

## **Vote 40 – Health Service Executive**

### **Reconciliation of Appropriation Account to Annual Financial Statements**

#### **1. Legislative Requirements**

- 1.1. Section 36 (2) of the Health Act, 2004 requires the HSE to prepare Annual Financial Statements (AFS) in such form as the Minister for Health and Children may direct and Section 36 (3) requires that these accounts be prepared in accordance with accounting standards specified by the Minister.
- 1.2. Section 20 of the Health Act, 2004 establishes the Chief Accounting Officer as the Accounting Officer for the Health Service Executive (Vote 40).
- 1.3. Under Section 22 of the Exchequer and Audit Departments Act 1866, an Appropriation Account must be prepared annually, in respect of each Vote and transmitted for audit to the Comptroller and Auditor General and also to the Department of Finance. The account must be signed by the Accounting Officer.

#### **2. Preparation of the Appropriation Account from Annual Financial Statements**

- 2.1. The AFS are prepared on an income and expenditure basis. That is all income relating to the period is recognised, whether actually received or not and all expenditure relating to the period both actual and accrued is charged. The balance of the account shows the excess of income over expenditure or vice versa.
- 2.2. The Appropriation Account is prepared on a receipts and payments basis and recognises cash received and paid during the period of the account. It is a non-cumulative account and any amount under spent at year end is surrendered to the Exchequer
- 2.3. The Appropriation Account is derived from the AFS by eliminating non cash items and analysing all asset and liability accounts between vote and non-vote (i.e. do they belong on Vote balance sheet). Accordingly this process of is in itself a major part of the reconciliation process. The key to the reconciliation is that both sets of accounts are ultimately prepared from the same source transactions.

### 3. Calculation of Vote Outturn from AFS

3.1. The Vote Outturn is calculated from the AFS as follows:

Expenditure per Annual Financial Statements	2008	2007
	€m	€m
Revenue I&E Account - Pay Expenditure	5,126,617	4,810,970
Revenue I&E Account - Non-Pay Expenditure	9,556,427	8,730,234
Revenue I&E Account - Income Excluding Exchequer Revenue Grant	-2,330,160	-2,619,543
Capital I&E Account - Expenditure	563,168	635,897
Capital I&E Account - Income Excluding Exchequer Capital Funding	-18,255	-7,940
<b>Net Expenditure per Annual Financial Statements</b>	<b>12,897,797</b>	<b>11,549,618</b>
Increase/(Decrease) in Stocks	-7,408	7,110
Increase/(Decrease) in Debtors	-213	-412
Increase in Creditors/Accruals	-250,122	-162,025
Decrease in Deferred Income	1,505	9,292
Increase/(Decrease) in Bank	24,359	-12,607
Increase in PMG and Net Liability to the Exchequer	4,669	44,486
<b>Net Vote Expenditure</b>	<b>12,670,587</b>	<b>11,435,462</b>

**Notes:**

*In Appropriation Account income is recognised when receipts are received. In AFS income is recognised when invoice is issued.*

*In Appropriation Account expenditure is incurred when payment is made. In AFS expenditure is recognised when service delivered.*

3.2. The AFS is further analysed to report the Net Outturn above by Revenue Subheads, Capital Subheads and Appropriations-in-Aid Subheads. The summary position for 2008 is:

Category	Original Estimate	Supplementary Estimate	Final Estimate	Outturn	Surplus / (Deficit)
Revenue	14,344,600	76,000	14,420,600	14,322,599	98,001
Capital	586,720	0	586,720	570,540	16,180
<b>Gross Total</b>	<b>14,931,320</b>	<b>76,000</b>	<b>15,007,320</b>	<b>14,893,139</b>	<b>114,181</b>
Appropriations-in-Aid	2,601,275	-346,000	2,255,275	2,222,552	(32,723)
<b>Net Estimate</b>	<b>12,330,045</b>	<b>422,000</b>	<b>12,752,045</b>	<b>12,670,587</b>	<b>81,458</b>