



Oifig an Phríomhoifigigh Airgeadais
Feidhmeannacht na Seirbhíse Sláinte,
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3rd April 2024

Deputy Michael Ring TD,
Dáil Éireann,
Leinster House,
Kildare Street,
Dublin 2.

Re PQ 8443 24: *To ask the Minister for Health if the HSE has introduced a central processing system for the payment of invoices from suppliers; if so, when this system was introduced; the cost of same; and if he will make a statement on the matter.*

Dear Deputy Ring,

The Health Service Executive has been requested to reply directly to you in the context of the above Parliamentary Question, which you submitted to the Minister for Health for response. Your PQ above has been referred to me for response.

A key enabler of the HSE's overall finance reform programme is the implementation of IFMS, a single national financial system for the Irish health service. IFMS involves the operation of standardised financial and procurement processes through the expansion of the current HSE shared services model, on a single contemporary technology platform (SAP S/4 HANA). This includes Procure to pay (P2P) which is the end-to-end process of purchasing goods or services through to processing of payment to HSE suppliers. It has been developed under the HSE Finance Reform Programme – a significant transformation programme for the health sector in terms of scale and complexity.

Deployment of IFMS in S.38 and larger S.39 organisations is mandated by the Finance Reform Board (Governing body involving HSE, DOH and DPER)

IFMS provides better financial reporting and forecasting and will enable improved financial management, governance, compliance and transparency, and a better overall financial control environment.

The deployment of a single standardised financial and procurement system to voluntary organisations will, for the first time, provide quality standardised financial and procurement information across both statutory and voluntary services, facilitating:

- valid comparison of costs across the entire sector
- a more equitable and evidence-based resource allocation model
- demonstration of VFM to support investment in service development
- leveraging full procurement capacity of the health sector by having quality data at a catalogue item level
- position-level reporting of pay costs for more than 137k WTE (c. 89k WTE statutory and c. 48k WTE voluntary)

Current limitations and constraints in reporting functionality of existing financial systems within the HSE will be addressed over the medium term with the deployment of IFMS, which includes



the roll out, on a phased basis to the larger voluntary organisations who are contracted and funded by the HSE to provide services on its behalf under Section 38 and Section 39 of the *Health Act, 2004* (as amended). These services provided by voluntary organisations include acute hospital, disability, older persons, palliative care and mental health services.

IFMS went live in Implementation Group 1 (IG1) on 3 July 2023, as planned, following Steering Committee approval. Implementation Group 1 includes HSE East, National Capital, National Distribution Centre, PCRS and Tusla. However, there have been several challenges which impacted on project delivery activities and led to a difficult go-live with significant issues experienced during Hypercare across various centralised operations and local service areas.

As with any major transformation programme of the scale and complexity of IFMS, it is taking the HSE time to adapt to the changes. A sustained focus by IFMS project team (HSE and Systems Integrator (SI)) has been put in place to support business and end users. In addition SI resources were focussed on technical optimisation post go-live to maximise efficiencies based on business and user feedback.

The project plan for completion of the IFMS programme was impacted, with IG2 activities planned in parallel with IG1 significantly delayed. Approval in principle to proceed with a detailed re-plan was granted by Programme governance with provisional go-live dates of 1 May 2024 for IG2, 1 January 2025 for IG3, 1 June 2025 for IG4, and 1 November 2025 for IG5.

Prior to the finalisation of the re-plan in October 2023, two material developments occurred:

- i. Members of the Forsa trade union commenced industrial action with effect from Friday 6 October 2023 until 7 February 2024.
- ii. The Department of Health has provided additional funding of €40m in the HSE's 2024 Letter of Determination, for the purpose of accelerating the rollout of IFMS.

These two developments have necessitated a new re-plan to proceed on the basis of an accelerated implementation schedule, with agreement of an associated change to the SI contract. Following the suspension of the industrial action the project has been able to resume preparation activities for re-commencement and the planning for IFMS Accelerated Implementation. This detailed re-plan, which aims to implement IFMS to the entire statutory health system by mid-2025, has been approved by project governance and was presented to HSE Board in March 2024 for final approval.



Against the current overall ICT capital budget of €82million, the Finance Reform Programme has incurred the following costs to end of Q4 2023:

Finance Reform Programme Cumulative ICT Capital Expenditure to Q4 2023	
SAP Phase 1 Stabilisation – Implementation HSE Mid-West	€ 1,354,289
SAP Implementation Consolidated Financial Intelligence	€ 787,692
SAP Phase 2 Stabilisation – Implementation HSE North West, Crumlin and CHI	€ 2,818,314
IFMS Lot 1 SAP – ERP Software Solution	€ 3,904,203
IFMS Infrastructure and Hosting	€ 4,519,428
IFMS Software and Licencing	€ 2,664,081
External System Integrator and Specialist Project Support	€33,708,886
Cumulative Expenditure at Q4 2023	€49,756,893

Table 1: Q4 2023 cumulative expenditure

If you have any queries, please do not hesitate to contact me at sarah.anderson1@hse.ie or tel: 087 9423319.

Yours sincerely

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