



Feidhmeannacht na Seirbhíse Sláinte  
Health Service Executive

**HEALTH SERVICE  
EXECUTIVE  
NATIONAL FINANCIAL  
REGULATION  
PROPERTY PURCHASE  
DEPOSITS  
NFR-24**

## NFR-24 Property Purchase Deposits

<b>24.1</b>	Introduction	<i>on page 3</i>
<b>24.2</b>	Purpose	<i>on page 3</i>
<b>24.3</b>	Scope	<i>on page 3</i>
<b>24.4</b>	Assistance / Further Information	<i>on page 3</i>
<b>24.5</b>	Effective Date	<i>on page 3</i>
<b>24.6</b>	Definitions & Interpretations	<i>on page 3</i>
<b>24.7</b>	Asset Acquisition	<i>on page 4</i>
<b>24.8</b>	Asset Disposal	<i>on page 7</i>
<b>24.9</b>	Duties & Responsibilities	<i>on page 9</i>
<b>24.10</b>	Reporting of Irregularities	<i>on page 9</i>

#### **24.1. Introduction**

**24.1.1.** This regulation forms part of the National Financial Regulations of the Health Service Executive (HSE). The National Financial Regulations are part of the overall system of Corporate Governance and Internal Control within the organisation.

#### **24.2. Purpose**

**24.2.1.** The purpose is to facilitate the management and accounting treatment of property purchase deposits in respect of asset acquisitions and disposals by the HSE.

#### **24.3. Scope**

**24.3.1.** It applies to all instances where the HSE is required to advance monies to show intention to complete a property transaction.

#### **24.4. Assistance / Further Information**

**24.4.1.** Additional information regarding this regulation should be addressed to the Assistant National Director of Finance, Annual Financial Statements (AFS) & Governance.

**24.4.2.** It is intended that this regulation will be regularly updated to reflect and incorporate new and additional legislative and other directives. Notifications will be issued on HSE National Intranet - National Financial Regulations and via email communications.

#### **24.5. Effective Date**

**24.5.1.** This regulation is effective immediately and supersedes all prior directives issued relating to property purchase deposits in respect of asset acquisitions and disposals by the HSE.

**24.5.2.** This regulation applies to all HSE employees.

#### **24.6. Definition & Interpretations**

**24.6.1.** Money given in advance which shows intention to complete a property transaction.

**24.6.2.** A property acquisition or disposal will be considered successfully completed when the contract is signed by both parties to the transaction, that is, the HSE and the purchaser or vendor. Funds for a property acquisition should only be drawn down having regard to each stage in the transaction, that is, initial deposit followed by balance of funds, once the contract has been signed by both parties.

## 24.7. Asset Acquisitions

### 24.7.1. Scenario 1

Property purchase deposit paid by HSE area to solicitor involved in acquiring an asset on behalf of the HSE where the asset acquisition is successfully completed.

#### Accounts of HSE HQ – Corporate Finance (Capital)

Step 1 Draw down of capital from the Paymaster General on receipt of request from HSE area

Debit	Bank
Credit	Capital Income (Vote) GL code & Internal Order number used to record vote funded grant payments to the respective HSE area (AFS - Form 2 & Form S12)

*Being draw down of property purchase deposit of x% of purchase price from the Paymaster General on receipt of instruction (Form A) from the HSE Area*

Step 2 Payment of property purchase deposit to HSE area

Debit	Capital grant expenditure (vote) to HSE Area, GL code & relevant internal order number as above (AFS – Form 2 & Form S12)
Credit	Bank

*Being payment of property purchase deposit (X% of the purchase price) to HSE area*

Step 3 Draw down of capital (balance of purchase price from the Paymaster General, once the contract is due to be signed by both parties to the transaction

Debit	Bank
Credit	Capital Income (Vote) GL code & Internal Order number used to record vote funded grant payments to the respective HSE Area (former health board) (AFS - Form 2 & Form S12)

*Being draw down of the balance of the purchase price from the Paymaster General on receipt of instruction (Form A) from the HSE area*

Step 4 Payment of balance of purchase price (capital grant) to HSE area

Debit	Capital grant expenditure (vote) to HSE Area, GL code & relevant internal order number as above (AFS – Form 2 & Form S12)
Credit	Bank

*Being balance of property purchase price paid to HSE area*

Accounts of the Health Service Executive Area

Step 1 Draw down the grant from HSE HQ – Corporate Finance (Capital)

Debit Bank  
Credit Department of Finance Income (Vote Income) & relevant Internal Order Number/Project Number (AFS-Form 2 & Form S12)

*Being draw down of property purchase deposit by HSE area from HSE HQ - Corporate Finance (Capital)*

Step 2 Payment of Property Purchase deposit to solicitor acquiring the Property on behalf of the HSE

Debit Property Purchase Deposits (Balance Sheet Code)  
Credit Bank

*Being payment of property purchase deposit (x % of purchase price) to solicitor appointed to acquire asset on behalf of the HSE area*

Step 3 Successful completion of asset acquisition by the solicitor acting on behalf of the HSE area

Debit Capital expenditure & relevant Internal Order Number /Project Number (X% of purchase price) (AFS – Form 2 & Form S12)  
Credit Property Purchase Deposits (X% of purchase price) (Balance Sheet code)

*Being realisation of property purchase deposit (X% of purchase price) as capital expenditure, once the contract has been signed by both parties to the transaction*

Step 4 Receipt of balance of purchase price from HQ

Debit Bank  
Credit HSE Income & Internal Order Number/Project Number (Balance of purchase price) (AFS – Form 2 & Form S12)

*Being receipt of the balance of the purchase price from HQ once the contract is due to be signed and all contractual obligations have been fulfilled*

Step 5 Payment of the balance of the purchase price to the solicitor by HSE area once all contractual obligations have been fulfilled

Debit Capital expenditure & Internal Order Number/Project Number (Balance of purchase price) (AFS – Form 2 & Form S12)  
Credit Bank (balance of purchase price of asset acquisition)

*Being transfer of balance of purchase price to solicitor acting on behalf of the HSE in the asset acquisition process, once contract has been signed by both parties to the transaction*

**24.7.2. Scenario 2**

Property Purchase Deposit paid by HSE area to solicitor involved in acquiring an asset on behalf of the HSE, where the asset acquisition is not successfully completed

Accounts of HSE HQ - Corporate Finance (Capital)

Step 1 Drawdown of capital from the Paymaster General

Debit	Bank
Credit	Capital Income (Vote) GL code & Internal Order number used to record vote funded grant payments to the respective HSE Area (Form 2 & Form S12)

*Being draw down of property purchase deposit from the Paymaster General*

Step 2 Payment of capital grant to HSE Area

Debit	Capital grant expenditure (vote) to HSE Area, GL code & relevant internal order number as above (Form 2 & Form S12)
Credit	Bank

*Being payment of property purchase deposit (X% of purchase price) to HSE area*

Step 3 Capital grant re-imbursed by former health board area to HQ in the same financial year as original grant was paid by HQ

Debit	Bank
Credit	Capital expenditure (original GL code capital grant (vote) expenditure to HSE Area & relevant internal order number) (AFS - Form 2 & Form S12)

*Being re-imburement of property purchase deposit from HSE area in respect of asset acquisition transaction which was terminated in the same financial year that the deposit was paid by HQ to HSE area, or in a subsequent financial year(s)*

Accounts of the HSE area

Step 1 Draw down the grant from HSE HQ – Corporate Finance (Capital)

Debit	Bank
Credit	Department of Finance Income (Vote Income) & relevant Internal Order Number/Project Number (AFS – Form 2 & Form S12)

*Being draw down of property purchase deposit by HSE area from Corporate Finance (Capital)*

Step 2                      Payment of Property Purchase deposit to solicitor acquiring the property on behalf of the HSE

Debit                      Property Purchase Deposits (Balance Sheet account)  
Credit                      Bank

*Being payment of a deposit to solicitor appointed to acquire asset on behalf of the HSE area*

Step 3                      Solicitor notifies the HSE that the asset acquisition cannot proceed

Debit                      Bank  
Credit                      Property Purchase Deposits (Balance Sheet account)

*Being refund of property purchase deposit from solicitor to HSE area*

Step 4                      Return the grant to HQ - Corporate Finance (Capital)

Debit                      Department of Finance Income & relevant Internal Order Number/Project Number (AFS – Form 2 & Form S12)  
Credit                      Bank

*Being re-imburement of property purchase deposit by HSE area to HQ in respect of asset acquisition transaction which was terminated in the same financial year that the deposit was paid by HQ to HSE area, or in a subsequent financial year(s)*

#### 24.8. Asset Disposals

Property purchase deposit paid by buyer to HSE's solicitor and deposit remains in the bank account of the solicitor

##### Accounts of the HSE Area

Step 1                      Property purchase deposits received by HSE's solicitors, acting on its behalf, in respect of disposal of its assets. Deposit not remitted to the HSE area

Debit                      Property Purchase Deposits (Balance Sheet - Debtor Account)  
Credit                      Deferred Income (Balance Sheet - Liability Account)

*Being recognition of cash retained by solicitor which may/may not be received by the HSE, depending on whether or not the asset disposal transaction is successfully completed.*

Step 2                      Asset disposal successfully completed, that is, asset sold by HSE area and contracts signed by both parties

Debit                      Deferred Income (Balance Sheet - Liability Account)  
Credit                      Property Purchase Deposits (Balance Sheet - Debtor Account)

*Being reversal of the accounting transaction at step 1 as asset disposal transaction was successfully completed by the HSE on date XXXX*

Step 3                      Receipt of sale proceeds from solicitor acting on behalf of the HSE, together with any interest accrued thereon

Debit                      Bank  
Credit                      Gross Proceeds (including interest) & Internal Order Number/Project Number (Form S13)

Credit                      Interest earned from proceeds of disposal of assets (GL account) & Internal Order Number/Project Number (Form S13 – separate line to gross proceeds line)

*Being receipt of full purchase price and any interest accrued on either the original property purchase deposit or balance of proceeds in respect of property X. Transaction successfully completed when contract was signed on date XXXX*

Step 4                      Payment of legal fees and auctioneers fees by HSE area

Debit                      Auctioneers Fees (Capital expense code & Internal Order Number/Project Number) (AFS - Form S13)

Debit                      Legal Fees (Capital Expense code & Internal Order Number/Project Number) (AFS - Form S13)

Credit                      Bank

*Being payment of auctioneers fees and legal fees in respect of asset disposal*

Step 5                      Transfer of net proceeds on disposal and any interest accrued thereon (either in the accounts of the solicitor or HSE area) to HQ – Corporate Finance (Capital)

Debit                      Proceeds of disposal remitted to HQ for submission to the Exchequer (AFS - Form S13)

Credit                      Bank

*Being proceeds of disposal remitted to HSE HQ – Corporate Finance (Capital)*

**Note**

The remittance advice note must separately identify the gross proceeds on disposal, interest earned on proceeds and remitted to HQ and expenses on disposal

Accounts of HSE HQ – Corporate Finance (Capital)

Receipt of net Sale Proceeds and any interest earned thereon from the HSE Areas (former health boards). Sale proceeds are remitted net to HQ, in the event of expenses incurred on disposal of the asset by the former health board area

Credit                      Gross Proceeds of Disposal Account & relevant internal order number (AFS – Form S13)

Credit                      Interest on proceeds of sale of asset sold by HSE area (AFS – Form S13)

Debit                      Bank

*Being receipt of proceeds from sale of Asset X by HSE area X and any interest earned thereon*



**Note**

The above transactions will be recorded on the general ledger of HQ as follows;

Line on Form S13 - Proceeds received by HQ from Areas (this will be split on the ledger of HQ as follows; GL 47208 (Net proceeds, excluding interest received by HQ from the HSE area), GL 47210 (interest earned on proceeds of disposal remitted by the HSE area to HQ)

**24.9. Duties and Responsibilities**

*24.9.1.* It is the responsibility of the Assistant National Director of Finance at HSE Administrative Area level to ensure that this regulation is fully adhered to by the appropriate finance personnel at HSE Area level.

**24.10. Reporting of Irregularities**

*24.10.1.* Any member of staff who considers that there may have been an instance of irregularity must inform their line manager immediately. The manager to whom the matter has been reported must furnish a written record to their line Manager, Assistant National Director of Finance and the HSE National Director of Audit and National Director of Human Resources for further action.