

Background and Context

The economic crisis has had a profound impact on Public Services in Ireland. The Government's efforts to manage public expenditure in line with commitments made to the Troika have seen significant budget reductions in Health since 2008. Health services continue to experience very significant budgetary challenges alongside increased demands for services. Budget overspends during 2012 prompted external reviews into Financial Management practices in Health, and managing Health finances became a priority for the Troika in ensuring the future economic stability of the country.

Reports by Ogden and PA Consulting during 2012 identified significant weaknesses in Financial Management practices. In response, the HSE established the Finance Reform Programme to drive far reaching and fundamental change in Financial Management practices.

Subsequent engagement across the finance community as part of Phase 1 of Finance Reform secured consensus that:

- The current finance operating model is no longer fit for purpose;
- Existing arrangements are not sufficiently robust to allow the CFO to discharge his role effectively; and
- The fundamental changes in healthcare heralded by Future Health bring new requirements which current practices cannot support

In this context the main aims of the Finance Reform programme are to:

- Support the CFO in delivering his responsibilities in relation to stewardship and accountability; Financial Management; Corporate leadership; and professional leadership
- Define and deliver a new finance operating model to provide trusted management information, which in practice means:
 - a) Clear line of sight and a trusted, single version of the truth – allowing system wide assessment of performance and financial management; and
 - b) Information collected once but can be used many times - thereby reducing transaction processing effort and allowing resources to be allocated to 'value add' activities
- Enable the changes put forward in 'Future Health' including the implementation of Money Follows the Patient and Universal Health Insurance through new sector operating models and the associated financial and performance management to underpin these models.

Phase 1 output: A new operating model for Finance

Phase 1 of Finance Reform defined and agreed the new Finance Operating Model for Health in Ireland. The new operating model will require far reaching and fundamental change in financial management practice and will be an important enabler of wider Systems Reform. Underpinned by a single integrated financial management system and a mandated Financial Management framework, these changes will ensure financial stability within a reformed Health System and will drive a culture of collective responsibility and cost consciousness. Finance will provide a consistent and appropriate level of service to all users reflecting their

needs and focused on improving the quality of Financial Management and enabling informed decision making. This will be achieved through a service delivery model comprising three distinct components:

- **Operations Excellence:** the ‘finance engine room’ which will ensure that the infrastructure is in place to deliver financial reporting and transaction processing effectively and efficiently;
- **Finance Specialists:** deep technical skills and expertise providing a single point of contact for expert advice;
- **Business Partners:** supporting financial management decision making and promoting a culture of financial responsibility across the system by working closely with the business at a strategic, national and operational level.

In the new Operating Model, the CFO will:

- Define the financial management framework to be followed;
- Provide trusted and timely information to support decision making, in a standard and consistent way;
- Inform strategic and operational decision making through trusted professional advice, insightful analysis and decision support; and
- Ensure expected standards are maintained through effective compliance and performance management.

The model is underpinned by a commitment to develop the financial management capability of both finance staff and budget holders across the system.

Scope of Phase 2:

Phase 2 has started, and one of the key elements of this phase will be to finalise a detailed business case to meet Government requirements in relation to securing the necessary approval to procure a new integrated financial management system for the health service.

This business case development is due for completion in Q2 2014. This phase also includes the following elements:

Portfolio Review

The portfolio review will assess on-going Finance related projects and determine which are aligned with the future finance operating model and can continue, and which are no longer essential and should be discontinued. This will enable project resources to be re-deployed as appropriate.

Interim Reporting Arrangements

The interim Finance reporting feasibility assessment will consider whether a BI solution would enable changes to current practices to be made relatively quickly and inexpensively to address immediate requirements ahead of implementation of a new integrated financial management system.

Design of COA and supporting coding structures

The design of a common chart of accounts and the supporting coding structures and data definitions which will inform the definition of system requirements.

Organisation Design

The design of the organisational structures to support the Interim and Transitional Operating Models, including the definition of roles, job descriptions and person specifications, to enable an effective and safe transition into the new structures over time. The design will clearly define how Finance will support both business as usual and the transition to the new operating model over time.

Money Follows the Patient

There is ongoing work across the system on the introduction of Money Follows the Patient (MFTP). The Finance Reform Programme will support the Financial management aspects of MFTP ensuring that the blueprint for financial management is in line with the new Operating Model for Finance and is developed to support subsequent phases of implementation over time.

Hospital Group Implementation

The emergence of Hospital Groups will provide a real opportunity to rationalise financial management across the sector, and bring consistency, transparency and improved effectiveness to operational financial management practices. As with MFTP, the Finance Reform Programme will play into the Hospital Group implementation work as it is vital that financial management practices adopted follow the principles agreed for the future finance operating model.