

Public Accounts Committee

Briefing Paper

For meeting

16th October 2025

HSE Annual Financial Statements 2024



2024 Annual Financial Statements

The HSE received revenue and capital funding from the Department of Health (DoH) and Department of Children, Disability, and Equality, (DCDE) in 2024 of €27.1bn. This includes an additional €1,749m in cash funding for 2024 under the 2-year funding agreement (2024 and 2025) in respect of our DoH funded services, announced as part of the Government's Summer Economic Statement in July 2024.

At the end of 2024, the HSE reported a revenue deficit of income over expenditure of €760.8m or 2.9% of its overall income. The 2024 figures include the first charge of €574.6m. The deficit that therefore incurred in 2024 was €186.2m, with a significant element of this related to specialist disability services funded by DCDE and the balance largely related to DoH funded demand led schemes. This reflects the ongoing operational and financial challenges facing the HSE.

The overall revenue expenditure reported for 2024 is €26.9bn, which is 8.9% higher than the expenditure in 2023.

While providing a clean audit cert in respect of the HSE, the Comptroller and Auditor General has drawn attention to a number of issues. By letter dated 3rd October, following consideration at its meeting on 16th September, the Public Accounts Committee have sought an update on the matters summarised below:

- Losses due to write-offs relating to PPE and Vaccines
- Losses in relation to patient charges
- Unquantified loss due to weak supplier controls and recovery of same
- Services provided through Health Service Executive employees' companies.
- Inadequate monitoring and oversight of grants to outside agencies
- Weakness in controls over fixed assets
- Status of the Integrated Financial Management and Procurement System (IFMS) and any other ICT projects which are planned/ongoing and the cost of same

Losses due to write-offs relating to PPE and Vaccines.

As noted in the HSE's Statement of Internal Control (SIC) the HSE is required to review its carrying value of inventories such as PPE and COVID-19 Vaccines. The HSE wrote-off c€22.7m of legacy PPE in 2024 and it is not expected that there will be any material write-offs in relation to current PPE in 2025.

The C&AG has noted that the HSE has incurred storage costs for obsolete PPE up to the end of 2024. The charge in 2024 was c€2.1m. The HSE has tendered for and awarded contracts for the disposal of all obsolete PPE. Due to the nature of the PPE, it is important that the destruction is carried out by a qualified company in line with environmental and safety requirements. All obsolete PPE is planned to have been disposed of by the end of 2025. The estimated cost of storage during 2025 is €1.3m. The overall cost of destruction of these obsolete stocks is circa €7.4m.

At the end of 2024, the HSE noted a write-off in respect of COVID-19 vaccines that had reached their expiration date before they could be utilized of c€11.1m. As has been noted in the SIC the HSE is required to ensure there is an adequate supply of vaccines for the citizens of Ireland. The decision as to what those levels are is based on the advice of the Chief Medical Officer. Under an EU negotiated agreement, the HSE is contractually bound to purchase an agreed supply of these vaccines until the end of 2026. The HSE will be required to review the carrying cost of vaccines for AFS 2025, based on current information it is likely that the HSE will write off a further €12m in 2025.

This is based on a number of factors including most notably clinical advice that new generation vaccines are to be administered once they are available, combined with a drop in public uptake.

Losses in relation to patient charges.

The HSE estimated that the level of claims that were forfeited and therefore provided for write-off in 2024 was in the order of €4.1m. This figure is in relation to insurance claims which were either not fully collated and submitted or resolved within the agreed terms of the private health insurer. The insurer is not obliged to settle these claims under the terms of the agreement.

HSE hospitals operate a national claims management system to assist hospitals with the management of private insurance claims submissions. The claims process can be an onerous undertaking requiring significant input from hospital staff including primary and secondary treating consultants. Where there are delays, the HSE and hospitals proactively engage with relevant stakeholders to minimise the financial impact on the organisation.

The HSE hospitals review their health insurance claims on an ongoing basis in order to challenge rejected claims. The HSE retained the services of an external agency over the past number of years to assist hospitals in this process.

Unquantified loss due to weak supplier controls and recovery of same.

The HSE acknowledged that there were control weaknesses observed in relation to supplier payment controls and the SIC outlined a number of steps taken particularly in relation to the prevention of duplicate payments. These are summarised here.

The HSE is now fully on IFMS, and all payments are centralised on one financial system rather than the numerous legacy systems previously in place. IFMS provides reporting functionality that can identify potential duplicate payments. There is one single ledger, and each supplier has one unique vendor number. There are controls in IFMS to prevent duplication of invoices posted and the HSE now has a comprehensive Purchase to Pay end to end solution with significant enhanced process controls that will reduce the risk of duplicate payments.

The HSE also noted specific control issues in relation to one supplier of innovative respiratory monitoring mechanisms. During the early stages of the COVID-19 pandemic and in particular during 2020 due to the significant challenges in the global marketplace, normal procurement processes were not always possible. The HSE operated in accordance with EU guidelines and legislation and EU articles 12, 32 and 72 applied in this context.

The HSE has conducted significant work to ensure that all other similar suppliers contracted during the pandemic have been regularised in accordance with normal procurement procedures. This is materially complete.

Services provided through Health Service Executive employees' companies.

In June of this year the HSE completed an internal review of insourcing and outsourcing with third-party providers. The report included the identification of 23 employees who are directors of companies used for insourcing and outsourcing in the HSE. The report and its recommendations have been agreed by the Minister for Health in July 2025 and published. In August 2025 new controls on the use of third-party insourcing services were introduced with a view to reducing dependency on same, whilst not impacting services.

For designated employees who hold interest in companies that provide services to the HSE, under the Ethics in Public Office Acts 1995 and 2001 these are required to be submitted as part of the HSE's Annual Statement of Interests process. Where declarations and statements of interest are found to be in order, no further action is required. Where an interest is identified as a possible conflict of interest, it is followed up in line with established internal management procedures. The HSE does not comment on individual cases. As per Section 35 (1) of the Ethics in Public Office Act 1995, the HSE is not permitted to disclose information obtained under this act.

Inadequate monitoring and oversight of grants to outside agencies.

The HSEs SIC has acknowledged that the time taken to ensure that all Section 38 and Section 39 organisations sign their Service Arrangements is not satisfactory.

A number of measures are in place to encourage early sign-off. These are namely,

- Update reports are issued twice monthly to HSE management to ensure that there is awareness of the status of each agencies position so that follow-up action can be taken.
- HSE management staff meet regularly with the management of these agencies and actively engage to remind them of their obligations to sign up to these SA's.
- In order to improve the timeliness of engagement with these agencies the HSE intends to submit all relevant 2026 service arrangement documentation to said agencies in early November 2025. This is a substantial improvement which is intended to assist in the completion of the SA process in a more expeditious manner than to date.

Weakness in controls over fixed assets.

The HSE has completed an initial review of the key control findings in relation to the weaknesses observed in relation to the controls around fixed asset reporting. It has determined that there are a number of areas of improvement required in relation to training, standardised procedures, oversight and accountability. It is expected that the IFMS system will provide the HSE with an additional opportunity to standardise procedures across the HSE as there is now one ledger as opposed to the multiple legacy systems previously in place.

Guidance documentation and training sessions are being developed and the HSEs National Financial Regulations will be updated as part of the year end processes for AFS 2025.

Status of the Integrated Financial Management and Procurement System (IFMS) and any other ICT projects which are planned/ongoing and the cost of same.

In 2024 a national strategy for improving the digitisation of the health services, called Digital for Care 2030, was approved. This sets out several priorities for the period from 2024 to 2030. The HSE and Department of Health worked very closely together on the development and subsequent commencement of the strategy. There is a particular focus on ensuring delivery of benefits and the governance of the projects. For example, all the projects have a designated Senior Responsible Officer, clear governance arrangements including a project board.

Given the size and scale of the health service the HSE maintains a large portfolio of projects. Within this portfolio are a number of priority projects under the Digital for Care 2030 strategy such as the Electronic Health Record, HSE App, Imaging system, Financial Management System, Human Resources System and Shared Care Record projects. These are the projects that will enable and support system wide transformation of our health and social care system.

Cumulatively, from 2016 to the end August 2025, €198.1 million has been spent on the Finance Reform Programme, of which IFMS is the major element. This element comprises of €92.2 million in ICT capital costs, €59.4 million IFMS project in-house revenue expenditure, and €46.5 million in revenue expenditure on software and operating costs (SAP Centre of Excellence). The system is currently supporting financial management for revenue and capital budget of c.€20bn per annum and over the next 5 to 10 years will support financial management of budget ranging from €125bn to €250bn.

Stage I of the project has implemented IFMS in the statutory healthcare system. Since 1 July 2025, all HSE regions and services use this single integrated platform and master data set. This represents c.80% of HSE funded expenditure. IFMS has also been implemented in Tusla, the Child and Family Agency, since 2023.

The project is now moving forward with IFMS Stage II which extends the delivery of the system including national standard finance and procurement processes, supported by a shared services operating model, to the 58 voluntary organisations in scope, which comprise all Section 38, and larger Section 39 organisations funded by the HSE.

IFMS Stage II will be delivered over the next four years in seven implementation groups (IG4 to IG10) with a planned completion by the end of 2029.

Subject to detailed planning, the aim is to have 100% acute spend on IFMS by the end of 2027, and over 97% of Disability spend on IFMS by the end of 2028.

Along with all other Government Departments, the Department of Health received a request from the clerk of the Public Accounts Committee to provide data on IT related projects and are currently engaged with the HSE in gathering the supporting data. As one of the largest organisations in the country the HSE deliver hundreds of IT projects every year so we are initially focusing on the larger projects, which would perhaps be of greatest benefit to the committee.

The focus of the HSE in implementing the new Digital for Care strategy is to ensure that the solutions enhance and improve the delivery of healthcare for the public and our staff. This has been clearly demonstrated through the release of the Health APP in 2024 and the ongoing enhancement of the Health App.

2025 Outlook.

As in 2024, following on from the 2-year funding agreement in respect of DoH funded services, expenditure limits are in place for 2025, and various initiatives are in place to achieve breakeven including progression of existing and new savings plans to reduce projected spend growth, implementation of appropriate controls and governance processes and a review of the timing of developments.

These expenditure limits have been broken down by individual Health Regions and control has been devolved out to the individual Regional Executive Officers (REOs) and other Senior Leadership Team members to take actions to achieve an expenditure outturn within these limits. This is a significant challenge that will take continued management focus right to the end of the year, however at this stage, the latest available numbers are indicating that, so far, we are on track to achieve breakeven against the agreed expenditure limits for DoH funded services.

Engagement with DCDE in respect of disability funding is underway. A very welcome allocation for 2026 has been made, however there are significant accumulated challenges. A structured approach, like that taken in the health budget in 2024 would be beneficial and this is the main focus of 2026 planning.