in the financial statements to the extent that employees are permitted to carry-forward leave into the following period, and benefits that are accrued at year-end are included in the Creditors-Payables figure in the Statement of Financial Position.

(b) Pensions

Eligible CHI employees are members of various defined benefit superannuation schemes. Pensions are paid to former employees by CHI. CHI is funded by the State on a pay-as-you-go basis for this purpose. Pension payments under the schemes are charged to the Statement of Revenue Income and Expenditure when paid. Contributions from employees who are members of the schemes are credited to income and expenditure account when received. In accordance with the service plan agreed with the HSE and the Department of Health, pension contributions received may be offset against pension payments made and the surplus or deficit each financial year forms part of the funding for CHI.

The principal pension scheme which operates in CHI is the Voluntary Hospitals Superannuation Scheme ('VHSS'), which is a defined benefits pension scheme for employees eligible for inclusion under Children's Health Ireland Act, 2018.

Accounting Policies (continued)

The Public Service Pensions (Single Scheme and Other Provisions) Act 2012 became law on the 28th July 2012 and introduced the new Single Public Service Pension Scheme ("Single Scheme"). This commenced with effect from 1 January 2013. The Scheme applies to all pensionable first time entrants to the Public Service, as well as former public servants returning to the Public Service after a break of more than 26 weeks. Benefits are calculated by reference to "referable amounts" for each year's service that are uprated by the CPI as notified by the Minister. All contributions deducted from members' wages/salaries are remitted to the nominated bank account of the Department of Public Expenditure and Reform.

In previous years, no provision was made in respect of accrued pension benefits payable in future years for members of health service pension schemes funded by the Exchequer. This continues to be the treatment adopted by CHI, following the dissolution and transfer of the former hospital entities into CHI, in accordance with the accounting policy set out by direction of the Minister for Health.

n) Basic Financial Instruments

Financial assets and financial liabilities are recognised when CHI becomes a party to the contractual provisions of a financial instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through the Statement of Revenue Income and Expenditure, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar instrument. Such assets are subsequently carried at amortised cost using the effective interest rate method.

Financial assets and liabilities are only offset in the statement of financial position when, and only when, there exists a legally enforceable right to set off the recognised amounts and CHI intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities classified as payable or receivable within one year, if payment or receipt is due within one year or less. Financial assets and liabilities that are classified as payable or receivable within one year are measured on initial recognition, and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. If financial assets or liabilities are not payable or receivable within one year, they are presented as falling due after more than one year.

Cash and cash equivalents are basic financial assets comprising cash balances and deposits held at call with banks. Bank overdrafts that are repayable on demand forming an integral part of CHI's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows only.

Financial assets are derecognised when, and only when:

- (i) the contractual rights to the cash flows from the financial asset expire or are settled;
- (ii) CHI transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- (iii) CHI, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Accounting Policies (continued)

o) Patients' Private Property

CHI does not retain or receive monies for safe-keeping from or on behalf of patients.

p) Provisions and Contingent Liabilities

Provisions are recognised when CHI has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that CHI will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year.

Material contingent liabilities at 31st December 2021 are set out in note 23.

Under the National Treasury Management Agency (Amendment) Act, 2000 the management of personal injury and third party property damage claims against Delegated State authorities (DSA's) and of the underlying risks was delegated to the National Treasury Management Agency (NTMA). When performing these functions, the NTMA is known as the State Claims Agency ("SCA"). The SCA provides a State indemnity to DSA's in respect of claims for personal injury and/or third-party property damage, arising from the negligence. Where claims are settled by the SCA on behalf of CHI (which is a DSA), the SCA does not, in practice, seek reimbursement from CHI. Accordingly, no provision has been made in respect of any such potential claims arising.

q) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The Board is required to make judgements and estimates in preparing financial statements, some of which will have a significant effect on the reported results and financial position.

The financial statements disclose the judgements it has made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in its annual financial statements and information about assumptions made about future, and other major sources of estimation uncertainty at the end of the financial year, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The following judgements, apart from those involving estimates, made by the Board have had a significant effect on the amounts recognised in the financial statements:

(i) Going Concern

The Board believes that the financial Statements should be prepared on a going concern basis. See accounting policy d) for further detail.

(ii) Contingent Liabilities

The Board's determination of contingent liabilities is judgemental. See note 23 for further details.

The Board makes estimates and assumptions concerning the future in the process of preparing the financial statements. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are address below:

Accounting Policies (continued)

(i) Useful economic lives of tangible fixed assets

The annual depreciation charge in respect of tangible fixed assets is influenced by changes in the estimated useful lives of those assets. The useful economic lives are reviewed annually, based upon historical experience, expert advice and other factors considered reasonable in the circumstances. Useful economic lives are amended prospectively when necessary to reflect current estimates, based on economic utilisation, technological advancements and the physical condition of the assets. The amortisation rate applied to capital grants is also reviewed in conjunction with the asset economic lives review and these are adjusted if appropriate.

(ii) Accrued Holiday Pay

Salaries, wages and employment related benefits are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the financial year is recognised in the financial statements to the extent that employees are permitted to carry forward unpaid annual leave into the following year. Due to different payroll systems currently in use within the combined group of CHI sites, it was necessary to make assumptions in order to calculate the accrual. The assumptions underlying the holiday pay accrual, for which amounts are recognised in the financial statements, are determined (including employee profiles and the pattern of holidays taken) based on current conditions.

(iii) Impairment of Patient and Other Trade Receivables

CHI makes an assessment at the end of each financial year whether there is objective evidence of impairment such that it may not be possible to collect all amounts outstanding from patient and other trade receivables. In determining the provision for bad and doubtful debts, the estimate includes such factors as the age profile of outstanding accounts receivable, recent correspondence, historical experience of cash collection from patient debtors, and any other impairment indicators. All movements in the provision for bad debts are recognised in the Statement of Revenue Income and Expenditure, while known bad debts are written off and expensed in the period in which they are identified. The level of provisioning is reviewed on an on-going basis and disclosed in the notes to the financial statements.

Notes to the Financial Statements

1. Operating Surplus

The operating deficit (2020: surplus) for the year is arrived at after charging:

	2021	2020
	€	€
Audit Fees	71,600	83,000
Board Members' Fees *	-	-
Board Members Expenses	875	4,880
	72,475	87,880

*Board Members of CHI receive no remuneration.

2. HSE Revenue and Capital Grant

	2021	2020
	€	€
Revenue Grant Funding Allocated to CHI	411,664,752	383,346,342
Capital Grant Funding	3,750,470	4,060,366
Total Revenue and Capital Funding	415,415,222	387,406,708

The Revenue Grant Funding of €383,346,342 for 2020 is net of an adjustment of €0.5m relating to an over accrual of State grants in the 2019 financial statements.

3. Patient Income

	2021	2020
	€	€
Private In-Patient Charges	13,061,078	12,034,347
Public In-Patient Charges	1,025,085	750,126
Out-Patient/Emergency Department Charges	3,708,925	2,517,740
Road Traffic Accident Charges	1,305,209	1,097,295
Non EU & Other Patient Charges	42,980	83,160
Total Patient Income	19,143,277	16,482,668

4. Other Income

	2021	2020
	€	€
Superannuation Income	7,821,481	8,011,800
Additional Superannuation Contributions from Staff	7,695,014	7,845,691
Canteen Receipts	561,092	566,732
Parking	460,394	444,215
Accommodation & Rental Income	393,334	393,167
Donations, Fundraising and Bequest Income	3,512,654	4,518,026
Research & Development	576,891	755,793
Miscellaneous Income	3,824,173	2,835,300
Total Other Income	24,845,033	25,370,724

5. Income – Hospital Services and Programme

	Notes	Children's Hospital Services*	Children's Hospital Programme**	Total
		2021	2021	2021
		€	€	€
HSE Grants	2	397,948,199	17,467,023	415,415,222
Patient Income	3	19,143,277	-	19,143,277
Other Income	4	24,845,033	-	24,845,033
Transfer from Capital Account - Capital Grant		343,122	-	343,122
Amortisation/Capital Donations Reserve				
Total Income		442,279,631	17,467,023	459,746,654

*Income from Children's Hospital Services refers to income arising from the ongoing paediatric hospital services.

**Income from Children's Hospital Programme refers to the grants from the Health Service Executive (HSE) to fund the integration of paediatrics services at Temple Street University Hospital, Our Lady's Children's Hospital Crumlin, University Hospital Tallaght and Connolly Hospital. The income was primarily spent in its entirety on wages and salaries and professional fees in respect of commissioning, clinical operations, digital health, development of an electronic healthcare record and corporate /general support.

6. Staff Numbers

The average number of persons (including key management personnel) employed by the Company was as set out below:

Employees by Category	2021	2020
Medical	564	534
Nursing	1,524	1,384
Allied Health and Social Care Professionals	670	595
General Support Staff and other Patient & Client Care	406	403
Administration & Management *	809	751
Total CHI Employees	3,973	3,667

* The Administration and Management category include staff with ICT, technical and other professional skills and qualifications as required for the significant ongoing integration projects and operations.

Short-term benefits in excess of €60,000 are categorised into the following bands:

Range		Number of Personnel	
From Euro	To Euro	2021	2020
60,000	69,999	484	449
70,000	79,999	189	146
80,000	89,999	118	104
90,000	99,999	52	55
100,000	109,999	46	35
110,000	119,999	20	29
120,000	129,999	22	14
130,000	139,999	17	11
140,000	149,999	8	14
150,000	159,999	9	12
160,000	169,999	18	18
170,000	179,999	17	7
180,000	189,999	16	26
190,000	199,999	22	12
200,000	209,999	12	13
210,000	219,999	13	10
220,000	229,999	27	19
230,000	239,999	23	18
240,000	249,999	12	14
250,000	259,999	4	10
260,000	269,999	14	5
270,000	279,999	5	4
280,000	289,999	4	2
290,000	299,999	2	0
300,000	309,999	1	1
310,000	319,999	1	0
320,000	329,999	0	0
330,000	339,999	1	0
340,000	349,999	0	1
350,000	359,999	0	2
360,000	369,999	-	-

Note: For the purposes of this disclosure, short term employee benefits in relation to services rendered during the reporting period include salary, overtime, allowances and other payments made on behalf of the employee, but exclude employer's PRSI.

Key personnel consists of the Chief Executive Eilish Hardiman and a senior management team of ten.

	2021	2020
	€	€
Salary Key Personnel	1,713,561	2,222,452
Total	1,713,561	2,222,452

The salary of the Chief Executive in 2021 was €163,468. Pension entitlements also accrue under the approved pension schemes as set out under accounting policy m (b). The CEO's pension entitlement does not extend beyond the standard public sector pension arrangements.

7. Summary Analysis of Pay Costs

	Patient Care	Support Services	Administrative	Total
	2021	2021	2021	2021
	€	€	€	€
Basic Pay	187,121,883	6,897,339	44,691,483	238,710,705
Allowances	5,497,227	88,508	94,497	5,680,232
Overtime	10,078,817	970,201	633,848	11,682,866
Night Duty	3,401,040	25,385	98,720	3,525,145
Weekends	6,173,036	124,619	196,703	6,494,358
On-Call	6,253,661	37,373	101,113	6,392,147
Arrears	1,042,857	5,456	(15,192)	1,033,121
Wages & Salaries	219,568,521	8,148,881	45,801,172	273,518,574
Employer PRSI	22,180,591	854,367	4,239,708	27,274,666
Superannuation*	-	-	18,756,490	18,756,490
Total CHI Pay	241,749,112	9,003,248	68,797,370	319,549,730
Agency Pay	4,677,737	1,296,114	1,533,000	7,506,851
Overall Total	246,426,849	10,299,362	70,330,370	327,056,581

	Patient Care	Support Services	Administrative	Total
	2020	2020	2020	2020
	€	€	€	€
Basic Pay	172,124,687	6,945,035	39,921,284	218,991,006
Allowances	4,881,965	91,806	85,251	5,059,022
Overtime	9,591,889	940,226	435,832	10,967,947
Night Duty	3,269,622	25,706	89,676	3,385,004
Weekends	6,094,131	125,955	180,411	6,400,497
On-Call	5,873,418	40,894	108,044	6,022,356
Arrears	7,078,283	20,366	38,133	7,136,782
Wages & Salaries	208,913,995	8,189,988	40,858,631	257,962,614
Employer PRSI	20,801,343	845,425	3,952,263	25,599,031
Superannuation*	-	-	16,084,222	16,084,222
Total CHI Pay	229,715,338	9,035,413	60,895,116	299,645,867
Agency Pay	4,879,100	284,738	1,601,200	6,765,038
Overall Total	234,594,438	9,320,151	62,496,316	306,410,905

***Superannuation**

Eligible staff employed in CHI are members of a variety of defined benefit superannuation schemes.

Superannuation entitlements (i.e. pensions) of retired staff are paid out of current income and are charged to income and expenditure in the year in which they become payable. The Pension charge to the Statement of Revenue Income and Expenditure for 2021 was €18,756,490 (2020: €16,084,222), which included payments in respect of once-off lump sums and gratuity payments on retirement of €4,541,763 (2020: €3,187,307).

Superannuation costs for all staff are shown above under Administrative.

8. Non Pay Expenditure

Patient Care	2021	2020
	€	€
Drugs & Medicine	25,935,406	25,780,681
Blood & Blood Products	5,155,187	4,541,393
Medical Gases	475,201	495,851
Medical & Surgical Supplies	23,070,172	22,047,665
Other Medical Equipment Costs	1,947,311	2,871,040
X-Ray & Imaging	569,014	645,198
Laboratory (incl. genetics)	11,835,426	11,340,341
Professional Services (e.g. therapy costs, radiology etc.)	1,490,493	1,211,716
Education & Training	709,968	866,779
	<u>71,188,178</u>	<u>69,800,664</u>
Total Patient Care		
	71,188,178	69,800,664
Support Services	2021	2020
	€	€
Catering	1,664,243	1,529,596
Heat, Power & Light	2,370,904	2,203,715
Cleaning, Washing & Infection Control	8,676,371	7,544,327
Furniture, Crockery & Hardware	494,246	574,833
Bedding & Clothing	387,224	418,398
	<u>13,592,988</u>	<u>12,270,869</u>
Total Support Services		
	13,592,988	12,270,869
Administrative Costs	2021	2020
	€	€
Maintenance	5,547,710	4,765,395
Security	2,530,749	1,923,529
Finance Costs	25,746	28,043
Prompt Payment Interest & Compensation	35,674	18,564
Insurance	323,286	267,340
Audit	82,032	83,000
Legal	759,185	1,011,520
Professional Fees*	10,870,358	8,936,986
Bad & Doubtful Debts	5,965,807	2,531,932
Training & Recruitment	1,807,971	580,231
Travel & Subsistence	634,209	395,835
Patient Transport	758,612	552,555
Record Storage & Retrieval	884,250	893,855
Office Expenses / Rent & Rates	5,605,340	5,140,205
Computers & Systems Maintenance	4,175,771	4,389,150
	<u>40,006,700</u>	<u>31,518,140</u>
Total Administrative		
	40,006,700	31,518,140

*Professional Fees in 2021 includes an amount of €7,927,252 (2020: €6,686,109) relating to the Children's Hospital Programme.

9. Property, Plant and Equipment expenditure in the Statement of Revenue Income and Expenditure

	2021	2021	2020	2020
(a) Assets purchased from revenue funding	Expensed	Capitalised	Expensed	Capitalised
	€	€	€	€
Land & Buildings	-	773,349	-	563,444
Other Medical Equipment	-	1,613,347	-	738,227
Laboratory Equipment	-	62,683	-	64,883
Maintenance Equipment	-	26,481	-	47,426
Computer Equipment	-	134,924	-	489,461
Total	-	2,610,784	-	1,903,441
(b) Expenditure on Capital Plan	Expensed	Capitalised	Expensed	Capitalised
Revenue Funded				
Land & Buildings	-	773,341	-	563,444
Work-in-Progress	-	-	-	-
Plant & Equipment	-	1,837,443	-	1,339,997
Total	-	2,610,784	-	1,903,441

10. Statement of Capital Income & Expenditure

Capital Income Sources	2021	2020
	€	€
HSE Capital Grant	3,750,470	4,060,366
(Deficit) /Surplus on Capital Income and Expenditure Brought Fwd	-	-
	<u>3,750,470</u>	<u>4,060,366</u>
HSE Revenue funding allocated to capital projects	2,610,784	1,903,441
Asset Transfers	52,997,114	470,380
Grants - Other	167,173	227,687
- Charitable Foundations	<u>3,345,482</u>	<u>2,483,422</u>
Total Capital Income	<u><u>62,871,023</u></u>	<u><u>9,145,296</u></u>
Capital Expenditure	2021	2020
	€	€
Land	-	-
Buildings	52,918,810	2,875,186
Equipment	9,952,213	6,270,110
Other	-	-
Capital Expenditure - Capitalised	<u>62,871,023</u>	<u>9,145,296</u>
Capital Expenditure - Not Capitalised	-	-
Total Capital Expenditure	<u><u>62,871,023</u></u>	<u><u>9,145,296</u></u>
Capital Deficit / (Surplus) for the year	<u>0</u>	<u>0</u>
Closing Deficit / (Surplus) Carried Forward to following year	<u>0</u>	<u>0</u>

11. Fixed Assets

	Land	Buildings	Work in Progress	Equipment	Total
	€	€	€	€	€
Cost					
At beginning of year	3,806,675	150,259,372	-	129,356,398	283,422,445
Additions in Year	-	52,918,810	-	9,952,213	62,871,023
Impairments/Disposals	-	-	-	(692,369)	(692,369)
At 31 December 2021	<u>3,806,675</u>	<u>203,178,182</u>	<u>-</u>	<u>138,616,242</u>	<u>345,601,099</u>
Depreciation					
At beginning of year	-	(95,715,965)	-	(105,560,496)	(201,276,461)
Charge for year	-	(4,003,184)	-	(6,213,847)	(10,217,031)
Impairments/Disposals	-	-	-	692,369	692,369
At 31 December 2021	<u>-</u>	<u>(99,719,149)</u>	<u>-</u>	<u>(111,081,974)</u>	<u>(210,801,123)</u>
Net Book Value					
At 31 December 2021	<u>3,806,675</u>	<u>103,459,033</u>	<u>-</u>	<u>27,534,268</u>	<u>134,799,976</u>
At 31 December 2020	<u>3,806,675</u>	<u>54,543,407</u>	<u>-</u>	<u>23,795,902</u>	<u>82,145,984</u>

Additions include asset transfers of €52,997,114, primarily in respect of HSE transfers from the National Paediatric Hospital Development Board in respect of the new Outpatient and Emergency Care Unit on the grounds of Tallaght University Hospital.

Building additions include an amount of €891,724 in respect of Leasehold improvements at CHI at Temple Street. In accordance with the depreciation policy, such expenditure is fully amortised in the year in which the expenditure is incurred.

Asset disposals in 2021 relates to assets that are fully depreciated resulting in the values for cost and depreciation being the same (€692,369).

12. Fixed Asset Additions

	Land	Buildings	Work in Progress	Equipment	Total
	€	€	€	€	€
Additions financed by:					
HSE Capital Grants	-	449,350	-	3,301,120	3,750,470
HSE Revenue Grants	-	835,275	-	1,775,509	2,610,784
Asset Transfers	-	50,803,931	-	2,193,183	52,997,114
CHI Foundation	-	749,724	-	2,595,758	3,345,482
Other Charitable Donations	-	80,530	-	86,643	167,173
At 31 December 2021	<u>-</u>	<u>52,918,810</u>	<u>-</u>	<u>9,952,213</u>	<u>62,871,023</u>

13. Inventories

	2021	2020
	€	€
Medical and Surgical Supplies	4,139,027	4,350,896
Pharmacy Supplies	1,274,202	1,147,244
Other	131,639	200,889
	5,544,868	5,699,029
	5,544,868	5,699,029

14. Trade and Other Receivables

	2021	2020
	€	€
Patient Debtors	26,488,516	19,427,926
Less: Provision for Bad & Doubtful Debts	(19,479,140)	(15,302,872)
	7,009,376	4,125,054
Sundry Trade Debtors & Prepayments	12,340,312	9,735,502
Revenue and Capital Grants Receivable (Note 16)	50,071,883	35,970,238
	69,421,571	49,830,794
	69,421,571	49,830,794

15. Patient Accounts Receivables/Debtors Reconciliation

(i) In-Patients	Statutory In-Patient Charges	Private / Semi Private Charges	Long Stay Charges	Other In- Patient Charges	Total this Year	Total previous Year
	€	€	€	€	€	€
Balance due 1 January	594,235	3,519,069	-	11,750	4,125,054	5,067,564
Bills issued during year	1,025,085	13,061,078	-	42,980	14,129,143	12,867,633
Cash received during year	(526,835)	(7,773,722)	-	(49,650)	(8,350,207)	(13,120,655)
Bad Debts / Provision for doubtful debts	<u>(136,700)</u>	<u>(2,752,834)</u>	<u>-</u>	<u>(5,080)</u>	<u>(2,894,614)</u>	<u>(689,488)</u>
Balance Due 31 December	<u>955,785</u>	<u>6,053,591</u>	<u>-</u>	<u>-</u>	<u>7,009,376</u>	<u>4,125,054</u>
(ii) Out-Patients			Statutory Out-Patient Charges (ED)	Other Out- Patient Charges	Total this year	Total previous year
			€	€	€	€
Balance due 1 January			0	0	0	62,640
Bills issued during year			3,708,925		3,708,925	2,517,740
Cash received during year			(1,660,726)		(1,660,726)	(1,622,879)
Bad Debts / Provision for doubtful debts			<u>(2,048,199)</u>		<u>(2,048,199)</u>	<u>(957,501)</u>
Balance Due 31 December			<u>0</u>	<u>-</u>	<u>0</u>	<u>0</u>
(iii) Road Traffic Accident Balances				Road Traffic Accident	Total this year	Total previous year
				€	€	€
Balance due 1 January				-	-	-
Bills issued during year				1,305,209	1,305,209	1,097,295
Cash received during year				(282,215)	(282,215)	(212,352)
Provision for doubtful debts				<u>(1,022,994)</u>	<u>(1,022,994)</u>	<u>(884,943)</u>
Balance Due 31 December				<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
					<u>-</u>	<u>-</u>
Total Patient Debtors					<u>7,009,376</u>	<u>4,125,054</u>

16. Statement of Capital and Revenue Receivables due from HSE

	2021	2020
	€	€
Revenue Grants		
Total Approved Revenue Determination for the year	413,776,434	385,817,646
Less: Remittances for Revenue Grants in the year	<u>(363,704,551)</u>	<u>(349,303,330)</u>
Balance Due from HSE in respect of the year	<u>50,071,883</u>	<u>36,514,316</u>
Balance Due from HSE re: Previous years as at 1 January	35,970,238	33,878,409
Adjustment (Note 2)	-	(545,078)
Less: Remittances from HSE in year re: previous year(s)	<u>(35,970,238)</u>	<u>(33,877,409)</u>
Balance Due from HSE re: previous year(s) as at 31st December	-	(544,078)
	<u>50,071,883</u>	<u>35,970,238</u>
Total Balance of Approved Revenue Determinations due from HSE		
Capital Grants		
Total Capital Grants notified by HSE for the year	4,327,841	5,646,664
Less: Remittances for Capital Grants in the year	<u>(4,327,841)</u>	<u>(5,646,664)</u>
Balance due from HSE in respect of the year	-	-
Balance Due from HSE re: Previous years as at 1st January	-	-
Less: Remittances from HSE in year re: previous year(s)	<u>-</u>	<u>-</u>
Balance Due from HSE re: previous year(s) as at 31 December	-	-
	<u>-</u>	<u>-</u>
Total Balance of Capital Grants due from HSE	-	-
	<u>50,071,883</u>	<u>35,970,238</u>
Gross Total Revenue and Capital Grants Due from HSE		

Revenue Grants

Total Approved Revenue Determination in respect of 2021 is €413,776,434. This figure is the HSE Revenue Grant recognised in the year per note 2 in respect of 2021 of €411,664,752, plus net Revenue Grants deferred in respect of 2021 of €2,111,682.

Total Approved Revenue Determination in respect of 2020 is €385,817,646. This figure is the HSE Revenue Grant recognised in the year per note 2 in respect of 2020 of €383,346,342, plus net Revenue Grants deferred in respect of 2020 of €1,926,226 plus the Adjustment referred in Note 2 of €545,078.

Capital Grants

Total Capital Grants notified by HSE in respect of 2021 is €4,327,841. HSE Capital Grants recognised per note 2 in respect of 2021 is €3,750,470. The difference in respect of 2021 of €577,371 represents net capital grants deferred and released. Total Capital Grants notified by HSE in respect of 2020 is €5,646,664. HSE Capital Grants recognised per note 2 in respect of 2020 is €4,060,366. The difference in respect of 2020 of €1,586,298 represents net capital grants deferred and released.

17. Cash and Cash Equivalents

	2021	2020
	€	€
Cash at Bank	5,624,314	11,242,590
Bank Overdraft	<u>(2,947,257)</u>	<u>(2,998,503)</u>
	<u>2,677,057</u>	<u>8,244,087</u>

18. Creditors (amounts falling due within one year)

	2021	2020
	€	€
Payables - Revenue	18,976,186	14,404,663
Accruals Non Pay - Revenue	22,756,888	20,813,731
Accruals Pay	19,006,945	15,681,816
Taxes and Social Insurance	6,829,182	3,506,389
Deferred Capital Grants	4,248,749	3,226,098
Deferred Revenue	<u>15,267,881</u>	<u>13,268,724</u>
	<u>87,085,831</u>	<u>70,901,421</u>

19. Income & Expenditure Account – Statutory Funding Reconciliation

	2021	2020
	€	€
Deficit carried forward (First Charge)	6,827,270	7,411,873
Total Pay Expenditure	327,056,581	306,410,905
Total Non-Pay Pay Expenditure <i>(including asset appropriations)</i>	141,128,336	127,274,354
Gross Expenditure per Income Statement (including First Charge)	475,012,187	441,097,132
Hospital Income (Patient Charges/Other Incomes/Revenue Donations etc.)	(43,988,310)	(41,853,392)
Appropriation <u>from</u> Capital and Donations Reserve - Grant amortisation	(10,217,031)	(9,070,128)
Hospital Net Expenditure	420,806,846	390,173,612
Funding received:		
Health Service Executive - Revenue Grants	(411,664,752)	(383,346,342)
- Capital Grants	(3,750,470)	(4,060,366)
Other Funding - Donations & Fundraising (Capital)	(3,512,655)	(2,711,109)
<u>Less: Appropriation to Capital Account/Donation Reserves</u> - Capital funded Assets	3,750,470	4,060,366
- Revenue funded Assets	3,512,655	2,711,109
Revenue (Determination) Funding	(411,664,752)	(383,346,342)
Revenue Deficit at the end of the Year	9,142,094	6,827,270
<u>Income Statement Deficit analysed as follows:</u>		
(i) Differences between Funding provision and Income statement recognition		
Provisions/charges not provided for in grant funding:		
- Depreciation /Bad Debts movements/ Other non-cash expense items etc.	10,217,031	9,070,128
<u>Deduct:</u>		
Funding provision recognised on a deferred income/revenues basis:		
- Capital grant amortisation (deferred income) etc.	(10,217,031)	(9,070,128)
	-	-
(ii) Revenue Expenditure Outturns		
Deficit carried forward from previous financial year	6,827,270	7,411,873
Service expenditure in excess of current year Funding Allocation	-	-
Funding Allocation in excess of Service Spending in the current year	2,314,824	(584,603)
	9,142,094	6,827,270
Revenue Deficit at the end of the Year	9,142,094	6,827,270

20. Capital Commitments

	2021	2020
	€	€
Future Property, Plant and Equipment purchase commitments:		
Within one year	4,604,480	927,807
After one year but within five years	-	-
After five years	-	-
	4,604,480	927,807
Contracted for but not provided in the financial statements	4,604,480	927,807
Included in the Capital Plan projects but not contracted for	-	-
	4,604,480	927,807

CHI prepares multi-annual capital investment in co-ordination and with the approval of projects included within the HSE national capital plan. The contractual commitments identified above are in respect of the total cost of projects for which specific funding budgets have been approved at year end. These contractual commitments may involve costs in years after 2021 for which budgetary funding has yet to be approved and therefore are estimated.

21. Lease Commitments

Operating Leases	2021	2020
	€	€
Operating lease rentals charged to the Statement of Revenue Income and Expenditure		
Land and Buildings	630,640	630,640
Equipment	-	-
Motor Vehicles	-	-
	630,640	630,640

CHI has the following total amounts payable under non-cancellable operating leases split between amounts due:

Within one year	630,640	630,640
In the second to fifth years inclusive	829,470	1,459,930
In over five years	-	-
	1,460,110	2,090,570

CHI operates its paediatric outpatient and urgent care centre at Connolly Hospital, Blanchardstown, in a facility provided by the HSE under a licence agreement. The facility provided under this licence agreement comprises a building and equipment. The licence agreement between the HSE and CHI is to be replaced by a lease agreement in the future.

22. Financial Instruments

The carrying value of financial assets and liabilities are summarised by category below:

Financial Assets	Notes	2021	2020
		€	€
Trade and Other Receivables	14	69,421,571	49,830,794
Cash at Bank		5,624,314	11,242,590
		75,045,885	61,073,384
Financial Liabilities	Notes	2021	2020
		€	€
Bank Overdraft		2,947,257	2,998,503
Creditors	18	87,085,831	70,901,421
		90,033,088	73,899,924

23. Contingent Liabilities

Capital Grants

CHI has assumed responsibility for undertakings signed with the HSE to enter into a Grant and Subsidy Agreement in respect of all capital grants received. The underlying agreement states that the unamortised value of capital grants advanced may become repayable in certain circumstances. At 31st December 2021, the current value of such unamortised grants amounted to €10,863,996. No provision has been made in the financial statements in respect of this amount as the Board believes that the likelihood of crystallisation at this time is remote.

Dilapidations

CHI has entered into various lease arrangements in respect of buildings where the underlying lease agreements include clauses relating to dilapidation provisions. As at 31 December 2021, no provision has been made in the financial statements in respect of any amount which may become payable in the future, as the amount, timing and extent of any such liability that may arise in the future cannot be determined with any degree of certainty at this time.

Other

The Board is satisfied that there are no other contingent liabilities at 31st December 2021.

24. Post Balance Sheet Events

There are no significant post balance sheet events since the balance sheet date.

25. Related Parties

CHI adopts procedures in accordance with the guidelines issued by the Department of Public Expenditure and Reform covering the personal interests of Board members. In the normal course of business, CHI may approve grants or enter into other contractual arrangements with entities in which CHI Board members are employed or are otherwise interested.

In cases of potential conflict of interest, Board members do not receive Board documentation or otherwise participate in or attend discussions regarding these transactions. A register is maintained and available on request of all such instances.

During the year, CHI was invoiced €3,690 (2020: €26,635) by a company providing HR services. Mr. Turlough O'Sullivan is a Board Member of CHI and a director of this company. There was no amount owing to this company at 31 December 2021. CHI has ceased using the services of this company.

Children's Health Foundation (CHF) is a fundraising body which raises funds in support of the work of CHI. CHF is a company limited by guarantee, is not under the control of CHI and has no common director/board members with CHI. CHF was formed on 1 January 2019 following the merger of Children's Medical Research Foundation (CMRF) and Temple Street Foundation.

During 2021, Children's Health Foundation provided CHI with €4,496,016 (2020 €3,993,916) in respect of fundraised capital grants and other non-capital amounts.

26. Approval of Financial Statements

The financial statements were approved by the Board on 30th September 2022.