



Oifig an Cheannaire Oibríochtaí,
Na Seirbhísí Míchumais/An Rannán Cúram Sóisialta,
31-33 Sráid Chaitríona, Luimneach.

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21st July 2023

Deputy Pauline Tully,
Dail Eireann,
Leinster House,
Kildare Street,
Dublin 2.
E-mail: pauline.tully@oireachtas.ie

Dear Deputy Tully,

The Health Service Executive has been requested to reply directly to you in the context of the following parliamentary questions, which were submitted to this department for response.

PQ: 31827/23

To ask the Minister for Children; Equality; Disability; Integration and Youth if external audits have been carried out or will be carried out by or on behalf of the HSE into the validity of the application of statutory funding to major disability providers in the disability sector; and if he will make a statement on the matter.

PQ: 31828/23

To ask the Minister for Children; Equality; Disability; Integration and Youth if he will instruct the HSE to initiate enquiries into severance and non-disclosure agreements made, whether out of statutory income or fundraised income over the past five years to staff exiting voluntary sector agencies providing services to disabled people; if such payments were made known by voluntary sector agencies to the HSE at the time or in subsequent reports on their service agreements with the HSE; if he will request the HSE to quantify the total of all such severance and/or non-disclosure payments by all agencies in the disability sector receiving grants from the HSE; and if he will make a statement on the matter.

HSE Response

In 2023, Disability Services is allocated over c. €2.5 billion to provide a range of services throughout the country and is being spent in line with nationally agreed policy for disability services, whilst at the same time endeavouring to maximise value. Services include Residential and Respite Services, Day Services and Rehabilitative Training, PA and Home Support Services, Therapeutic Supports, and Neuro-rehabilitation Services.

The HSE funds and works in partnership with organisations including Section 38, Section 39, Out of State and For Profit Agencies (**Agencies**) to ensure the best level of service possible is provided to people with a disability, and their families, within the available resources.



The majority of specialised disability provision (80%) is delivered through non-statutory sector service providers. The relationship between these providers and the HSE is governed by way of a Service Arrangement (SA) or Grant Aid Agreement (GA) via the nine Community Healthcare Organisations. The HSE currently manages approximately 1,045 SAs or GAs with a total of 419 organisations.

The HSE acknowledges the role and contribution of non-statutory Agencies in the development and provision of health and personal social services and is committed to the development of effective working relationships as enacted by the Health Act 2004.

In respect of the Parliamentary Question 31827/23 being asked, the HSE is not aware of external audits carried out by or on behalf of the HSE into the validity of the application of statutory funding to major disability providers in the disability sector.

In respect of the Parliamentary Question 31828/23 being asked, while the HSE cannot answer on behalf of the Minister, with regard to both questions, information is provided in this response regarding the mechanisms, safeguards and procedures in place to provide assurances and to support accountability processes for public expenditure on health and personal social services.

National Financial Regulations

The National Financial Regulations (NFRs) are policy documents that form part of the overall HSE internal control environment by providing a high-level framework within which the internal financial controls operate.

The NFRs are in place to ensure the financial controls are consistent with:

- Irish and EU statutory requirements
- Achievement of best Value for Money (VFM)
- Government policies and guidelines

The National Financial Regulations apply to all staff in all divisions, Community Healthcare Organisations (CHOs) and Hospital Groups where services are provided on behalf of the HSE. This includes permanent, temporary and agency staff. Equivalent controls should also be implemented by Section 38 and Section 39 providers, where services are being provided on behalf of the HSE or where HSE grant aid funding is being received.

Section B6 of the NFRs apply to the HSEs funding structure (Service Arrangement and Grant Aid Agreement) with Section 38 and Section 39 agencies and the respective obligations of both the HSE and the non-statutory agencies. This includes:

- Governance process
- Performance monitoring and management
- Compliance requirements
- Expenditure bands and Approval Limits to sign service arrangements or grant aid agreements.

For further information please see:

<https://www.hse.ie/eng/about/who/finance/nfr/nfr-docs.html>

See B6 Section 38 and 39 Arrangements NFR document (PDF, 1.1MB, 15 pages) and B6 Checklist document (PDF, 207KB, 4 pages)

HSE Compliance Unit

As part of a HSE wide requirement to ensure appropriate governance arrangements that underpin the release of the funding of Agencies, a Governance Framework for Funded Agencies (**Framework**) has been developed which ensures a consistent approach in this regard.



The HSE must have in place appropriate contractual arrangements Service Arrangements (SA) and Grant Aid Agreements (GA) with all Agencies that have funding released to them for the provision of services in accordance with Section 38 and 39 of the Health Act 2004 and NFR B6.

The HSE's Compliance Unit supports the implementation of the Framework as it applies to Section 38 and Section 39 Agencies who deliver services on behalf of the HSE.

The Framework was introduced to implement the legislative provisions of the Health Act, 2004 and to reflect the requirements for public accountability where the HSE is legally obliged to account for all public expenditure on health and personal social services. In this regard the SA is a key document which comprises the following two Parts:

Part 1 - An SA is generally signed every one to three years by both parties and sets out the legal requirements that the Agency must comply with to receive funding in respect of the provision of services.

Part 2 –This comprises a set of 10 Schedules which must be completed and signed by the Agency and the HSE, which sets out the detail of the service and the exact funding that the HSE is providing for the delivery of this service. This set of Schedules also identifies the quality standards and best practice guidelines to be adhered to in the provision all services, along with the process for managing complaints in relation to service provision.

The Framework seeks to provide a level of governance which links funding provided to a quantum of service and provides for these services to be linked to quality standards, with continuous monitoring to ensure equity, efficiency and effective use of available resources.

As part of the SA process the Disability Agencies are required to complete the Excel Template of the Part 2 which outlines how funding is to be used and which is interrogated at local level by the Service Managers and others in each Community Healthcare Area.

In addition, Performance Review meetings are conducted with the Agencies where a broad range of agenda items including, but not limited to, Finance, Staffing, Quality and Safety, Service Delivery and Performance Monitoring are covered.

As part of the SA Process, Agencies providing services on behalf of the HSE are required to provide Annual Audited Financial Statements (AFS) and an Annual Financial Management Report (AFMR).

S39 and S38 Agencies have their own Boards of Directors who have a fiduciary duty to abide by Service Arrangement requirements.

In addition, the Annual Compliance Statement (ACS) document is required to be submitted to the HSE Compliance Unit by S38 Agencies on an annual basis and relates to compliance with corporate governance requirements for the prior year.

With regard to Disability Services' Agencies S38 Annual Compliance Statements reviewed by the HSE Compliance Unit over the last five years, four instances were noted in relation to redundancy arrangements and one instance was related to a severance payment.

Further information regarding the HSE Compliance Unit and the governance arrangements for the funding of Non-Statutory Agencies can be obtained at:

<https://www.hse.ie/eng/services/publications/non-statutory-sector/>



Audits

HSE Internal Audit Division

The Mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

The role of internal audit is: “to provide an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes” (The Institute of Internal Auditors).

The HSE's Internal Audit Division is responsible for ensuring that a comprehensive programme of audit work is carried out annually throughout the HSE. The purpose of this work is to provide assurance that controls and procedures are operated in accordance with best practice and with the appropriate regulations and to make recommendations for the improvement of such controls and procedures.

The HSE Audit Committee, to whom the Division reports, monitors the work of the Division. In addition, the Division reports at the highest level in the HSE. The scope of Internal Audit covers all systems and activities throughout the HSE and bodies totally or partially funded by the HSE.

The Division comprises four units:

1. Internal Audit Operations – this is the main part of the work of the Division and entails the completion of a programme of internal audits by each of the various audit offices (8 in all based throughout the country - Cork, Dublin, Galway, Kells, Kilkenny, Limerick, Sligo and Tullamore).
2. ICT Audit – this comprises of a number of ICT audits conducted in the main by external specialist ICT auditors contracted to work for the Division.
3. Special Projects & Investigations – this work is conducted by a small team in the Division together with, if required, specialist forensic accounting contractors.
4. Healthcare Audit – this comprises audits specific to the area of Healthcare conducted by a team based throughout the country.

Further information regarding the HSE Internal Audit Division is available at:

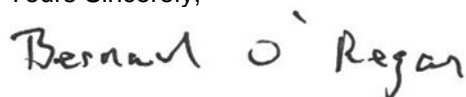
<https://www.hse.ie/eng/about/who/audit/>

Furthermore, separate to internal audits, the HSE can appoint external entities to carry out audits/reviews. For example, the HSE appointed Deloitte in 2016 to carry out reviews of voluntary hospitals and agencies which it funded to determine if they were complying with pay policy and to assess governance arrangements.

In addition, the Comptroller and Auditor General is responsible for the audit of accounts across a wide range of State activities which includes Central Government, funds administered by Government Departments, State Revenue collection, non-commercial state sponsored bodies, Universities, third level educational institutions, health bodies and agencies and educational training boards.

I trust that this response answers the Parliamentary Questions asked, however if the Deputy is aware of any specific issues that have led to these questions being asked, the HSE would be very grateful if further information can be provided so the HSE can investigate the matter fully.

Yours Sincerely,



Mr Bernard O'Regan,
Head of Operations - Disability Services, Community Operations

