

Confidential – Internal Audit Report: Section 38 Agencies’ Remuneration



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Internal Report

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From: Dr. Geraldine Smith, Assistant National Director Internal Audit.

Subject: Internal Audit Report: Section 38 Agencies’ Remuneration

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Executive Summary

Section 38 Agencies’ Remuneration

I. Introduction

The CEO of the HSE requested HSE Internal Audit to:

- Undertake a review of the remuneration paid by HSE funded Section 38 agencies to their senior management
- Identify HSE’s monitoring and oversight of Section 38 agencies compliance with DOHC consolidated pay scales in respect of senior management remuneration

II. Key Audit Findings

The audit identified key findings for which twenty-two recommendations are set out in this report. A summary of the findings and analysis of the ratings are set out below.

Analysis of Key Audit Findings rankings and associated recommendations

Ranking	Total
High	17
Medium	5
Low	0
Total	22

General

1. Prior to 2005, terms and conditions of employment for staff were not fully standardised across the health system. Since the establishment of the HSE in 2005, the policy has been to move to standardised terms and conditions. Most of the non-standard type allowances identified as part of this audit were commenced prior to 2005 and have remained in place since then.
2. There was not always documentary evidence held by the agencies and the DOH to confirm that non-standard type allowances were discussed /agreed with the DOH.
3. There is a lack of clarity as to the level of authority available to each agency to pay allowances without seeking approval from HSE/DOH.

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Allowances and prerequisites funded from HSE funds

4. There is a wide range of allowances and prerequisites funded from HSE funds. Thirty-six specific allowances types are being paid by agencies to one hundred and ninety-one senior managers from HSE funds at an annual cost of at least €3.224m.

HSE FUNDED ALLOWANCES ETC.						
				361 managers listed in S38 agencies returns		
				191 managers in receipt of allowances		
				No. of managers in receipt of allowance etc		
		No. of Agencies	€	...where amount stated	...where amount not stated	Total no. senior Managers
1	Health Insurance	6	€34,654	10	2	12
2	Permanent Health Insurance/ Income Continuance	2	€15,294	4	0	4
3	Allowances - No Title given	11	€172,977	17	0	17
4	Deputy Acting CEO Allowance	1	€10,000	1	0	1
5	Allowance re Mater Hospital Campus Development	1	€6,107	1	0	1
6	Additional Management Duties Allowance	1	€53,065	2	0	2
7	Additional Responsibility / Extra Duty Allowance	6	€2,436	15	0	15
8	Dual Responsibility Allowance	3	€24,411	5 ¹	0	5
9	Contribution to Hospital Management Group Allowance	1	€89,415	4	0	4
10	Allowance to bring salary to Functional Officer Grade	1	€6,000	1	0	1
11	Allowance to bring salary to Deputy General Manager Regional Hospital Scale	1	€14,146	2	0	2
12	Allowance re difference between DON band 3 and 2a rates	1	€6,438	1	0	1
13	Designated Persons Allowance	2	€0	0	2	2
14	IR Allowance	1	€8,769	1	0	1
15	Location Allowance	1	€431	1	0	1
16	Allowance to Manage Another Location	1	€12,700	1	0	1
17	Board Secretary Allowance	1	€10,839	1	0	1
18	Company Secretary	1	€4,000	1	0	1
19	Medical Board Chair - Allowance	3	€107,308	3	0	3
20	Medical Board Secretary - Allowance	3	€66,874	3	0	3
21	Masters Allowance	3	€159,027	3	0	3
22	Flexibility/Out of Hours/On Call Allowance	1	€36,915	4	1	5
23	On Call Allowance	10	€244,546	44	0	44
24	External Hospital On Call Allowance	1	€6,400	4	0	4
25	Clinical Directors Allowance	11	€1,113,807	33	2	35
26	Consultant Admin Sessions	4	€242,167	14 ²	15	29
27	Post Grad Co-Ordinator Allowance	1	€1,617	1	0	1
28	Director Clinical Audit Allowance	1	€36,417	1	0	1
29	Director Haemophilia Unit Allowance	1	€43,468	1	0	1
30	Allowance for Specialist Advice on Clinical Risk Issues	1	€27,931	1	0	1
31	Lecturing Allowance	2	€0	0 ³	0	0
32	1 in 3 Rota	1	€2,235	1	0	1
33	Premiums	1	€3,276	5	0	5
34	Motor Allowance	3	€90,387	7	0	7
35	Motor Allowance (DOH Approved)	1	€8,937	1	0	1
36	Contributions to Private Pension Scheme - as in some cases staff not covered by Public Sector Schemes	9	€346,561	16	13	29
	TOTAL HSE Funded Allowances etc		€3,223,950	210	35	245

¹ Note 2 managers each in receipt of 2 Dual Responsibility Allowances

² Also, UCD paymaster for further 2 allowances total €30,989

³ TCD Paymaster for both allowances. 1 allowance - €30,000. 1 allowance €not stated

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Details of agencies paying these allowance types are set out in the table below. (Please note that the figures in brackets refer to the number of managers in each agency in receipt of these allowances).

	HSE Funded Allowances	Total No. of Agencies	Agencies	Total No. of Managers
1	Health Insurance	6	AMNCH (1), Cappagh (2), Cheeverstown House (1), Peamount (2), Royal Hospital Donnybrook (1), Stewarts Hospital (5)	12
2	Permanent Health Insurance / Income Continuance	2	Carriaglea Services (1), Sisters of Charity of Jesus and Mary (3)	4
3	Allowances – No Title given	11	AMNCH (2), Beaumont (1), Cheeverstown House (1), Cope (1), Drug Treatment Centre Board (1), Dublin Dental School & Hospital (1), National Maternity Hospital (1), Sisters of La Sagesse (Cregg House) (1), Sisters of Charity of Jesus and Mary (4), St Vincent’s Fairview (2), St Vincent’s University Hospital (2)	17
4	Deputy Acting CEO Allowance	1	Royal Victoria Eye & Ear (1)	1
5	Allowance re Mater Hospital Campus Development	1	Mater (1)	1
6	Additional Management Duties Allowances	1	Our Lady’s Children’s Hospital (2)	2
7	Additional Responsibility Allowance / Extra Duty Allowance	6	AMNCH (5), Brothers of Charity - Cork (1), Dublin Dental School and Hospital (3), Sisters of Charity of Jesus and Mary (1), St James Hospital (1) (ceased 31/12/2011), St Luke’s Hospital (4)	15
8	Dual Responsibility Allowance	3	Coombe (1), Rotunda (1), St James Hospital (3*) *Note - 2 managers each in receipt of 2 DRAs	5
9	Contribution to Hospital Management Group Allowance	1	Royal Victoria Eye and Ear (4)	4
10	Allowance to bring salary to Functional Officer Grade	1	Our Lady’s Children Hospital (1)	1
11	Allowance to bring salary to Deputy General Manager Regional Hospital Scale	1	Beaumont (2)	2
12	Allowance re difference between DON band 3 and 2a rates	1	Royal Hospital Donnybrook (1)	1
13	Designated Persons Allowance	2	Brothers of Charity - Limerick (1), Brothers of Charity - Clare (1)	2
14	IR Allowance	1	Our Lady’s Children’s Hospital (1)	1
15	Location Allowance	1	National Rehabilitation Hospital (1)	1
16	Allowance to Manage Another Location	1	Our Lady’s Hospice (1)	1
17	Board Secretary Allowance	1	St James Hospital (1)	1
18	Company Secretary Allowance	1	Our Lady’s Hospice (1)	1
19	Medical Board Chair – Allowance	3	Cappagh (1), National Rehabilitation Hospital (1), St James Hospital (1)	3
20	Medical Board Secretary – Allowance	3	Cappagh (1), National Rehabilitation Hospital (1), Our Lady’s Hospice (1)	3
21	Masters Allowance	3	Coombe (1), National Maternity Hospital (1), Rotunda (1)	3
22	Flexibility/Out of Hours/On Call Allowance	1	Cappagh (5)	5
23	On Call Allowance	10	Beaumont (1), Cheeverstown House (1), Daughters of Charity (1), Drug Treatment Centre Board (1), Dublin Dental School and Hospital (20), National Maternity Hospital (2), National Rehabilitation Hospital (2), Rotunda (5), Royal Hospital Donnybrook (4), St James Hospital (7)	44
24	External Hospital On Call Allowance	1	Dublin Dental Hospital (4)	4
25	Clinical Directors Allowance	11	AMNCH (5), Beaumont (2), Dublin Dental School and Hospital (1), Mater (1), National Maternity Hospital (1), Our Lady’s Children’s Hospital (1), Rotunda (4), South Infirmary (1), Stewarts Hospital (1), St James Hospital (12), St Vincent’s University Hospital (6)	35
26	Consultant Admin Sessions	4	Mater (15), St James Hospital (3), St Luke’s (1), St Vincent’s University Hospital (10) + (2 UCD funded)	29 + 2 UCD Funded
27	Post Grad Co-Ordinator Allowance	1	St James Hospital (1)	1
28	Director Clinical Audit Allowance	1	St James Hospital (1)	1
29	Director Haemophilia Unit Allowance	1	St James Hospital (1)	1
30	Allowance for Specialist Advice on Clinical Risk Issues	1	Our Lady’s Children’s Hospital (1)	1
31	Lecturing Allowance	2	St James Hospital (1), Dublin Dental School and Hospital (1)	2 (both TCD Funded)
32	1 in 3 rota	1	Daughters of Charity Limerick (1)	1
33	Premiums	1	Sisters of Charity of Jesus and Mary (5)	5
34	Motor Allowance	3	Cheeverstown House (1), Daughters of Charity Limerick (1), Stewarts Hospital (5)	7

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35	Motor Allowance (DOH Approved)	1	St James Hospital (1)	1
36	Contributions to Private Pension Scheme – as in some cases staff not covered by Public Sector Schemes	9	Brothers of Charity Clare (1), Brother of Charity Galway (2), Brothers of Charity Roscommon (1), Brothers of Charity Waterford (1), Carriaglea Services (1), Kare (6) Sisters of Charity of Jesus and Mary (3), Stewards (7), Sunbeam House (7)	29

5. There is a wide range of descriptions for different types of allowances.
6. There is a lack of consistency in the rates applied.
7. Some allowances paid by agencies are not contained in sanctioned public sector pay scales (e.g. private health/income continuance/permanent health insurance policies, motor allowances and company/board secretary allowances).
8. Some agencies pay on-call type allowances to non-clinical management.
9. There are no sunset clauses applied to any sanctioned allowances

Health Sector Superannuation Schemes

10. Some agencies in the non-acute sector (or some of their staff) have not (yet) been admitted to Health Sector pension schemes.
11. The rate of pension contributions from public funds to these private pension funds by these agencies range from 6% to 46.6% of salary.
12. Those agencies confirmed that the DOH is aware of the existence of, or approved the establishment of, private pension schemes.

Remuneration Rates

13. There is a wide range in the level of basic pay currently paid to CEOs of Section 38 agencies. These pay rates developed over many years on an agency by agency basis and do not necessarily reflect the comparable size, scale and complexity of each organisation today.
14. In instances whereby senior management salary levels differ from Consolidated Salary Scales, agencies stated that verbal DOH approval had been sought and obtained. However, these discussion/agreements were not documented on DOH files

Recoupment mechanisms under FEMPI

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15. FEMPI requires public sector bodies to recoup any salaries paid to a public servant which are not in accordance with approved public sector pay scales. The audit identified that an agreed mechanism/policy has not yet been developed to action the recoupment provisions of FEMPI.

Allowances and prerequisites funded from private funds

16. Thirteen (28%) Section 38 agencies pay additional remuneration/benefits, totalling at least €912,472, to thirty-four senior managers which are funded from private sources.

Externally Funded Salaries and Allowances etc						
				34 managers in receipt of privately funded allowances etc		
		No. of Agencies	€	No. of managers in receipt of allowance etc and amount stated	No. of managers in receipt of allowance etc and amount not stated	Total no. senior Managers
1	Externally Funded Salary	4	€409,631	11	3	14
2	Externally Funded Allowance	9	€396,376	18	0	18
3	Externally Funded Allowance - Once Off	1	€15,000	1	0	1
4	Externally Funded Pension contribution	3	€87,965	7	5	12
5	Externally Funded Company Car	1	Amount not stated	0	1	1
6	Externally Funded Car Expenses Allowance	1	€3,500	1	0	1
TOTAL EXTERNALLY FUNDED SALARIES AND ALLOWANCES			€912,472	38	9	47

Details of agencies paying salaries, allowances and other perquisites from private funds are set out in the table below. (Please note that the figures in brackets refer to the number of managers in each agency in receipt of these payments).

	Allowance Type	Total No. of Agencies	Agencies	Total No. of Managers
1	Externally Funded Salary	4	Cope Foundation (1), CRC (5), St Michael’s House (5), St Vincent’s University Hospital (3 – amounts not stated)	14
2	Externally Funded Allowance	9	CRC (1), Coombe (1), Mater (1) National Maternity Hospital (4) National Rehabilitation Hospital (1), Our Lady Children’s Hospital (1), Our Lady’s Hospice (3), Rotunda (5), South Infirmary (1)	18
3	Externally Funded Allowance – Once Off	1	Sisters of Charity of Jesus and Mary (1)	1
4	Externally Funded Pension contribution	3	CRC (5), Sisters of Charity of Jesus and Mary (2), St Michael’s House (5 – amounts not stated)	12
5	Externally Funded Company Car	1	St Michael’s House (1 – amount not stated)	1
6	Externally Funded Car Expenses Allowance	1	Mater Hospital (1)	1

17. Twenty-three of the thirty-four managers receive one type of payment, ten receive two types and one manager received three types.

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18. This practice is in contravention of the terms of Section 3.2 (c) (viii) of the HSE Standard Service Arrangement and DOH policy statement that *“there is no current arrangement in place whereby employers are authorised to supplement the approved rate for any post, senior or otherwise”*.

19. The response to a Parliamentary Question in 1996 indicates that there was knowledge of the existence of the practice of making payments to senior managers from private sources in respect of any additional duties or functions and that it was deemed at that time to be *“a matter for these bodies and the person concerned”*. It is possible that agencies have relied on the response to the Parliamentary Question as part of their decision making process to make such payments.

20. The audit also identified an instance whereby privately generated funds were used to fund a non-pensionable allowance (paid on an annual basis) in respect of a manager’s performance in a Public Hospital.

21. Issues were identified in relation to the quality, timeliness and responsiveness of HSE HR to DOH requests for information.

III. Audit Opinion

The overall assessment of the control environment is considered by the auditors to be seriously inadequate due to the significance of the findings identified by the audit.

▪ Overarching Comment on Internal Audit findings

As an overarching comment, this audit has identified that prior to 2005, terms and conditions of employment for staff were not fully standardised across the health system. Since the establishment of the HSE in 2005, the policy has been to move to standardised terms and conditions. Most of the **non-standard type** allowances identified as part of this audit were commenced prior to 2005 and have remained in place since then.

While agencies have indicated that non-standard type allowances were discussed /agreed with the DOH, **there was not always documentary evidence** held by the agencies and the DOH to support these assertions

The lack of records is a concern as the creation of any additional charges on Exchequer funds should be properly and adequately documented to evidence that such additional charges were properly approved by the relevant authorities.

There is a **lack of clarity as to the level of authority available to each agency** to pay allowances without seeking approval from HSE/DOH. One agency informed Internal Audit that the practice of approving allowances is based on delegated authority to approve promotions and appointments on a permanent/temporary basis to the CEO under Circular 10/71, while the DOH has confirmed that there is no current arrangement in place whereby employers are authorised to supplement the approved rate for any post, senior or otherwise. A clear, unambiguous policy statement is required to address this going forward.

▪ Allowances and prerequisites funded from HSE funds

The audit has identified a wide range of allowances and prerequisites funded from HSE funds. It has also identified a **wide range of descriptions** for different types of allowances (e.g. there are at least eight descriptions for allowances for additional responsibility) and a **lack of consistency in the rates applied**.

Most of the allowances are in accordance with approved allowances e.g. Masters’ allowances clinical directors’ allowances, medical board allowances and on call allowances etc. However, some allowances and prerequisites paid by agencies are **not contained in sanctioned public**

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sector pay scales. These include payments in respect of private health/income continuance/permanent health insurance policies, motor allowances, travel allowance, and company/board secretary allowances.

The audit also identified the **payment by some agencies of on-call type allowances to non-clinical management.**

Overall, the audit has identified that there is a clear need for health sector allowances to be reviewed and rationalised and for a definitive list of approved allowances to be issued which makes clear what is and what is not allowable and the approval mechanisms for the award of any such allowances. Sunset clauses should also be applied to any sanctioned allowances

▪ **Health Sector Superannuation Schemes**

While most section 38 agencies have been admitted to membership of various health sector pension schemes, some in the non-acute sector (or some of their staff) have not (yet) been admitted. The rate of pension contributions from public funds to these private pension funds by these agencies range from 6% to 46.6% of salary. Those agencies confirmed that the DOH is aware of the existence of, or approved the establishment of, private pension schemes. Agencies stated that they have had discussions with the DOH over several years on admittance to the public sector pension schemes. While these discussions continue, this has resulted in agencies continuing to contribute from public funds to private pension schemes for their staff, in accordance with their obligations as employers. It is important that these discussions should be concluded as soon as possible.

▪ **Remuneration Rates**

This audit has identified that there is a **wide range in the level of basic pay** currently paid to CEOs of Section 38 agencies. These pay rates developed over many years on an agency by agency basis and do not necessarily reflect the comparable size, scale and complexity of each organisation today. A pay classification model now exists and this should be used to review the remuneration rates of Section 38 CEOs and their senior management teams.

In instances whereby senior management salary levels differ from Consolidated Salary Scales, agencies stated that verbal DOH approval had been sought and obtained. It is likely that this is the case and it points to the need for DOH (and now HSE as the organisation responsible post 2005) to ensure that discussions with agencies are properly and comprehensively minuted and that such decisions/agreements are followed up with a formal notification of approval.

Audit Opinion continued /.....

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▪ **Recoupment mechanisms under FEMPI**

The audit has identified that while FEMPI sets out recoupment provisions for cases where a public servant is in receipt of remuneration in excess of approved rates, an **agreed mechanism/policy needs to be developed by HSE and DOH to action such recoupment provisions**. This policy should be communicated to all health sector funded agencies.

▪ **Allowances and prerequisites funded from private funds**

Thirteen (28%) Section 38 agencies pay **additional remuneration/benefits** to thirty-four senior managers which are funded from private sources. Twenty-three of the thirty-four managers receive one type of payment, ten receive two types and one manager received three types. This practice is in contravention of the terms of the HSE Standard Service Arrangement and DOH policy statement.

Section 3.2 (c) (viii) of the HSE Standard Service Arrangement states that a service provider *“shall not pay nor subsidise salaries, expenses or other perquisites which exceed those normally paid within the public sector”*, and this statement concurs with confirmation received by Internal Audit from the DOH that *“there is no current arrangement in place whereby employers are authorised to supplement the approved rate for any post, senior or otherwise”*.

However, these statements do not state clearly if the prohibition on supplementation relates to additional payments from public funds or private funds or both.

The response to a Parliamentary Question in 1996 indicates that there was knowledge of the existence of the practice of making payments to senior managers from private sources in respect of any additional duties or functions and that it was deemed at that time to be *“a matter for these bodies and the person concerned”*. It is possible that agencies have relied on the response to the Parliamentary Question as part of their decision making process to make such payments.

It is important to note that when the State first got involved in funding voluntary health bodies in the 1950s, the concept of privately provided and funded services (e.g. private hospitals and services, and agencies with commercial ventures) did not exist to the extent it does today. Since the mid-1990s, the types of services provided by health-funded agencies have evolved resulting in an increase in the level and extent of privately funded and commercial income generation services being performed by publicly funded bodies and the concomitant level of senior manager input in managing these privately funded operations. This evolution has implications for public sector pay policy applicable to publicly funded agencies.

Audit Opinion continued /.....

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The audit also identified an instance whereby privately generated funds were used to fund a non-pensionable allowance (paid on an annual basis) in respect of a manager’s performance in a Public Hospital.

The findings of this audit identify the **need for a clear and unambiguous policy and guidance on the issue of providing additional remuneration to senior managers from private sources.**

Such an up-to date clear policy should be developed which:

- takes into account the different types of publicly funded agencies which now exist (e.g. fully publicly funded or partially publicly funded),
- determines what level of commitment the public sector pay scales relate to and
- addresses instances where agencies’ managers receive remuneration etc from private funds in relation to work for their agencies over and above their public service contract.

As this issue possibly extends beyond the health services to the wider public sector, an up to date State policy on the issue would provide the necessary clarity on the matter.

IV. Management Comment

On 22nd February 2013 Internal Audit issued the draft report to the National Director of Human Resources requesting him to confirm in writing acceptance of the findings and recommendations of the report.

In a response, dated 28th February 2013, the National Director of Human Resources confirmed his agreement with the contents of the report and in particular with the key findings, recommendations and the timeframe for the implementations of recommendations.

In his response, he stated that there are a range of issues outstanding which arose prior to his taking up the role of National Director and he undertook to address these immediately. He confirmed that all outstanding and incomplete responses from Area HR Departments in respect of the Department of Health correspondence of 30th August, 10th October and 28th October 2011 will be followed up and a formal response issued to the Department by his office. He confirmed that HSE HR is committed to ensuring that communications from DOH should be responded to in a timely and complete manner.

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He noted that the Internal Audit Report identifies that while the policy since the establishment of the HSE in 2005 has been to move to standardised terms and conditions, most of the non-standard type allowances identified as part of this audit were commenced prior to 2005 as historically the DoH dealt directly with the larger voluntary providers of service on behalf of the Health Boards including the Voluntary Hospitals and that while there was a wide range in the level of basic pay, documentary evidence was not always held by the agencies and the Department of Health to support claims that the allowances on or rates of pay were discussed with the Department. He noted that the Internal Audit report identifies that the DoH did confirm in August 2012 to HSE Internal Audit that there is no current arrangement in place whereby employers are authorised to supplement the approved rate for any post, senior or otherwise.

He stated that the Internal Audit report identifies a lack of clarity as to the level of authority available to each agency to pay allowances in the absence of approval from either the HSE or the Department of Health and the need for health sector allowances to be reviewed and rationalised and a definitive list of approved allowances to be issued. Also of concern is the lack of clarity regarding additional remuneration to senior managers from private sources and the continued payment from public funds into private pension schemes. He confirmed that it is clear from the Internal Audit report that a framework exists which clearly sets out that health funded agencies are required to adhere to approved public sector pay rates and shall not pay amounts in excess of those approved rates.

He confirmed that once the final Internal Audit report is received he will be immediately engaging with the Department of Health to ensure that:

- a clear policy statement on allowances – including a definitive list of sanctioned allowances - is developed, sanctioned by the Department and circulated to all relevant agencies.
- a formal review of non-standard allowances currently being paid is initiated in conjunction with the Department;
- all specific non-standard type allowances must be approved by the HSE, DoH and DPER.
- records of each sanction are retained by the HSE, the Department and the relevant Agency.
- agencies are notified to cease payment of those allowances which are not on the sanctioned list of allowances;
- the decision making process to determine the admission of those remaining section 38 agencies to public sector pensions schemes is concluded;

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- a clear policy regarding additional allowances, salaries and prerequisites funded from private funds is developed with the Department to determine what is / is not permitted and to set out the disclosure obligations of agencies to public sector funders;
- a clear policy statement is developed in conjunction with the Department to determine the State’s position on senior managers carrying out privately remunerated work for their agencies over and above public service contracts;
- standard Service Level Agreements are revised to include policy on the supplementation of remuneration by private funding and require funded agencies to disclose the details of the full remuneration packages paid to senior managers;
- an agreed mechanism/policy is developed to action the recoupment provisions of FEMPI legislation;
- a review of the remuneration rates of Section 38 CEOs and senior management is undertaken to ensure the pay rates reflect the comparable size, scale and complexity of each organisation and remuneration packages for current Section 38 CEOs and senior management are reviewed and formally approved;
- any distinctions contained in responses from Section 38 agencies will be communicated to the Department to ensure that the Department is in possession of comprehensive information;
- all future appointments to CEO or Senior Management posts in funded agencies are subject to specific sanction to approve the entirety of the remuneration package and no deviations are subsequently allowed without formal approval by the Department of Health / HSE.
- HR will also be liaising with the National Business Support Unit of the Integrated Services Directorate to obtain an up to date list of all Section 38 Agencies to ensure completeness in any future circularisation of such agencies.

V. Acknowledgement

Internal Audit wishes to formally acknowledge the co-operation and courtesy afforded to them by the staff of the HSE, DOH and Section 38 agencies during this audit.

MAIN REPORT

I. Introduction

The CEO of the HSE requested HSE Internal Audit to:

- Undertake a review of the remuneration paid by HSE funded Section 38 agencies to their senior management
- Identify HSE’s monitoring and oversight of Section 38 agencies compliance with DOHC consolidated pay scales in respect of senior management remuneration

II. Background

The issue of compliance with approved public sector remuneration levels for senior management in the health funded agencies and, in particular, the issue of possible top-up payments has been a matter of public commentary in the recent past. For example:

- in March 2012 the Irish Times reported that 3 senior executives in a HSE funded organisation were being paid for private work on top of their public commitments.
- In May 2012 HIQA issued a report of its *“investigation into quality, safety and governance of the care provided by the Adelaide and Meath Hospitals incorporating the National Children’s Hospital (AMNCH) for patients who require acute admission.”* This identified, inter-alia, a lack of clarity in the *“governance of decisions to substantially additionally remunerate, in excess of €150,000 in one instance, individual post holders for taking on additional roles”* (p151) and
- In June 2012, the Sunday Business Post reported on the remuneration packages of the CEOs of four Section 38 funded organisations and a number of Section 39 funded agencies. This article also reported that a DOH memo criticised the lack of transparency regarding pay in the disability sector and which stated, *“we know that they [some CEOs salaries] are most likely topped up from other funds”*.

III. Scope

HSE Internal Audit

- reviewed the information provided by Section 38 agencies to HSE-HR directorate between February 2011 and May 2012

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- circularised each section 38 agency (forty-six agencies in total) and sought confirmation from agencies of the information they had provided to HSE-HR.
- reviewed and analysed information received from agencies on allowances and other perquisites paid to senior managers (see methodology below)
- contacted agencies (where necessary) to clarify information provided
- reviewed information provided by HSE Regional Directors of Operations relating to agencies pay and allowances
- requested the DOH to review its files to ascertain if it granted any approvals to individual Section 38 agencies
- reviewed information provided to Internal Audit by the DOH
- reviewed documentation received from HSE-Integrated Services Directorate.

Due to the number of Section 38 agencies (forty-six in total) and the broad scale of the audit, the audit did not involve site-visits to agencies. Internal Audit relied on information and clarifications provided by agencies during the audit.

IV. Methodology

Internal Audit obtained details of the communications regarding senior management remuneration from DOH to HSE HR Directorate and from HSE HR directorate to each of the Section 38 agency and carried out an analysis of this information.

Internal Audit reviewed HSE Standard Service Arrangements and developments in that area.

Internal Audit requested the DOH to review its files to ascertain if any approvals were provided by the DOH to Section 38 agencies

Internal Audit requested each of the four Regional Directors of Operations (RDOs) to review their files to ascertain if any remuneration related approvals were provided by the former Health Boards/HSE to Section 38 agencies.

In June 2012 Internal Audit circulated each Section 38 agency seeking confirmation of the information they had provided to HSE HR between February 2011 and May 2012 and seeking additional information on

- Whether the remuneration information provided to HSE HR represented the totality of remuneration packages paid to senior managers
- The amount of any contributions made to private pension schemes in respect of senior managers by Section 38 agencies

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- Details of any travel allowances / car allowances / annual or other bonuses paid to senior managers
- Details of any fees paid to senior managers in respect of director, company secretarial or board fees
- Details of the above which are funded from public sources or non-public sources

This information provided by Section 38 agencies was analysed by Internal Audit,

Internal Audit reviewed documentation provided by HSE- ISD Directorate, HSE-HR directorate and HSE Superannuation section.

V. Background to Section 38 agencies

Voluntary/non statutory service providers have a long history of providing health and personal social services in Ireland. These organisations vary in scale and complexity, ranging from large acute hospitals to local community based organisations.

The primary legal framework under which HSE provides financial support to voluntary/non-statutory providers is set out in the Health Act 2004, which enables HSE to enter into arrangements with two distinct categories of agencies/groups.

Section 38 (1) states that

*The Executive may, subject to available resources and any directions issued by the Minister under Section 10, enter, on such terms and conditions as it considers appropriate, into an arrangements with a person for the **provision of a health or personal social service by that person on behalf of the Executive***

Section 39 (1) states that

*The Executive may, subject to any directions issued by the Minister under Section 10, and on such terms and conditions as it sees fit to impose, give assistance to any person or body that provides or proposes **to provide a service similar or ancillary to a service that the Executive may provide.***

In 2009, the HSE developed a formalised national governance framework to manage the funding provided to such organisations and this came into operation across all sectors in 2010.

In 2011, following a consultation process with the relevant stakeholders, HSE ISD directorate updated the governance documentation to ensure, inter-alia, that documentation reflected current legislation, regulation and government department directives. Of note is that the revised

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updated Standard Service Arrangements (SSAs) contained an additional clause to preclude the service provider agencies from paying salaries in excess of public sector norms.

3.2C (v) not pay nor subsidise salaries, expenses or other prerequisites which exceed those normally paid within the public sector”.

There are forty-one section 38 agencies, of which sixteen are acute voluntary hospitals. Direct state funding of these hospitals commenced in the 1950s. There are two types of voluntary hospitals governance namely

- one group of voluntary hospitals set up under statute and the Minister appoints their Boards (examples include SJH, Beaumont, AMNCH)
- The second group of voluntary hospitals, which constitute the majority of such hospitals, have their own independently appointed Boards and are governed by a charter.

Source: HSE ISD directorate (30 May 2012).

Forty of the forty-one (98%) Section 38 agencies signed the 2011 SSAs while thirty-seven of the forty-one (90%) Section 38 agencies signed the 2012 SSAs. All sixteen acute voluntary hospitals signed the SSAs in 2011 and 2012, while in the non-acute sector twenty-four of the twenty-five agencies signed the 2011 SSA and twenty-one signed the 2012 SSA.

In 2012 HSE provided funding of €1,579,561,806 to Section 38 agencies

This review by HSE Internal Audit relates to Section 38 Agencies’ remuneration only.

VI. Overview of legislative and operational basis for remuneration levels of publicly funded health agencies

The requirement for publicly funded health sector agencies to comply with approved rates of remuneration is reflected in a range of policy documents and legislation. These are outlined below.

i. Roles of HSE and DOH

The roles of the Department of Health (DOH) and HSE in setting remuneration for health funded agencies are as follows

- The DOH had responsibility for the Health Vote up to the establishment of the HSE in 2005. Historically the DOH dealt directly with the larger voluntary providers of services on

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behalf of the health boards, including the voluntary hospitals. On its establishment in 2005, the HSE assumed responsibility for the application of HR policy in the health sector.

- Prior to 2005, terms and conditions of employment for staff were not fully standardised across the health system
- Since the establishment of the HSE, the policy has been to move to standardised terms and conditions
- The DOH promulgates the agreed national pay rates for health sector grades, including the grades of CEO and deputy CEO in voluntary hospitals
- **There is no current arrangement in place whereby employers are authorised to supplement the approved rate for any post, senior or otherwise.**

(Source: DOH Correspondence to HSE Internal Audit - 3rd August 2012)

ii Legislative Basis for Remuneration

Section 22 of the Health Act 2004 provides that the terms and conditions of employment of HSE employees require the approval of the Minister for Health and Children, given with the consent of the Minister for Finance.

iii Health Sector Pay Scales

The DOH, with the consent of the Department of Finance, establishes the approved health sector pay rates. These are communicated to the HSE in a document known as the Consolidated Salary Scales (CSS), which in turn the HSE issues to each section 38 agency.

iv FEMPI

The Financial Emergency Measures in the Public Interest Act (no 2) Act 2009 provided for reductions in the remuneration of, inter-alia, persons employed by Section 38 agencies and it stipulates that a public servant is not entitled to receive, and a public body is not entitled to pay, a rate of remuneration above the amount determined under the Act. Section 5(2) of the Act provides that where a public service body pays remuneration to a public servant at a rate higher than an approved amount then the public service body shall recover the amount of the overpayment from the public servant directly or by a deduction taken from the remuneration payable to that public servant directly or otherwise. Where a public sector body has not recovered an overpayment, the Minister may direct in writing the body to recover the amounts and where the body fails to do so, the Minister may deduct the amount from any grant or vote

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of, or other payment to, that body out of money provided directly or indirectly by the Oireachtas or from the Central Fund.

v Superannuation

It has been a condition for access to health sector pension schemes (e.g. Voluntary Hospitals Superannuation Scheme and Nominated Health Agencies Superannuation Scheme) that staff are paid in accordance with approved DOH salary scales.

According to the DOH access to the **Voluntary Health Superannuation Scheme** was given in 1969 to Voluntary Hospitals who received **all core funding** from the Department of Health. Paragraph 4 of DOH letter to each hospital dated 15th August 1968 states:

*A formal agreement between the hospital authority and the Minister which will have the effect of applying the terms of the scheme to the persons serving at the commencement date in permanent posts in the categories of staff covered by the scheme. (The posts will be those comprising the permanent establishment of hospital as approved by the Hospital Commission and **the remuneration and the other conditions attaching to such posts will be as fixed from time to time by the Minister or the Hospital Commission, as appropriate.**)*

(Source: DOH letter dated October 2008)

In relation to the **Nominated Health Agencies Superannuation Scheme** the criteria for access to the Nominated Health Agencies Superannuation Scheme was that an organisation is directly funded by the DOH (and subsequently HSE) and that the organisation adheres to ceilings and salaries set down by the Department and reports to the Minister in the running of the organisation.

(Source: DOH letter dated July 2009)

Of the forty-one organisations funded by HSE under Section 38 arrangements

- 21 Voluntary Hospitals (and linked organisations) are members of the Voluntary Health Superannuation Scheme (VHSS)
- 11 Organisations are members of the Nominated Health Agencies Superannuation Scheme (NHASS).
- 5 Organisations (including two Dublin Academic Teaching Hospitals) are members of the Local Government Superannuation Scheme

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4 Organisations are not members of any of the public schemes referred to above.

41 Total

vi Service Arrangements with S38 Agencies

Sixteen Voluntary Hospitals and twenty-five non-acute agencies come under the scope of Section 38 of the Health Act 2004. (These bodies are listed in appendix 1)

Agencies deemed to come within the scope of Section 38 are required to sign a Standard Service Arrangement (SSA) containing 33 standard clauses which are generic for all service arrangements and 10 Schedules dealing with specific service matters.

The Service Arrangements require Section 38 agencies to comply with DOH approved pay scales and to provide all relevant, accurate information to HSE on request.

In particular the SSA states that:

- The provider acknowledges that HSE will be relying on [...] the accuracy of all statements, reports or returns made by the Provider in connection with its obligations pursuant to this Arrangement. (Section 3.2 (a) (ii))
- **The provider will not pay nor subsidise salaries, expenses or other perquisites which exceed those normally paid within the public sector; (Section 3.2 (b) (viii))**
- The provider will respect and comply with the statutory role and regulatory and public accountability responsibilities of the Executive and other relevant statutory bodies and at all times co-operate fully with the Executive, any committees of the Board of the Executive and all other statutory bodies in this regard; Section 3.2 (b) (x))
- The Provider acknowledges that it is obliged to comply with a written request from the Executive for any information that the Executive considers material (Section 9.1)
- The Provider will comply with all requests by the Executive (section 9.6(d))
- The Provider acknowledges that [...] there needs to be timely, regular exchange of detailed and accurate information (section 9.7(a))

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- The Provider is obliged to properly account for the expenditure of **Funding provided by the Executive** (section 9.7(b))
- The Provider will maintain employee numbers within the agreed and approved Employment Ceiling set out in Schedule 9 (Staffing) (section 16.1)
- **The Provider will adhere to the consolidated salary scales where they apply and is not authorised to pay salaries in excess of the consolidated scales for approved grades. (section 16.5)**

(See Appendix 2 for extract of SSA)

IA Comment

It is clear from the above that a framework exists which clearly sets out that health funded agencies are required to adhere to approved public sector pay rates and shall not pay amounts in excess of those approved rates.

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VII. Correspondence from DOH to HSE-HR Directorate seeking confirmation of compliance by agencies funded under Section 38 arrangements with public sector pay requirements.

Between February 2011 and October 2011, the DOH wrote to HSE HR Directorate on five occasions to establish the level of compliance by Section 38 agencies with various aspects of approved public sector pay conditions.

On receipt of this correspondence HSE HR communicated with forty⁴ of the forty-one Section 38 agencies or with the Regional Directors of Operations/Area HR Departments seeking to establish the level of compliance. HSE HR responded to the DOH in respect of two of its five letters.

IA Comment

Completeness of circularisations

The list of agencies circularised by HSE-HR was incomplete. HR corresponded with forty of the forty-one Section 38 agencies based on an incomplete list provided by CERS (Corporate Employees Relations Service).

IA Recommendation

- 1. HR should liaise with National Business Support Unit of the Integrated Services Directorate to obtain an up to date list of all Section 38 Agencies to ensure completeness in any future circularisations.**

Responsible Persons: National Director HR

Date: Immediately

The subject matter of each correspondence from the DOH is summarised below.

i. Correspondence no 1 - Adherence to Consolidated Salary Scales

On 24th February 2011 the DOH requested HSE HR to write to all Section 38 agencies to confirm that *“no employee [...] is in receipt of remuneration greater than the level approved by the Minister for Health & Children; or to provide details of any such unapproved payments.”*

⁴ One agency had been omitted from the list of Section 38 agencies provided to HSE-HR by HSE CERS

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On 8th March 2011 HSE National HR Directorate wrote to the CEO/Secretary Manager of forty-five⁵ Section 38 Agencies funded by the HSE (HSE HR ref: 154135).

Reponses were received from all except two agencies

On 30th March 2011, HSE National HR provided the DOH with details of the replies received from section 38 agencies, which reported that:

- o 32 confirmed compliance with DOH pay scales
- o 11 stated non-compliance (of which 8 related to CEOs)
- o 2 did not respond

ii. Correspondence no 2 - Bonus Payments/PRAs paid to CEOs of HSE Funded bodies

On 28th June 2011, DOH wrote to HSE National HR Directorate requesting that HSE notify each Section 38 agency that:

- o under the FEMPI, public servants are not entitled to receive a rate of remuneration above the amount determined under the Act;
- o the ongoing suspension of the Performance Related Awards Scheme which was previously available to the CEOs of certain voluntary hospitals and the CEOs and Deputy CEOs of the Dublin Area Teaching Hospitals; and that
- o in light of government policy [...] bonus payments should not be paid to staff of bodies funded under Section 38 of the Health Act 2004.

The DOH asked that HSE confirm “*that no such [Bonus Payments/PRAs] payments are currently being made and that no such payments will be approved by HSE in the future*”.

On 6th July 2011 HSE National HR wrote to each CEO/Secretary Manager of Section 38 Agencies seeking confirmation “*in writing that no such payments have been or are being paid in your area of responsibility*”. (HSE HR ref: 167313)

Forty-five responses were received from agencies confirming that bonuses or performance related awards are not paid. **One return stated that bonuses were not paid from the HSE funded element.**

Based on the replies received, HSE National HR confirmed to DOH on 18th August 2011 that no employee of the HSE or a Section 38 agency is in receipt of any such payment/award.

⁵ **Reconciliation of the number of section 38 agencies (forty-one) to the number of agencies corresponded with (forty-five)**
Forty-five CEOs were corresponded with by HSE HR, however one agency has six regions each with its own CEO and one agency was not corresponded with. (45 less 5 plus 1 = 41).

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IA Comment:

The distinction made by an agency between publicly funded bonuses and (potentially) external funded bonuses was not communicated to the DOHC.

IA Recommendation

2. In future, any distinctions contained in responses from Section 38 agencies should be communicated to the DOH in order that the DOH is in possession of comprehensive information.

Responsible Persons: National Director HR

Date: Immediately

iii. Correspondence no 3 - Remuneration of CEOs in the Health Sector - Contract Terms

On 31st August 2011, the DOH advised the HSE that the Department of Public Expenditure and Reform had drawn its attention to the following provision of the current standard contract for CEO appointments in non-commercial semi-state sector:

“In pursuance of his/her duties hereunder, the Chief Executive shall perform such services and accept any office in any trade, sectoral body or association as the Agency from time to time reasonably require without any further remuneration unless otherwise agreed with the Minister for XXX, given with the consent of the Minister for Public Expenditure and Reform.”

The DOH requested HSE to arrange for the future inclusion of a similar provision in contracts of employment arising in [the HSE and] Section 38 funded bodies and to ensure the approach is currently being taken in respect of current staff.

On 5th September HSE National HR directorate requested the four HSE Area-HR Assistant National Directors (ANDs) to circulate all HSE funded agencies ensuring that the provision is included in all future relevant contracts of employment and seeking confirmation that this approach is currently being taken in respect of the current staff of such funded hospitals and agencies.(HSE HR ref: 173651)

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At the time of this audit:

- 1 Area-HR confirmed to HSE National HR that the Section 38 agencies in its region had confirmed that CEOs are in receipt of only one salary (correspondence dated 14th Sept 2011)
- 1 Area-HR stated that Area Managers in its area were to write to the Section 38 agencies to draw [each agency’s] Chairman’s and HR manager’s attention to this as the employing body. (Correspondence dated 14th Sept 2011)
- 1 Area-HR confirmed that the correspondence had been widely circulated to Section 38 Agencies and the it was the Area-HR’s understanding that this has been fully implemented and will be incorporated into all future relevant contracts of employment”. (correspondence dated 16th Sept 2011)
- 1 Area-HR’s response was still outstanding.

At the time of this audit, HSE National HR had not yet issued a response to the DOH.

IA Comment:

The replies from HSE Area-HR Departments do not provide a clear response to the issue raised by the DOH.

iv. Correspondence no 4 - Unsanctioned Allowances and Unsanctioned Regradings

On 10th October 2011, the DOH wrote to HSE National HR in relation to references to unsanctioned allowances and unsanctioned re-gradings contained in agency’s responses to the HSE-HR’s March 2011 circularisations regarding Adherence to Consolidated Salary Scales.

The DOH requested that HSE:

Review all **allowances** currently being paid and establish:

- a. whether this allowance has DOH approval; if so to provide copy/details of authorisation;
- b. if unauthorised to provide details of the grade, location, amount and rationale;
- c. if allowance is pensionable or non-pensionable.

Review all **regradings** and establish,

- d. whether regrading has DOH approval; if so provide copy / details of authorisation;
- e. if unauthorised to provide details of the grade, location, amount and rationale;”

On 17th October 2011, HSE-HR wrote to each Regional Director of Operations (RDOs) seeking the information.

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At the time of this audit:

- 1 Area-HR department had responded to HSE National HR to confirm that two of the agencies in its area had some allowances which were non-compliant, one agency had not responded and the other remaining agencies confirmed compliance
- 2 Three Area-HR departments had not responded to HSE National HR.

At the time of this review, HSE National HR had not yet issued a response to the DOH.

v. Correspondence no 5 - Board fees paid to employees - amendments to the application of the “One Person One Salary” principle

On 28th October 2011, the DOH notified the HSE of revisions to the 1996 “One Person One Salary” principle. The revised arrangements stipulated that board fees should not be paid to public sector employees who sit on their own organisation’s board or the boards of other public sector organisations and any such fees should be reviewed in the context of any contractual obligations that may pertain and **where appropriate should be discontinued from 1 November 2011** or where contractual obligations may prevent the proposed discontinuance of such board fees arrangements should be immediately put in place to end such payment practices at the earliest possible date.

The DOH requested confirmation that the revised arrangements had been put in place giving details where such payments have ceased, details where contractual obligations prevent the discontinuation of fee payments and the arrangements to be put in place to ensure that the payment will cease at the earliest possible date.

On 18th November 2011, HSE National HR wrote to the four RDOs regarding compliance with the revised Department of Finance 2006 Circular ‘Application of the one person - one salary principle’ (**HSE HR ref: 180770**).

At the date of this audit, three responses had been received by HSE National HR Directorate from Area-HR Departments as follows:

- 1 Area-HR confirmed compliance (West)
- 1 Area-HR confirmed that Area HR managers had been asked to advise any employees to whom this is relevant and to draw the correspondence to the attention of voluntary hospitals and voluntary providers CEOs.
- 1 Area-HR submitted a draft (partial) response on 6th December 2011 stating that responses had not yet been received from all areas (DML).

One Area-HR did not respond.

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At the time of this audit, HSE HR had not yet issued a response to the DOH, due to the incomplete nature of responses.

IA Comment:

The replies from HSE Area-HR Departments do not provide a clear response to the issue raised by the DOH.

IA Recommendation

- 3 All outstanding and incomplete responses from Area-HR Departments in respect of the DOH correspondence of 30th August, 10th October and 28th October 2011 should be followed up by HSE National HR Directorate in a timely manner.
- 4 HSE-HR should issue a formal response to the DOH in respect of its 30th August, 10th October and 28th October 2011 correspondence.
- 5 All future communications from DOH should be responded to in a timely and complete manner

Responsible Persons: National Director HR

Date: 1st June 2013

VIII. Correspondence from ND-HR (on behalf of HSE CEO) to Section 38 Agencies seeking confirmation of senior management remuneration

On 21st May 2012 the National Director of Human Resources wrote to forty-five⁶ CEO / Secretary Managers of Section 38 Agencies funded by HSE requesting that they provide the CEO of the HSE with the following:

- The remuneration of senior managers employed or contracted by the Section 38 Agency - including pay, allowances, grants, bonuses, foundation payments and payments from any other body or organisation to the individual managers.
- Senior managers include the Chief Executive Officer / Secretary Manager; deputies or associates; Head of Finance; Head of Human Resources; Chief Operating Officer, deputies or associates; Director of Nursing, Clinical Director / Medical Director and any other individuals who exercise authority at a senior level in the Section 38 Agency. Permanent employees, fixed term or specified purpose employees, contractors and any other individual in receipt of remuneration should be included. Information should also be provided regarding senior posts which are vacant.
- The information provided must be complete and **should not rely on the inclusion of previous responses or communications**. It should include the title and grade of each manager, their location, the nature and category of the remuneration they are receiving and the relevant amount per annum under each category.
- The information should set out the dates such payments commenced and whether such payments continue as of the date of this memo. Where payments have ceased, please indicate what date they ceased.
- Audit investigation – the HSE reserves the right to conduct an audit investigation based on submissions received or should information not be provided within the timeframe required. (HSE HR ref: 207841)

Forty-five responses were received.

⁶ As noted earlier, one Section 38 agency was omitted in error from the list provided to HSE-HR

IX. Key Findings of HSE Internal Audit Circularisation of Section 38 Agencies

In June 2012 HSE Internal Audit utilised the above responses in compilation of a wider based questionnaire to each agency. In its circularisation, Internal Audit requested each of the 46 agencies to:

- Confirm that the information they had provided to HSE HR was correct or to update it/provide additional information where necessary
- Confirm if the remuneration information provided to HSE HR represented the totality of remuneration packages paid to senior managers
- Confirm the amount of any contributions made in respect of senior managers by the 38 agencies to private pension scheme
- Confirm the details of any travel allowances/ car allowances/ annual or other bonuses paid to senior managers
- Confirm the details of any fees paid to senior managers in respect of director, company secretarial or board fees
- Provide details of which elements of the above are funded from public sources or non-public sources

All forty-six agencies responded to HSE Internal Audit’s circularisation.

The findings indicate that there are **various titles** for the post of Chief Executives of section 38 agencies (e.g. CEO, Managing Director, Master/CEO, CEO-Secretary, Director of Services, General Manager and Hospital Manager).

i. Salaries

The findings show that the (HSE funded) **basic salary** for the Chief Executive Officers (or equivalent) in the forty-six agencies ranges from €78,890 to €183,562. The salaries can be banded into eight groupings as follows:

Table 1 - Section 38 CEOs’ etc HSE Funded Basic Salaries – Salary Banding - Overview

Salary Band	No. of Agencies
€180k to €190k	3
€170k to €180k	1
€140k to €150k	6
€130k to €140k	5
€120k to < €130k	1
€110k to €120k	8
€100k to < €110k	12
€75k to €100k	10
TOTAL	46

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Details of the agencies and their description of the pay grades and scales for their CEOs (or equivalents) are set out below.

Table 2 - Section 38 CEO HSE Funded Salaries - Salary bandings – detailed listing

Agency	Post Title	Description of pay grade provided by agency	HSE FUNDED SALARY	Band	Total Per Band		
Coombe	Master & CEO	HSE salary scales	183,562	€180k to €190k	3		
Rotunda	Master	Master	183,562				
National Maternity Hospital	Master/CEO	Master scale/ Publically funded	183,562				
Stewarts Hospital	CEO	CEO	174,926	€170k to €180k	1		
AMNCH	CEO	CEO scale	145,959	€140k to €150k	6		
Mater	CEO	CEO DATHS Grade	145,959				
Peamount	CEO	CEO grade	145,959				
St James Hospital	CEO	CEO	145,959				
St Vincent’s University Hospital	CEO	CEO	145,959				
Beaumont	CEO	Beaumont Hospital Scale / DATHS Hospitals CEO Scale	145,959				
St Michael’s House	CEO	CEO	138,407	€130k to €140k	5		
Daughters of Charity Limerick	CEO	CEO Beaumont Scale	138,407				
KARE	CEO	CEO Level 1 (DATHS) Scale	138,407				
Cheeverstown House	CEO	CEO - 90% of Former Programme Manager Scale	131,360				
COPE	CEO	CEO	130,000				
Sisters of Charity of Jesus & Mary	CEO	90% CEO DATH Scale	124,136	€120k to < €130k	1		
BOC Waterford	CEO	LHO Manager scale	113,830	€110k to €120k	8		
Our Lady’s Children’s Hospital	CEO	CEO Vol Hospitals Group 1 scale	110,808				
South Infirmary	CEO	CEO	110,808				
Childrens’ University Hospital - Temple Street	Acting CEO/Secretary	Acting CEO	110,808				
Mercy University Hospital	CEO	CEO	110,808				
National Rehabilitation Hospital	CEO	CEO Scale (Vol Hos Group 1) Scale	110,808				
Dublin Dental School and Hospital	CEO	CEO Scale	110,000				
Sunbeam House	Managing Director	Managing Director	110,000				
BOC Cork	Director of Services	Director of Services - LHO Scale + 6%	109,787				
BOC Roscommon	CEO	6pt scale	109,534				
Our Lady’s Hospice	CEO	CEO	107,387	€100k to < €110k	12		
CRC	CEO	HSE Funded Salary	106,900				
Carriaglea Services	CEO	CEO/Secretary Managers (Vol Hos Group 1) Scale	105,290				
Royal Hospital Donnybrook	CEO	Sec/Managers Vol Hospital Group 1	105,290				
Royal Victoria Eye and Ear	CEO	CEO	105,290				
Sunshine House	CEO	CEO/Sec manager Voluntary Hospitals Group 1 scale	105,290				
Carmen Centre + LPH	Acting CEO (note acting CEO paid at grade VIII scale)	CEO Group 1 Vol Hos; 6 Point Scale	105,290				
BOC Clare	CEO	Functional Officer scale + 7%	104,007				
BOC Limerick	CEO	LHO Manager Grade	103,573				
Drug Treatment Centre Board	CEO	Principal Officer	102,155				
St Johns Hospital	CEO	CEO/Sec Manager VH Group 1 scale	97,814			€75k to €100k	10
Cappagh	CEO	Vol Hospital Group 1 Grade	96,735				
St John of God	CEO	Functional Officer (Former EHB) Scale	97,366				
Sisters Of Charity – St Patrick’s Kilkenny	General Manager	CEO/Secretary Manager Group 1	94,076				
BOC Galway	CEO (Acting) & Company Secretary	CEO (Acting) & Company Secretary	93,466				
Incorporated Orthopaedic Hospital	Acting CEO	Acting CEO	86,600				
Cregg House	General Manager	General Manager	84,223				
St Lukes Hospital	Hospital manager	Hospital manager	84,219				
St Vincent’s Fairview	CEO	CEO Grade	78,890				
Cork University Dental Hospital	Manager	Senior Admin IV Salary Scale (B)	78,382				

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Eleven agencies stated instances where **salary scales were not in accordance with the consolidated salaries scales (CSS)**. These included a salary not being linked to CSS scales on a personal to post holder basis, verbal DOHC sanction for five CEOs’ salary scale, staff on hybrid salary scales, the level of CEOs salaries, and 4 exceptions from CSS

Table 3 - Areas where salaries funded from HSE funding are not in accordance with Consolidated Salary Scales

Agency Type	Description
DATHs Hospital	One salary not linked to CSS – Surgeon – personal to post holder -€172,221
non-acute agency	Verbal approval from DOHC to apply a differential to the functional officer-EHB scale
non-acute agency	19 staff on hybrid scales
non-acute agency	CEO Salary - €130,000
non-acute agency	CEO –Salary - €174,926
non-acute agency	4 exceptions from CSS – CEO / Service Manager / Director of Nursing/Head of social care
non-acute agency	Head of client services Paid at DON rate + allowance €2,000

Note: In addition to the above, three agencies pay additional salary payments from private funding and one agency pays a full salary from private funding. This is detailed in the section “Payments from Private Funds” below.

Two agencies stated that their CEO salaries were in accordance with the Beaumont Hospital Scale. On 3rd August 2012 the DOH confirmed to Internal Audit that “no papers were located in relation to a Beaumont Hospital Scale”. Beaumont Hospital confirmed to HSE Internal Audit that the reference to the Beaumont Hospital Scale refers to the Voluntary Hospitals CEO Scale which is applicable to the CEOs of all the DATHS⁷ hospitals.

In correspondence to Internal Audit some agencies stated that the rate of CEO and senior management salary rates was determined following discussion with the DOH in the 1990s and verbal approval was requested and given by DOH for the remuneration rates. Agencies also confirmed that they have provided details of salaries paid to senior management to HSE in recent years

ii. Allowances

In relation to **allowances and other perquisites**, the findings indicate that of the forty-five agencies:

- 36 confirmed that they pay various allowances and/or perquisites to senior managers
- 9 confirmed they do not pay any allowances and /or perquisites to senior managers.

The analysis of allowances and other perquisites shows that:

⁷ DATHS refers to the Dublin Academic Teaching Hospitals. These hospitals are (1) Beaumont, (2) St James’, (3) Mater, (4) St Vincent’s, (5) Tallaght

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- 361 senior manager posts were identified by agencies
- 36 types of allowances and perquisites are paid from HSE funds
- 191 individual managers are in receipt of allowances and perquisites paid from HSE funds
- 6 types of remuneration type payments (e.g. salary, allowances and other benefits) are made from private funds
- 4 organisations make additional salary, allowances and perquisites payments from private funds
- 34 managers are in receipt of additional salary allowances and perquisites from private funds

The detailed results of the analysis are set out below in Table 4A (which sets out the details of the allowances etc paid from HSE funds), Table 4B (which provides details of the agencies paying each type of allowance), Table 5A (which sets out the salaries, allowances and other perquisites paid from non-public sources) and Table 5B (which provides details of the agencies paying salaries, allowances etc from private funds).

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**Table 4A – Results of HSE Internal Audit Circularisation of S.38 Agencies, June 2012
Allowances etc paid to Senior Managers from HSE Funds**

HSE FUNDED ALLOWANCES ETC.						
				361 managers listed in S38 agencies returns		
				191 managers in receipt of allowances		
				No. of managers in receipt of allowances etc		
		No. of Agencies	€	...where amount stated	...where amount not stated	Total no. senior Managers
1	Health Insurance	6	€34,654	10	2	12
2	Permanent Health Insurance/ Income Continuance	2	€15,294	4	0	4
3	Allowances - No Title given	11	€172,977	17	0	17
4	Deputy Acting CEO Allowance	1	€10,000	1	0	1
5	Allowance re Mater Hospital Campus Development	1	€5,107	1	0	1
6	Additional Management Duties Allowance	1	€3,065	2	0	2
7	Additional Responsibility / Extra Duty Allowance	6	€2,436	15	0	15
8	Dual Responsibility Allowance	3	€24,411	5 ⁸	0	5
9	Contribution to Hospital Management Group Allowance	1	€9,415	4	0	4
10	Allowance to bring salary to Functional Officer Grade	1	€6,000	1	0	1
11	Allowance to bring salary to Deputy General Manager Regional Hospital Scale	1	€14,146	2	0	2
12	Allowance re difference between DON band 3 and 2a rates	1	€5,438	1	0	1
13	Designated Persons Allowance	2	€0	0	2	2
14	IR Allowance	1	€7,769	1	0	1
15	Location Allowance	1	€431	1	0	1
16	Allowance to Manage Another Location	1	€12,700	1	0	1
17	Board Secretary Allowance	1	€10,839	1	0	1
18	Company Secretary	1	€4,000	1	0	1
19	Medical Board Chair - Allowance	3	€107,308	3	0	3
20	Medical Board Secretary - Allowance	3	€6,874	3	0	3
21	Masters Allowance	3	€159,027	3	0	3
22	Flexibility/Out of Hours/On Call Allowance	1	€36,915	4	1	5
23	On Call Allowance	10	€244,546	44	0	44
24	External Hospital On Call Allowance	1	€6,400	4	0	4
25	Clinical Directors Allowance	11	€1,113,807	33	2	35
26	Consultant Admin Sessions	4	€242,167	14 ⁹	15	29
27	Post Grad Co-Ordinator Allowance	1	€1,617	1	0	1
28	Director Clinical Audit Allowance	1	€36,417	1	0	1
29	Director Haemophilia Unit Allowance	1	€43,468	1	0	1
30	Allowance for Specialist Advice on Clinical Risk Issues	1	€27,931	1	0	1
31	Lecturing Allowance	2	€0	0 ¹⁰	0	0
32	1 in 3 Rota	1	€2,235	1	0	1
33	Premiums	1	€3,276	5	0	5
34	Motor Allowance	3	€90,387	7	0	7
35	Motor Allowance (DOH Approved)	1	€8,937	1	0	1
36	Contributions to Private Pension Scheme - as in some cases staff not covered by Public Sector Schemes	9	€346,561	16	13	29
	TOTAL HSE Funded Allowances etc		€3,223,950	210	35	245

⁸ Note: 2 managers each in receipt of 2 Dual Responsibility Allowances

⁹ Also, UCD paymaster for further 2 allowances total €30,989

¹⁰ TCD Paymaster for both allowances. 1 allowance - €30,000. 1 allowance €not stated

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Details of agencies paying these allowance types are set out in table 4B below. (Please note that the figures in brackets refer to the number of managers in each agency in receipt of these allowances).

Table 4B – Analysis of Section 38 Agencies paying allowances from HSE Funds

	HSE Funded Allowances	Total No. of Agencies	Agencies	Total No. of Managers
1	Health Insurance	6	AMNCH (1), Cappagh (2), Cheeverstown House (1), Peamount (2), Royal Hospital Donnybrook (1), Stewarts Hospital (5)	12
2	Permanent Health Insurance / Income Continuance	2	Carriglea Services (1), Sisters of Charity of Jesus and Mary (3)	4
3	Allowances – No Title given	11	AMNCH (2), Beaumont (1), Cheeverstown House (1), Cope (1), Drug Treatment Centre Board (1), Dublin Dental School & Hospital (1), National Maternity Hospital (1), Sisters of La Sagesse (Cregg House) (1), Sisters of Charity of Jesus and Mary (4), St Vincent’s Fairview (2), St Vincent’s University Hospital (2)	17
4	Deputy Acting CEO Allowance	1	Royal Victoria Eye & Ear (1)	1
5	Allowance re Mater Hospital Campus Development	1	Mater (1)	1
6	Additional Management Duties Allowances	1	Our Lady’s Children’s Hospital (2)	2
7	Additional Responsibility Allowance / Extra Duty Allowance	6	AMNCH (5), Brothers of Charity - Cork (1), Dublin Dental School and Hospital (3), Sisters of Charity of Jesus and Mary (1), St James Hospital (1) (ceased 31/12/2011), St Luke’s Hospital (4)	15
8	Dual Responsibility Allowance	3	Coombe (1), Rotunda (1), St James Hospital (3*) *Note - 2 managers each in receipt of 2 DRAs	5
9	Contribution to Hospital Management Group Allowance	1	Royal Victoria Eye and Ear (4)	4
10	Allowance to bring salary to Functional Officer Grade	1	Our Lady’s Children Hospital (1)	1
11	Allowance to bring salary to Deputy General Manager Regional Hospital Scale	1	Beaumont (2)	2
12	Allowance re difference between DON band 3 and 2a rates	1	Royal Hospital Donnybrook (1)	1
13	Designated Persons Allowance	2	Brothers of Charity - Limerick (1), Brothers of Charity - Clare (1)	2
14	IR Allowance	1	Our Lady’s Children’s Hospital (1)	1
15	Location Allowance	1	National Rehabilitation Hospital (1)	1
16	Allowance to Manage Another Location	1	Our Lady’s Hospice (1)	1
17	Board Secretary Allowance	1	St James Hospital (1)	1
18	Company Secretary Allowance	1	Our Lady’s Hospice (1)	1
19	Medical Board Chair – Allowance	3	Cappagh (1), National Rehabilitation Hospital (1), St James Hospital (1)	3
20	Medical Board Secretary – Allowance	3	Cappagh (1), National Rehabilitation Hospital (1), Our Lady’s Hospice (1)	3
21	Masters Allowance	3	Coombe (1), National Maternity Hospital (1), Rotunda (1)	3
22	Flexibility/Out of Hours/On Call Allowance	1	Cappagh (5)	5
23	On Call Allowance	10	Beaumont (1), Cheeverstown House (1), Daughters of Charity (1), Drug Treatment Centre Board (1), Dublin Dental School and Hospital (20), National Maternity Hospital (2), National Rehabilitation Hospital (2), Rotunda (5), Royal Hospital Donnybrook (4), St James Hospital (7)	44
24	External Hospital On Call Allowance	1	Dublin Dental Hospital (4)	4
25	Clinical Directors Allowance	11	AMNCH (5), Beaumont (2), Dublin Dental School and Hospital (1), Mater (1), National Maternity Hospital (1), Our Lady’s Children’s Hospital (1), Rotunda (4), South Infirmary (1), Stewarts Hospital (1), St James Hospital (12), St Vincent’s University Hospital (6)	35
26	Consultant Admin Sessions	4	Mater (15), St James Hospital (3), St Luke’s (1), St Vincent’s University Hospital (10) + (2 UCD funded)	29 + 2 UCD Funded
27	Post Grad Co-Ordinator Allowance	1	St James Hospital (1)	1
28	Director Clinical Audit Allowance	1	St James Hospital (1)	1
29	Director Haemophilia Unit Allowance	1	St James Hospital (1)	1
30	Allowance for Specialist Advice on Clinical Risk Issues	1	Our Lady’s Children’s Hospital (1)	1
31	Lecturing Allowance	2	St James Hospital (1), Dublin Dental School and Hospital (1)	2 (both TCD Funded)
32	1 in 3 rota	1	Daughters of Charity Limerick (1)	1

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33	Premiums	1	Sisters of Charity of Jesus and Mary (5)	5
34	Motor Allowance	3	Cheeverstown House (1), Daughters of Charity Limerick (1), Stewarts Hospital (5)	7
35	Motor Allowance (DOH Approved)	1	St James Hospital (1)	1
36	Contributions to Private Pension Scheme – as in some cases staff not covered by Public Sector Schemes	9	Brothers of Charity Clare (1), Brother of Charity Galway (2), Brothers of Charity Roscommon (1), Brothers of Charity Waterford (1), Carriglea Services (1), Kare (6) Sisters of Charity of Jesus and Mary (3), Stewards (7), Sunbeam House (7)	29

**Table 5A – Results of HSE Internal Audit Circularisation of S38 Agencies, June 2012
Salaries, Allowances etc paid to Senior Managers from non-public funds**

Externally Funded Salaries and Allowances etc						
				34 managers in receipt of privately funded allowances etc		
		No. of Agencies	€	No. of managers in receipt of allowance etc and amount stated	No. of managers in receipt of allowance etc and amount not stated	Total no. senior Managers
1	Externally Funded Salary	4	€409,631	11	3	14
2	Externally Funded Allowance	9	€396,376	18	0	18
3	Externally Funded Allowance - Once Off	1	€15,000	1	0	1
4	Externally Funded Pension contribution	3	€87,965	7	5	12
5	Externally Funded Company Car	1	Amount not stated	0	1	1
6	Externally Funded Car Expenses Allowance	1	€3,500	1	0	1
TOTAL EXTERNALLY FUNDED SALARIES AND ALLOWANCES			€12,472	38	9	47

Details of agencies paying salaries, allowances and other perquisites from non-public (private) funds are set out in table 5B below. (Please note that the figures in brackets refer to the number of managers in each agency in receipt of these payments).

Table 5B – Analysis of Section 38 Agencies paying Salaries, Allowances etc from non-public funds

	Allowance Type	Total No. of Agencies	Agencies	Total No. of Managers
1	Externally Funded Salary	4	Cope Foundation (1), CRC (5), St Michael’s House (5), St Vincent’s University Hospital (3 – amounts not stated)	14
2	Externally Funded Allowance	9	CRC (1), Coombe (1), Mater (1) National Maternity Hospital (4) National Rehabilitation Hospital (1), Our Lady Children’s Hospital (1), Our Lady’s Hospice (3), Rotunda (5), South Infirmary (1)	18
3	Externally Funded Allowance – Once Off	1	Sisters of Charity of Jesus and Mary (1)	1
4	Externally Funded Pension contribution	3	CRC (5), Sisters of Charity of Jesus and Mary (2), St Michael’s House (5 – amounts not stated)	12
5	Externally Funded Company Car	1	St Michael’s House (1 – amount not stated)	1
6	Externally Funded Car Expenses Allowance	1	Mater Hospital (1)	1

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iii. Allowances and perquisites paid from HSE funds

The audit identified that a wide range of **allowances** is paid to senior management by thirty-six agencies. The review by Internal Audit has identified that thirty-six specific allowances types are being paid by agencies from HSE funds.

The total annual cost of these thirty-six allowance/perquisites paid from HSE funds is at least €3.224m.

The analysis of allowances shows that allowances are paid to medical senior management and non-medical senior management. There were 245 instances of allowances/perquisites being paid to senior managers (including clinicians) from HSE funds. In some instances, managers are in receipt of more than one allowance/perquisite.

Examples of allowances paid to medical senior management include masters allowances, clinical directors allowance, on-call allowance, medical board chairman and secretary allowances, clinical risk advisors allowance, contribution to hospital management group allowance, clinical audit allowance, post graduate co-ordinator allowance and unit allowance.

Examples of allowances paid to non-medical senior management include company and board secretary allowance, extra duty allowance, CEO and Deputy CEO allowances, motor allowance and HR/Finance/Information Systems management allowances.

Health Insurance, permanent health insurance, income continuance premia, and motor allowances are also paid by some agencies.

The audit has identified that on-call allowances are paid to medical and non-medical senior management. Some senior managers (non-clinicians) are in receipt of flexibility / out-of-hours / call-out allowances.

Table 6 below sets out the allowances/perquisite paid by Section 38 agencies

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Table 6 - Allowance/perquisite types paid by Section 38 Agencies from HSE Funding

Health insurance, Permanent Health Insurance and income continuance
Additional Responsibility allowances (various descriptions)
Allowances (no title provided)
Location allowances
IR allowances
Designated person allowances
Board and company secretary allowances
Medical board chair allowances
Medical board secretary allowances
Masters Allowances
Flexibility/on-call allowances
Clinical directors allowances,
Consultant admin sessions
Post grad co-ordinator allowance,
Director clinical audit allowance,
Director haemophilia Unit allowance
Allowance for specialist advice on risk
Allowance for rotas
Premia payments
Motor allowances
Contribution to private pension schemes (in some cases where staff are not covered by public sector pension schemes)

The allowances and perquisites paid by Section 38 Agencies from HSE funds can be grouped into fifteen main categories as follows:

- **Allowances for additional responsibility**

A total of €304,718 is paid by agencies for these types of additional responsibility allowances. The audit identified that at least eight types of additional responsibility type allowances are being paid as follows:

- Deputy acting CEO allowances (1 agency / 1 person / €10,000)
- Allowance in respect of a hospital campus development (1 agency / 1 person/ €6,107)
- Additional management duties allowance (1 agency / 2 persons/ €53,065)
- Additional responsibility/Extra Duties allowances (6 agencies / 15 persons / €82,436)

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- Dual responsibility allowances (3 agencies / 5 ¹¹persons / €24,411)
 - Contribution to Hospital management group allowance (1 agency / 4 persons / €89,415),
 - Allowance to manage another location (1 agency / 1 person / €12,700)
 - Allowances to bring salary in line with another scale (3 agencies / 4 persons / €26,584)
-
- **Miscellaneous type allowances**

Examples of these are IR Allowance (1 agency / 1 person / €8,769), and Location allowance (1 agency / 1 person / €431)
 - **Board/Company secretary allowances**

A total of €14,839 is being paid by two agencies to two persons
 - **Motor Allowances**

A total of €90,387 is being paid by three agencies to seven persons and one agency is paying €8,937 to one person in respect of a motor allowance approved by the DOH.
 - **Contributions to private pension schemes**

Some non-acute sector agencies or some of their staff are not covered by public sector pension schemes. Nine agencies in the non-acute swctor confirmed that they pay contributions to private pension funds in respect of twenty-nine senior managers. A total of €346,561 is paid by eight agencies in respect of pension contributions for sixteen senior managers. Contributions ranged from 6% of salary to 46% of salary. Contributions (amounts unstated) are made in respect of 13 senior managers.
 - **Health etc Insurances**

A total of €49,948 is paid in respect of Health Insurance, Permanent Health Insurance and Income Continuance plans. Five agencies pay Health Insurance premia of €34,654 in respect of ten persons and one agency pays Health Insurance in respect of two persons (amounts not stated), while two agencies pay €15,294 in respect of Permanent Health Insurance and Income Continuance premia for four persons.
 - **Medical Board Allowances**

A total of €174,182 is paid in respect of Medical Board Allowances. These comprise Chair allowances of €107,308 paid by three agencies to three persons and Medical Board secretary allowances of €66,874 paid by three agencies to three persons.

¹¹ 2 managers each in receipt of 2 dual responsibility allowances

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- **Masters Allowances**

Allowances totalling €159,027 are paid by three agencies to three persons.

- **On-Call allowances**

A total of €367,861 is paid in this category. The audit identified a variety of descriptions for these allowances. For example Flexibility/out-of Hours is paid by one agency to four managers at a total cost of €36,915 and one amount was not stated), on-call allowance is paid by ten agencies to forty-four persons at a cost of €244,546), while extern hospital on-call allowance (is paid by one agency to four persons at cost of €86,400)

- **Clinical Directors Allowances**

Eleven agencies stated that they are paying this allowance to thirty-three persons at a total cost of €1,113,807. Amounts paid to two other persons were not stated.

- **Consultants Admin sessions**

Four agencies stated that they pay this allowance to 29 persons. Three agencies paid a total of €242,167 to fourteen persons, while one agency confirmed that 15 persons are in receipt of this allowance (amounts unstated).

- **Various clinical allowances**

A total of €159,433 is paid by two agencies for various types of clinical allowances. For example, one agency pays a Postgraduate co-ordinator allowance of €51,617, a director clinical audit allowance of €36,417, and a director haemophilia unit allowance agency of €43,468. Another agency pays an allowance for specialist advice on clinical risk €27,931 to one person.

- **Premia and rota allowances**

One agency pays €2,235 to one person in respect of 1 in 3 Rota while another agency pays premia payments to five persons at a total cost of €3,276.

In addition, eleven agencies pay allowances to seventeen senior managers but did not provide the title of the allowance. The annual cost of these un-titled allowances is €172,977.

One agency informed Internal Audit that the practice of approving allowances is based on delegated authority to approve promotions and appointments on a permanent/temporary basis to the CEO under Circular 10/71.

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One agency stated that, “all [...] allowances are paid in accordance with DOHC/[agency’s] Hospital Board approved allowances” and it listed twenty-six senior management posts in receipt of allowances. On 3rd August 2012 the DOH confirmed to HSE Internal Audit that in relation to the agency “no records were found in relation to “DOHC/[agency] Hospital Approved allowances” or for any of the allowances listed for the 26 senior management posts listed by the hospital”.

One DATHs agency stated that it pays **additional remuneration** to the CEO, head of non-clinical support and a small number of consultant staff. The additional payments to the CEO are in respect of the hospital’s development programme and liaison regarding the national paediatric hospital development while the additional payments to the Head of Non-Clinical support is in respect of the hospital’s campus development. The agency stated that its board approved the additional payment to the CEO while the additional payment to the head of non-clinical support was approved by the DOH in 1993. Some consultants receive additional payments for admin/management duties. (Please see Table 7 below).

Table 7 Additional Remuneration Payments made by the agency (DATHs hospital)

Recipient	Reason stated by agency for additional remuneration
CEO	New hospital adult development programme and liaison role re national paediatric hospital – additional payment approved by hospital Board - €25,625
Head of Non-Clinical Support	Hospital Campus Development - additional payment approved by DOH 1993 - € not stated
Small number of consultant staff receive	additional payments for admin/management duties (€ not stated – but hospital can provide if requested)

On 3rd August 2012 the DOH confirmed to Internal Audit that “no papers were found relating to additional remuneration for the oversight of the development of the new [...] Hospital (€25,625) [...] in addition, no records were found on relation to the allowance for Project Director commitments re the [...] Campus Development which was stated to have been approved by the Department”.

Six agencies confirmed that they pay **health insurance** premia for twelve senior managers. A total of €34,654 is paid in respect of 10 managers and amounts were not stated in respect of two managers.

Table 8 - Health Insurance premia paid by S.38 Agencies

No. of Agencies	No. of senior managers	Premia Range	Total
3	1	€1,485 - €2,513	€6,014
2	2	€1,787 - €3222 + 2 amounts not stated	€5,009
1	5	€2,442 to €5,347	€22,441

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Two agencies confirmed that they pay **Permanent Health insurance/Income Continuance** premia totalling €15,294 for four managers.

Nine agencies (36%) in the non-acute sector **contribute to private pension funds** in respect of twenty-nine staff that are not covered by the public sector pension scheme. Six of these agencies stated that private pension funds had been established with the approval of, or knowledge of, the DOH and that following the introduction of the public sector (NHSS) pension scheme over time most employees elected to join the public sector schemes and the private pension schemes were closed to new entrants.

Two agencies confirmed that they still do not have access to the public sector pension scheme and one agency stated that discussions are still on going with DOH regarding access to public sector pension schemes for employees employed by the agency prior to 1st January 2007.

The nine agencies reported that contributions totalling €346,561 are made in respect of sixteen managers and that amounts (unstated) are also made in respect of thirteen managers.

Table 9 - Employer Contributions to Private Pension Fund as % of Salary

Contribution as a % of Salary	No. of Agencies	No. of Senior Managers
<10% of salary	1 agency	4 persons
>10% and < 20%	3 agencies	5 persons
>20% and < 30%	2 agencies	2 persons
>30%	4 agencies	5 persons
Total	8 ¹² agencies	16 persons

Contributions (amounts unstated) are also made by two agencies (one of which is included above) in respect of a further thirteen managers.

Two agencies confirmed to Internal Audit that two senior managers are in receipt of **lecturing remuneration** from Trinity College Dublin. In one instance this is paid by the agency through its payroll and recouped from TCD and is reflected in its audited accounts. In the second agency the allowance is paid by Trinity College directly to the senior manager.

¹² Two agencies’ rates of contributions fall into two bands as follows:
One agency falls into the <10% band and the >10% and <20% band and another agency falls into the >10% and <20% band and the <20% and > 30% band.

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iv. Allowance and salaries paid from private (non-public) funds

As noted earlier HSE Internal Audit’s circularisation identified that some agencies are paying additional salaries, allowances and pension contribution from private (i.e. non-HSE) funds.

Table 10A - Section 38 Agencies’ paying Additional Salaries and Allowances etc from non-public funds

Externally Funded Salaries and Allowances etc						
				34 managers in receipt of privately funded allowances etc		
		No. of Agencies	€	No. of managers in receipt of allowance etc and amount stated	No. of managers in receipt of allowance etc and amount not stated	Total no. senior Managers
1	Externally Funded Salary	4	€409,631	11	3	14
2	Externally Funded Allowance	9	€396,376	18	0	18
3	Externally Funded Allowance - Once Off	1	€15,000	1	0	1
4	Externally Funded Pension contribution	3	€87,965	7	5	12
5	Externally Funded Company Car	1	Amount not stated	0	1	1
6	Externally Funded Car Expenses Allowance	1	€3,500	1	0	1
TOTAL EXTERNALLY FUNDED SALARIES AND ALLOWANCES			€912,472	38	9	47

There were 47 instances of salaries/allowances/perquisites being paid to senior managers from non-public funds. In some instances, managers are in receipt of more than one allowance/perquisite etc.

Table 10B – Analysis of Section 38 Agencies paying Salaries, Allowances etc from non-public funds

	Allowance Type	Total No. of Agencies	Agencies	Total No. of Managers
1	Externally Funded Salary	4	Cope Foundation (1), CRC (5), St Michael’s House (5), St Vincent’s University Hospital (3 – amounts not stated)	14
2	Externally Funded Allowance	9	CRC (1), Coombe (1), Mater (1) National Maternity Hospital (4) National Rehabilitation Hospital (1), Our Lady Children’s Hospital (1), Our Lady’s Hospice (3), Rotunda (5), South Infirmary (1)	18
3	Externally Funded Allowance – Once Off	1	Sisters of Charity of Jesus and Mary (1)	1
4	Externally Funded Pension contribution	3	CRC (5), Sisters of Charity of Jesus and Mary (2), St Michael’s House (5 – amounts not stated)	12
5	Externally Funded Company Car	1	St Michael’s House (1 – amount not stated)	1
6	Externally Funded Car Expenses Allowance	1	Mater Hospital (1)	1

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Thirteen agencies stated they pay some form of additional remuneration from private funding sources.

Twelve agencies provided details of the amounts paid to senior managers while one agency confirmed that payments are made from private funds but declined to disclose the amounts paid to senior managers as public funds were not involved as the remuneration was in respect of work carried out over and above the managers’ public service contracts and it is funded from private company resources i.e. not from HSE or foundation income.

The total amount of externally funded remuneration paid by the twelve agencies is at least €912,472 of which €15,000 was a once-off payment.

Nine of the thirteen agencies make one type of externally funded payment only, three agencies make two types of payment, and one agency makes three types of payments.

Thirty-four managers are in receipt of externally funded remuneration. Of these, twenty-three managers receive one type of payment, ten receive two types and one manager receives three types.

The basis for these payments were provided by some agencies for example contractual salaries above the Consolidated Salary Scales, leading and managing fund raising, recognition of additional hours worked, implementing governance and quality frameworks, work carried out over and above their public service contract and agreement reached when agency became a Section 38 agency that where the salaries of any staff were above the Consolidated Salary Scales the excess would be funded privately.

One agency stated that a senior manager was in receipt of two types of privately funded non-pensionable payments, one in respect of work in its private hospital and one in respect of the manager’s performance in the public hospital. These payments, which were classified by the agency as allowances, are approved by the Board of the agency and paid in a lump sum. Table 11 overleaf sets of the rationale provided by Section 38 agencies for additional remuneration payments made from private (ie Non HSE) Funds.

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Table 11 - Additional Remuneration payments made from Private (ie Non HSE) Funds

Agency Type	Recipients (and Rationale (where provided))
Non-Acute Agency	Head of Fundraising – Salary fully funded by private sources
Non-Acute Agency	<p>A comprehensive review of Senior Management salaries was conducted in 2009 and it was agreed by [the agency's] Board that wef 1 Jan 2009 any amount paid in excess of CSS (for employment contractual reasons) would be directly funded by [the agency]</p> <p>Salaries</p> <ul style="list-style-type: none"> ▪ CEO ▪ Manager Client Services administrator ▪ HR Manager ▪ IT manager <p>Pension contribution on privately funded element of salary</p> <ul style="list-style-type: none"> ▪ CEO ▪ Manager Client Services administrator ▪ HR Manager ▪ IT manager <p>Allowances</p> <ul style="list-style-type: none"> ▪ CEO
Acute Agency	Director Midwifery – allowance in recognition for additional hours worked
Acute Agency	<p>CEO</p> <ul style="list-style-type: none"> - Allowance re oversight of development of new [...] Hospital (approved by [the agency's] Board and notified to DOHC). - Allowance re certain car expenses allowance (vouched and approved)
Acute Agency	<p>Allowances</p> <ul style="list-style-type: none"> ▪ Master ▪ Secretary Manager ▪ Director of Midwifery and Nursing ▪ Financial Controller
Non-Acute Agency	CEO - re Foundation Company Secretary allowance
Acute Agency	CEO - Allowance re supervision of auxiliary activities, franchise income and change management
Non-Acute Agency	<ul style="list-style-type: none"> ▪ CEO - Board of directors allowance to lead fundraising ▪ Head of Finance Board of directors allowance to manage fundraising ▪ Director of Nursing and Quality - Board of directors allowance to implement governance and quality framework
Acute Agency	<p>Allowances</p> <p>“The non publically funded payments have been in place for a number of years and are calculated after approval by the Board of Governors of the hospital for additional work carried out to support the non publically funded business elements of the hospital”</p> <ul style="list-style-type: none"> ▪ Master ▪ Secretary/General manager ▪ Director Midwifery ▪ Financial, Controller ▪ HR manager
Non-Acute Agency	<ul style="list-style-type: none"> ▪ CEO re pension contribution to closed scheme ▪ Director of Finance – once off contribution to pension fund ▪ ADON re pension contribution to closed scheme
Acute Agency	▪ CEO - Company secretary allowance
Acute Agency	3 senior managers are paid by the company for work carried out over and above their public service contract
Non-Acute Agency	<p>In 1981 became a Section 38 agency and it was agreed that where the salaries of any staff were above the Consolidated Pay Scales the excess would be funded privately. Salaries for 5 staff in excess of Consolidated Pay Scales have been privately funded since 1981 and continue to be so,</p> <ul style="list-style-type: none"> ▪ CEO ▪ Regional directors x3 ▪ Communication manager

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One non-acute agency informed Internal Audit that

Senior Management Remuneration was the subject of a comprehensive review in 2009, involving the Chairman and other Board Members of the [agency], along with HSE ND-ISD, HSE NDOF and HSE HR manager. At that time, it was agreed by the Board of Governors that --- a lesser amount be charged to the HSE, and --- the balance, for employment contractual reasons, would be directly funded by [the agency], the employer. [...] It was also agreed that when the posts concerned fall to be replaced through retirement or resignation the salary of the incoming replacements will be discussed and agreed with the HSE. This agreement took effect from 1st January 2009 and continues to this day. The only change that has affected the agreed rates since then has been the salary reduction imposed on 1st January 2010.

The DOH informed Internal Audit that no papers were found in relation to the comprehensive review of management remuneration carried out by [the agency] in 2009.

Another non acute agency informed Internal Audit that

In 1981 a number of senior executives were remunerated above the level set by Dept. of Health for the NHASS and were pensioned on their full salary. From 1981 to-date salaries in excess of the level set by the Dept. of Health for pension purposes were paid and pensioned by [the agency] out of its own resources. Documentary evidence is available which clearly shows that what the Dept. of Health funded and [the agency] funded was clearly understood by both parties. At no time in the history of [the agency] have the Dept. of Health, Eastern Health Board, Eastern Regional Health Authority or the Health Service Executive been asked nor have they ever requested to have a role in determining the salary levels of senior staff [the agency].

One acute agency informed Internal Audit that:

The non publically funded payments have been in place for a number of years and are calculated after approval by the Board of Governors of the hospital for additional work carried out to support the non publically funded business elements of the hospital.

The agency subsequently confirmed to HSE Internal Audit that in addition to an allowance paid to a manager from private funds in respect of work in its private hospital, an additional allowance is paid from privately funded income in respect of the manager’s performance in the public hospital. Both allowances are approved by its Board and are paid in lump sum.

One DATHs agency confirmed that three senior managers are paid by the company for work carried out over and above their public service contract. As this is funded from private resources i.e. not from HSE or foundation income the agency did not consider it appropriate to provide further details of the payments made.

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Another DATHs agency in its return to HSE-HR in May 2012 stated, “*There are no contracts with [the agency] that allows salary payments from anywhere else*”. As part of the audit process Internal Audit sought confirmation of this statement from the agency. The agency confirmed this statement.

Three agencies which pay additional salary amounts from private funds confirmed that they make **pension contributions from private funds** to private pension funds to meet the additional pension liabilities arising from the additional salary salaries. One agency did not confirm if it makes contributions to a private pension scheme in relation to the additional salary amounts funded privately.

X. HSE Records

Internal Audit requested the HSEs Regional Directors of Operations (RDOs) to

- review their files for each of the agencies coming under their remits
- provide IA with copies of any approvals / sanctions on file as issued by the HSE/ the former Health Boards or DOHC in the past for any remuneration (including allowances, benefits and perquisites) in excess of or different to the approved public sector/health pay scales.

Two RDO areas (DML and DNE) confirmed that there were no sanctions on file authorising the payment by agencies of any additional allowances in excess of public sector pay scales. **Internal Audit notes that several agencies within DML and DNE confirmed to Internal Audit that specific non standard type allowances have been, and are being, paid from public funds and from private funds to senior management in these organisations.**

Another RDO area (South) confirmed that application of an additional 6% by one agency to its CEOs was not sanctioned by HSE and that in relation to another agency HSE had reduced funding so that HSE’s contribution to CEO Remuneration is in line with agreed sanctioned salary against the consolidated pay scales. In relation to the 6 other agencies coming under its remit HSE South confirmed that there was no evidence on file indicating that salaries are not in line with public sector pay scales. Internal Audit notes that one of these agencies confirmed to Internal Audit that a company secretarial allowance is funded by a private company.

Another RDO Area (HSE West) confirmed that there were no sanctions on file authorising the payment by agencies of any additional allowances in excess of public sector pay scales by

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agencies coming under its remit. Internal Audit notes that one agency confirmed to Internal Audit that it pays 6% in addition to the salary scale for one particular post.

Internal Audit reviewed a sample of minutes of monitoring meetings held between HSE and some larger agencies to ascertain if senior remuneration levels were discussed. The records reviewed indicate that the topic of remuneration for senior staff was not a subject of discussion.

XI. DOHC Records

As a part of this review, HSE Internal Audit requested the DOH to review its files for each of the Section 38 agencies and to provide copies of any approvals / sanctions issued by the Department to the agencies in the past for any remuneration (including allowances, benefits and perquisites) in excess of, or different to, the approved public sector/health pay scales. HSE Internal Audit provided the Department with details of remuneration data provided by Section 38 agencies to HSE-HR directorate in May 2012 for its information.

In its response dated 3rd August 2012, the DOH confirmed that:

- The DOH had responsibility for the Health Vote up to the establishment of the HSE in 2005. Historically the DOH dealt directly with the larger voluntary providers of services on behalf of the health boards, including the voluntary hospitals. On its establishment in 2005, the HSE assumed responsibility for the application of HR policy in the health sector.
- Prior to 2005, terms and conditions of employment for staff were not fully standardised across the health system
- Since the establishment of the HSE, the policy has been to move to standardised terms and conditions
- The DOH promulgates the agreed national pay rates for health sector grades, including the grades of CEO and deputy CEO in voluntary hospitals
- **There is no current arrangement in place whereby employers are authorised to supplement the approved rate for any post, senior or otherwise.**

Having reviewed its files at the request of HSE Internal Audit, the DOH confirmed that:

- It had not located any papers dealing with the terms and conditions of **existing** individual CEOs or senior post holders in Section 38 agencies.
- Its files indicated that **historically allowances/additional payments were approved in individual cases to reflect additional workloads, responsibilities** or to bring remuneration in line with equivalent posts elsewhere in the health service.

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- It provided details of three sanctions relevant to this review:
 - In relation to one agency – DATHs
 - 1999 - Clinical Services Co-Ordinator - allowance £6,000 – personal to holder basis
 - 1996 - Manager Special Projects – allowance £3,000 -personal to holder basis
 - In relation to another agency – DATHs - 1996 - Personnel Officer - allowance £3,604 - to bring package in line with similar post in two other DATHs agencies
- As noted earlier in relation to the data provided by Section 38 agencies to HSE-HR directorate in May 2012, no papers were found to support four pieces of information contained in the data as follows:
 - In relation to one DATHs Hospital – no papers were found regarding the agency’s reference to a ‘Beaumont hospital scale’¹³
 - In relation to another DATHs Hospital– no papers were found relating to
 - the additional remuneration for oversight of the development of a new hospital (€25,625) which was said by the agency to have been approved by the Board and notified to the Department
 - the allowance for the Project Director commitment regarding the hospital development which was stated by the agency to have been approved by the Department
 - in relation to one non acute agency - no papers were located In relation to the comprehensive review of senior management remuneration carried out in 2009
 - In relation to a third DATHs Hospital – no records were found in relation to ‘DOHC/[the hospital] approved allowances’ or for any of the allowances listed for the 26 senior management posts listed by the hospital.

In relation to the payment by agencies of supplements from private funds, the DOH provided details of a Parliamentary Question reply (No 86 on 26 September 1996) arising from the establishment of Tallaght Hospital and the filling of the CEO post there:

*“My department has approved a salary level of £50,484 for the chief executive officer in a number of major hospitals, including the new hospital to be opened in Tallaght. This represents the total salary payable from public funds for the post of chief executive officer as advertised and filled following public competition. **The question of any supplement payable to the successful candidate by any or all of the bodies referred to by the Deputy from their private funds in respect of any additional duties or functions to be performed on their behalf would be a matter for these***

¹³ As noted earlier Beaumont Hospital confirmed to HSE Internal Audit that the reference to the Beaumont Hospital Scale refers to the Voluntary Hospitals CEO Scale which is applicable to the CEOs of all the DATHS hospitals.

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bodies and the person concerned. The same policy applies in relation to any similar arrangements in other similar hospitals.”

XII. Previous instances where HSE and DOH were aware of/ sought to identify non-adherence to approved pay scales.

As part of this review, Internal Audit examined documentation in relation to previous instances whereby HSE sought to identify remuneration levels in HSE funded agencies / or instances where HSE and/or DOH were aware of non-adherence to approved scales. These are set out below.

i. Superannuation and Non-adherence to approved pay scales – 2008

Internal Audit has identified that the DOH informed HSE-HR in October 2008 that in dealing with superannuation enquiries it had emerged that there might be cases in health service hospitals/agencies where unauthorised salaries were in payment.

In July 2009 the DOH wrote to a section 38 agency to express its concern that the agency had put in place various hybrid scales and personal allowances without seeking agreement or sanction from the DOH.

Arising from this case, in July 2009 the DOH requested HSE-HR to write to the CEOs of voluntary agencies about the implications for pension entitlements of failure to comply with salary approval requirements.

There is no documentary evidence available to confirm if HSE-HR undertook the exercise as requested by the DOH or if HSE-HR replied to DOH correspondence.

ii. Remuneration costs of disabilities sector agencies – 2008/2009

In July 2008 the DOH requested HSE to write to Section 38 agencies funded by the HSE to provide services for people with disabilities to obtain, inter-alia, details of pay expenditure (including salary applicable each grade) and requested **that all expenditures should be declared whether funded by HSE or from other sources.**

HSE’s Primary Community and Continuing Care Directorate undertook the exercise requested by the DOH, which was the first attempt to gather comprehensive information on the costs and

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expenditure of voluntary organisations providing services to persons with disabilities, including the remuneration of senior staff.

In its response to the DOH in January 2009, HSE’s Primary Community and Continuing Care Directorate reported that it had communicated with disability service providers who receive funding of more than €1m from the HSE and sought details of the full remuneration package of senior staff, including any additional benefits, performance related payments, provision of car or car allowance, health insurance etc in addition to basis salary. “Senior staff” was defined as grade VIII or above. HSE confirmed that sixty-three agencies had provided full remuneration details in respect of senior staff, information was outstanding from one Section 39 agency and one Section 38 agency did not supply the remuneration information.

HSE in its response to DOH identified the possibility of different interpretations among agencies may have resulted in data, especially data on non-pay, being returned under different headings.

It also identified that some agencies expressed concerns that information pertaining to the personal arrangements of staff would come into the public domain and could impact on the commercial sensitivity of their operations. HSE provided assurances to agencies that the remuneration information would be treated with the utmost confidentiality.

HSE’s report stated that some agencies reported that income from the HSE was being supplemented by other income, including fundraising and retail income and this was how some salaries are funded. Of the sixty-three organisations which responded, **thirty-four reported senior staff remuneration levels in excess of HSE (Consolidated) Pay scales and thirteen of the thirty-four exceeded the HSE Consolidated pay scales by more than 15%**. However, the HSE reported that the comparison between salary scales needs to take account of the fact that CEOs have total responsibility for all functions in their organisations.

The report also found that there was no evidence of comprehensive agreements or guidelines from the DOH or former health boards in relation to the remuneration of CEOs. The report stated that it appeared there was some agreement at individual, organisational level in respect of the following:

- Chief officers of larger, former direct funded agencies were to be paid at the salary scale applicable to CEOs of the former, smaller Health Boards
- Chief Officers of other organisations are paid at former Health Board Programme Manager level along with performance related allowance. Some of these arrangements would have been known and/or approved by former health boards
- **Organisations indicated that at the signing of *Enhancing the Partnership* in 1998, the DOHC was made aware that some organisations paid their chief officers over and**

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The report recommended that the maximum level of remuneration should be determined which would be applicable to agencies which received in excess of 50% of their funding from the HSE. However, it identified that it was unclear what action could be taken in respect of existing post holders.

Following on from the report to the DOH, HSE sought legal advice which stated that HSE can direct non statutory agencies in relation to remuneration levels of senior managers as a condition of funding under Service Level Arrangements. However, it highlighted potential issues regarding existing contractual arrangements.

HSE subsequently commissioned the Hay Group to develop a pay classification system, using an evidenced based approach, for CEO roles in disability agencies. In March 2010 Hay Group produced a CEO pay classification system developed which was based on three broad factors namely

- Magnitude - in terms size, headcount and financial
- Breadth - in terms of scope of service delivery and scale of an organisation
- Operational - in terms of the requirements to engage in commercial activity.

The process for benchmarking the salaries of CEOs of disability agencies was not proceeded with at that time as it was subsumed into the value for money and policy review of the disability sector (see next section).

iii. DOH “Value for Money and Policy Review of Disability Services” – 2011/2012

The DOH “Value for Money and Policy Review of Disability Services” (the VFM Review) reported on the grading of chief administrative officers in disability agencies. It reported that twenty-eight¹⁴ section 38 and section 39 agencies indicated that their chief administrative officers were graded at CEO level, of whom:

- 25 were paid at the standard rate on the DOH consolidated pay scale for the CEO grade (approximately €150,000 pa),
- 3 CEOs were paid at a lower rate and
- 1 CEO (of a section 39 agency) was paid over the consolidated salary scale rate.

The VFM Review reported that other disabilities agencies indicated that they were managed by administrators who were not graded at CEO level and were paid at a lower rate. Agencies that

¹⁴ The totals in the VFM report’s analysis add up to twenty-nine

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did not have CEO equivalents were pitched at a variety of levels, including Functional Officer/General Manager grade (mid-Pont €82,058), Grade VIII (€76,076) or grade VII (mid-point €57,208). The VFM Review stated that it did not carry out an analysis on any salaries paid in whole or in part from sources outside the Disability Services Programme as that was outside the remit of the review.

The findings of HSE Internal Audit’s review of the pay and grading findings of all section 38 agencies (as set out in table 2 above) concur with the findings of the DOH VFM Review of disability agencies.

iv. HSE Internal Audit Report: Service Arrangements with External Agencies - 2012

In 2011, as part of its annual audit plan, HSE Internal Audit undertook a survey¹⁵ of governance in HSE funded (section 38 and section 39) Voluntary Agencies. Fifteen Section 38 funded agencies were included in the sample of agencies surveyed. In response to the question “Adherence to DOHC Salary scales”

- Eight agencies confirmed compliance
- One agency confirmed compliance but with one exception
- Two stated confirmed compliance and stated that any historical differences were reported to HSE
- One confirmed compliance with 1 historical exception
- One confirmed compliance “in the main”
- One stated confirmed substantially compliant with exceptions notified to HSE
- One stated confirmed compliance with one exception paid below DOHC Scales)

v. Action re FEMPI non-compliance - 2011

In 2011, HSE-HR wrote to an agency to advise that the salary paid to its recently appointed CEO was not in accordance with approved salary scales. The salary was greater than the basic salary paid to the previous incumbent (however, the overall remuneration package for the new appointee was lower). HSE-HR advised the agency that the increased salary was in breach of FEMPI as the agency had not requested the DOHC to seek approval from the Department of Finance (DOF) for the increased remuneration.

The agency informed HSE-HR that 97% of its staff salaries were compliant with the consolidated salary scales and that the remainder were different for historical reasons. The new

¹⁵ HSE Internal Audit Report “Service Arrangements with External Agencies” - issued 31 January 2012

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CEO’s salary was at the civil service assistant secretary scale, the total remuneration package was lower than the previous incumbent, and the post was for a 5-year term. The agency requested that DOH permission be sought for the package.

HSE-HR informed the agency subsequently that the DOH confirmed that the approved grade for the post was civil service principal officer grade, that the grading of assistant secretary was not approved and accordingly the agency was in breach of FEMPI. In accordance with the provision of FEMPI, the agency was obliged to recoup any salary overpayments to HSE. HSE-Finance notified the agency that its annual grant would be reduced by the amount of the overpayment.

In its response to HSE-HR the agency stated that it did not accept the salary scale was PO level, that it had notified the CEO salary to the former Health board / HSE every year since 2001, and that in 2000 its financial affairs had been the subject to review by the C&AG and they were informed that all was in order.

In October 2011 HSE-HR informed the agency that it would review its response in conjunction with the DOH.

At the time of this audit there was no further documentation on file to indicate if the matter had been concluded.

XIII Audit Opinion

Overarching Comment on Internal Audit findings

As an overarching comment, this audit has identified that prior to 2005, terms and conditions of employment for staff were not fully standardised across the health system. Since the establishment of the HSE in 2005, the policy has been to move to standardised terms and conditions. Most of the **non-standard type** allowances identified as part of this audit were commenced prior to 2005 and have remained in place since then.

While agencies have indicated that non-standard type allowances were discussed /agreed with the DOH, **there was not always documentary evidence** held by the agencies and the DOH to support these assertions

The lack of records is a concern as the creation of any additional charges on Exchequer funds should be properly and adequately documented to evidence that such additional charges were properly approved by the relevant authorities.

There is a **lack of clarity as to the level of authority available to each agency** to pay allowances without seeking approval from HSE/DOH. One agency informed Internal Audit that the practice of approving allowances is based on delegated authority to approve promotions and appointments on a permanent/temporary basis to the CEO under Circular 10/71, while the DOH has confirmed that there is no current arrangement in place whereby employers are authorised to supplement the approved rate for any post, senior or otherwise. A clear, unambiguous policy statement is required to address this going forward.

Allowances and prerequisites funded from HSE funds

The audit has identified a wide range of allowances and prerequisites funded from HSE funds. It has also identified a **wide range of descriptions** for different types of allowances (e.g. there are at least eight descriptions for allowances for additional responsibility) and a **lack of consistency in the rates applied**.

Most of the allowances are in accordance with approved allowances e.g. Masters’ allowances clinical directors’ allowances, medical board allowances and on call allowances etc. However, some allowances and prerequisites paid by agencies are **not contained in sanctioned public sector pay scales**. These include payments in respect of private health/income

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continuance/permanent health insurance policies, motor allowances, travel allowance, and company/board secretary allowances.

The audit also identified the **payment by some agencies of on-call type allowances to non-clinical management.**

Overall, the audit has identified that there is a clear need for health sector allowances to be reviewed and rationalised and for a definitive list of approved allowances to be issued which makes clear what is and what is not allowable and the approval mechanisms for the award of any such allowances. Sunset clauses should also be applied to any sanctioned allowances

Health Sector Superannuation Schemes

While most section 38 agencies have been admitted to membership of various health sector pension schemes, some in the non-acute sector (or some of their staff) have not (yet) been admitted. The rate of pension contributions from public funds to these private pension funds by these agencies range from 6% to 46.6% of salary. Those agencies confirmed that the DOH is aware of the existence of, or approved the establishment of, private pension schemes. Agencies stated that they have had discussions with the DOH over several years on admittance to the public sector pension schemes. While these discussions continue, this has resulted in agencies continuing to contribute from public funds to private pension schemes for their staff, in accordance with their obligations as employers. It is important that these discussions should be concluded as soon as possible.

Remuneration Rates

This audit has identified that there is a **wide range in the level of basic pay** currently paid to CEOs of Section 38 agencies. These pay rates developed over many years on an agency by agency basis and do not necessarily reflect the comparable size, scale and complexity of each organisation today. A pay classification model now exists and this should be used to review the remuneration rates of Section 38 CEOs and their senior management teams.

In instances whereby senior management salary levels differ from Consolidated Salary Scales, agencies stated that verbal DOH approval had been sought and obtained. It is likely that this is the case and it points to the need for DOH (and now HSE as the organisation responsible post 2005) to ensure that discussions with agencies are properly and comprehensively minuted and that such decisions/agreements are followed up with a formal notification of approval.

Recoupment mechanisms under FEMPI

The audit has identified that while FEMPI sets out recoupment provisions for cases where a public servant is in receipt of remuneration in excess of approved rates, an **agreed**

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mechanism/policy needs to be developed by HSE and DOH to action such recoupment provisions. This policy should be communicated to all health sector funded agencies.

Allowances and prerequisites funded from private funds

Thirteen (28%) Section 38 agencies pay **additional remuneration/benefits** to thirty-four senior managers which are funded from private sources. Twenty-three of the thirty-four managers receive one type of payment, ten receive two types and one manager received three types. This practice is in contravention of the terms of the HSE Standard Service Arrangement and DOH policy statement.

Section 3.2 (c) (viii) of the HSE Standard Service Arrangement states that a service provider *“shall not pay nor subsidise salaries, expenses or other perquisites which exceed those normally paid within the public sector”*, and this statement concurs with confirmation received by Internal Audit from the DOH that *“there is no current arrangement in place whereby employers are authorised to supplement the approved rate for any post, senior or otherwise”*.

However, these statements do not state clearly if the prohibition on supplementation relates to additional payments from public funds or private funds or both.

The response to a Parliamentary Question in 1996 indicates that there was knowledge of the existence of the practice of making payments to senior managers from private sources in respect of any additional duties or functions and that it was deemed at that time to be *“a matter for these bodies and the person concerned”*. It is possible that agencies have relied on the response to the Parliamentary Question as part of their decision making process to make such payments.

It is important to note that when the State first got involved in funding voluntary health bodies in the 1950s, the concept of privately provided and funded services (e.g. private hospitals and services, and agencies with commercial ventures) did not exist to the extent it does today. Since the mid-1990s, the types of services provided by health-funded agencies have evolved resulting in an increase in the level and extent of privately funded and commercial income generation services being performed by publicly funded bodies and the concomitant level of senior manager input in managing these privately funded operations. This evolution has implications for public sector pay policy applicable to publicly funded agencies.

The audit also identified an instance whereby privately generated funds were used to fund a non-pensionable allowance (paid on an annual basis) in respect of a manager’s performance in a Public Hospital

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The findings of this audit identify the **need for a clear and unambiguous policy and guidance on the issue of providing additional remuneration to senior managers from private sources.**

Such an up-to date clear policy should be developed which:

- takes into account the different types of publicly funded agencies which now exist (e.g. fully publicly funded or partially publicly funded),
- determines what level of commitment the public sector pay scales relate to and
- addresses instances where agencies’ managers receive remuneration etc from private funds in relation to work for their agencies over and above their public service contract.

As this issue possibly extends beyond the health services to the wider public sector, an up to date State policy on the issue would provide the necessary clarity on the matter.

XIV IA Recommendations

Allowances Policy

6. A clear policy statement on allowances (including clear guidance on where authority lies for approving allowances and other perquisites) should be developed and issued to all agencies.

Responsible Persons: National Director HR, in conjunction with DOH,

Date: 30th June 2013

Allowances Sanctioning

7. In future, the award of all specific non-standard type allowances and perquisites should be subject to the formal sanction by HSE and DOH.

8. Sanction for specific non-standard allowances should be formally renewed each year (or a lesser timeframe, depending on the circumstances of the allowance)

9. Specific non-standard allowances currently being paid should be reviewed by the HSE in conjunction with the DOH to determine if circumstances continue to warrant the payment of such allowances

10. A record of each sanction should be retained by the HSE and the Agency.

Responsible Persons: National Director HR, in conjunction with DOH,

Date: 30th June 2013

Allowances and prerequisites funded from HSE funds

11. A clear, comprehensive, streamlined list of sanctioned allowances should be developed which clearly identifies the approved rates payable and the criteria for payment of each allowance. The updated list should clearly state that no other allowances are permitted.

Responsible Persons: National Director HR, in conjunction with DOH

Date: 30th June 2013

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12. The updated list should issue to all agencies funded by HSE

Responsible Persons: National Director HR

Date: 30th June 2013

13. Pending the issuing of the updated guidance at 6 above, agencies should be notified immediately to cease payment of those allowances which are currently not sanctioned allowances.

Responsible Persons: National Director HR

Date: 30th June 2013

Pension Schemes

14. The decision making process to determine the admission of those remaining section 38 agencies to public sector pensions schemes should be concluded as soon as possible.

Responsible Persons: National Director HR in conjunction with DOH,

Date: 31st December 2013

Additional allowances, salaries and prerequisites funded from private funds

15. A clear policy should be developed on this matter to determine what is / is not permitted and to set out the disclosure obligations of agencies to public sector funders.

16. A clear policy statement should be developed to determine the State’s position on senior managers carrying out privately remunerated work for their agencies over and above public service contracts

Responsible Persons: National Director HR, in conjunction with DOH and DPER

Date: 30th June 2013

Standard Service Arrangements

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17. The Standard Service Arrangement should be revised to include a clear, unambiguous policy statement on the supplementation of remuneration by private funding (as referred to at 15 above)
18. The Standard Service Arrangement should be updated to require funded agencies to disclose the details of the full remuneration packages paid to senior managers (i.e to include public and private funded elements of the remuneration package and all its components including contributions to private pension funds, health insurance, allowances etc)

Responsible Persons: National Director HR in conjunction with Integrated Services Directorate

Date: 30th June 2013

19. **Recoupment mechanisms under FEMPI**

An agreed mechanism/policy should to be developed to action the recoupment provisions of this legislation. This policy should be communicated to all health sector funded agencies.

Responsible Persons: National Director HR in conjunction with DOH

Date: 30th June 2013

Remuneration Rates

20. A review of the remuneration rates of Section 38 CEOs and senior management should be undertaken, using the pay classification model developed for HSE (or any other model deemed appropriate) to ensure the pay rates reflect the comparable size, scale and complexity of each organisation.

Responsible Persons: National Director HR in conjunction with DOH

Date: 31st December 2013

Current Remuneration packages

21. Remuneration packages for current Section 38 CEOs and senior management should be reviewed and formally approved. This approval should be retained on DOH/HSE files and should be formally communicated to each agency.

Responsible Persons: National Director HR in conjunction with DOH

Date: 30th June 2013

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Future CEO and senior management remuneration packages

22. All future appointments to CEO or Senior Management posts in funded agencies should be subject to specific sanction to approve the entirety of the remuneration package and no deviations should be subsequently allowed without formal approval by DOH/HSE.

Responsible Persons: National Director HR in conjunction with Integrated Services Directorate

Date: 30th June 2013

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XV Agreed Action Plan for implementation of Recommendations

KF	Recommendation	Ranking of Key Audit Finding	Responsible Person	Implementation Date
Communications				
1	HR should liaise with National Business Support Unit of the Integrated Services Directorate to obtain an up to date list of all Section 38 Agencies to ensure completeness in any future circularisations.	Medium	National Director of HR	Immediately
2	In future, any distinctions contained in responses from Section 38 agencies should be communicated to the DOH in order that the DOH is in possession of comprehensive information.	Medium	National Director of HR	Immediately
3	All outstanding and incomplete responses from Area-HR Departments in respect of the DOH correspondence of 30 th August, 10 th October and 28 th October 2011 should be followed up by HSE National HR Directorate in a timely manner.	Medium	National Director of HR	1 st June 2013
4	HSE-HR should issue a formal response to the DOH in respect of its 30 th August, 10 th October and 28 th October 2011 correspondence.	Medium	National Director of HR	1 st June 2013
5	All future communications from DOH should be responded to in a timely and complete manner.	Medium	National Director of HR	1 st June 2013
Allowances Policy				
6	A clear policy statement on allowances (including clear guidance on where authority lies for approving allowances and other perquisites) should be developed and issued to all agencies.	High	National Director of HR in conjunction with DOH	30 th June 2013
Allowances Sanctioning				
7	In future, the award of all specific non-standard type allowances and perquisites should be subject to the formal sanction by	High	National Director of HR in conjunction with	30 th June 2013

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KF	Recommendation	Ranking of Key Audit Finding	Responsible Person	Implementation Date
	HSE and DOH.		DOH	
8	Sanction for specific non-standard allowances should be formally renewed each year (or a lesser timeframe, depending on the circumstances of the allowance)	High	National Director of HR in conjunction with DOH	30 th June 2013
9	Specific non-standard allowances currently being paid should be reviewed by the HSE in conjunction with the DOH to determine if circumstances continue to warrant the payment of such allowances	High	National Director of HR in conjunction with DOH	30 th June 2013
10	A record of each sanction should be retained by the HSE and the Agency.	High	National Director of HR in conjunction with DOH	30 th June 2013
Allowances and prerequisites funded from HSE funds				
11	A clear, comprehensive, streamlined list of sanctioned allowances should be developed which clearly identifies the approved rates payable and the criteria for payment of each allowance. The updated list should clearly state that no other allowances are permitted.	High	National Director of HR in conjunction with DOH	30 th June 2013
12	The updated list should issue to all agencies funded by HSE	High	National Director of HR	30 th June 2013
13	Pending the issuing of the updated guidance at 6 above, agencies should be notified immediately to cease payment of those allowances which are currently not sanctioned allowances.	High	National Director of HR	30 th June 2013
Pension Schemes				
14	The decision making process to determine the admission of those remaining section 38 agencies to public sector pensions schemes should be concluded as soon as possible.	High	National Director of HR in conjunction with DOH	31 st December 2013
Additional allowances, salaries and prerequisites funded from private funds				
15	A clear policy should be developed on the	High	National Director of	30 th June 2013

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KF	Recommendation	Ranking of Key Audit Finding	Responsible Person	Implementation Date
	funding of additional allowances, salaries and perquisites from private funds to determine what is / is not permitted and to set out the disclosure obligations of agencies to public sector funders.		HR in conjunction with DOH and DPER	
16	A clear policy statement should be developed to determine the State’s position on senior managers carrying out privately remunerated work for their agencies over and above public service contracts.	High	National Director of HR in conjunction with DOH and DPER	30 th June 2013
Standard Service Arrangements				
17	The Standard Service Arrangement should be revised to include a clear, unambiguous policy statement on the supplementation of remuneration by private funding (as referred to at 15 above).	High	National Director of HR in conjunction with Integrated Services Directorate	30 th June 2013
18	The Standard Service Arrangement should be updated to require funded agencies to disclose the details of the full remuneration packages paid to senior managers (i.e to include public and private funded elements of the remuneration package and all its components including contributions to private pension funds, health insurance, allowances etc).	High	National Director of HR in conjunction with Integrated Services Directorate	30 th June 2013
Recoupment mechanisms under FEMPI				
19	An agreed mechanism/policy should to be developed to action the recoupment provisions of FEMPI. This policy should be communicated to all health sector funded agencies.	High	National Director of HR in conjunction with DOH	30 th June 2013
Remuneration Rates				
20	A review of the remuneration rates of Section 38 CEOs and senior management should be undertaken, using the pay classification model developed for HSE (or any other model deemed appropriate) to ensure the	High	National Director of HR in conjunction with DOH	31 st December 2013

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KF	Recommendation	Ranking of Key Audit Finding	Responsible Person	Implementation Date
	pay rates reflect the comparable size, scale and complexity of each organisation.			
Current Remuneration packages				
21	Remuneration packages for current Section 38 CEOs and senior management should be reviewed and formally approved. This approval should be retained on DOH/HSE files and should be formally communicated to each agency.	High	National Director of HR in conjunction with DOH	30 th June 2013
Future CEO and senior management remuneration packages				
22	All future appointments to CEO or Senior Management posts in funded agencies should be subject to specific sanction to approve <u>the entirety</u> of the remuneration package and no deviations should be subsequently allowed without formal approval by DOH/HSE.	High	National Director of HR in conjunction with Integrated Services Directorate	30 th June 2013

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Appendix 1

List of Section 38 Agencies (2011 and 2012)

Organisation Name – Voluntary Agencies (Non Acute)	Ref	HSE Area	Local Health Office
Brothers of Charity – Clare	1	South	Clare
Brothers of Charity – Galway		West	Galway
Brothers of Charity – Limerick		West	Limerick
Brothers of Charity – Lota (Southern)		South	West Cork
Brothers of Charity – Roscommon		West	Roscommon
Brothers of Charity – Waterford		South	Waterford
Carriglea (Sisters of the Bon Sauveur)	2	South	Waterford
Central Remedial Clinic	3	Dublin North East	Dublin North Central
Cheeverstown House	4	Dublin Mid Leinster	Dublin South West
Children’s Sunshine Home	5	Dublin Mid Leinster	Dublin South (Dun Laoghaire)
Cope Foundation	6	South	West Cork
Cork Dental Hospital	7	South	South Lee
Daughters of Charity – Dublin Region	8	Dublin North East	North West Dublin
Daughters of Charity – Limerick Region		West	Limerick & Nth Tipperary / East Limerick
Drug Treatment Centre Board	9	Dublin Mid Leinster	Dublin South (Dun Laoghaire)
Dublin Dental Hospital Board	10	Dublin Mid Leinster	Wicklow
Incorporated Orthopaedic Hospital (Clontarf)	11	Dublin North East	Dublin North Central
KARE, Morefield, Newbridge, Co Kildare	12	Dublin Mid Leinster	Kildare/West Wicklow
Leopardstown Park Hospital	13	Dublin Mid Leinster	Dublin South East
National Rehabilitation Hospital	14	Dublin Mid Leinster	Wicklow
Our Lady’s Hospice, (Harold’s Cross)	15	Dublin Mid Leinster	Dublin South City
Peamount Hospital (Newcastle)	16	Dublin Mid Leinster	Dublin West
Royal Hospital, Donnybrook, Dublin	17	Dublin Mid Leinster	Dublin South East
Sisters of Charity – Kilkenny	18	South	Carlow / Kilkenny
Sisters of La Sagesse, Cregg House	19	West	Sligo/Leitrim
Sisters of the Sacred Heart of Jesus & Mary (Laois/Offaly)	20	Dublin Mid Leinster	Laois/Offaly
Sisters of the Sacred Heart of Jesus & Mary (Longford/Westmeath)		Dublin Mid Leinster	Longford / Westmeath
Sisters of the Sacred Heart of Jesus & Mary (Moore Abbey)		West	North Tipperary / East Limerick
St. John of God, Drumcar	21	Dublin North East	Louth
St. John of God Eastern Region		Dublin Mid Leinster	Wicklow
St. John of God, Tralee Beaufort – St. Mary’s of the Angels	21	South	Kerry / West Cork
St. Michael’s House, Dublin	22	Dublin North East	Dublin North Central
St. Vincent’s, Fairview	23	Dublin North East	Dublin North Central
Stewart’s Hospital, (Palmerstown)	24	Dublin Mid Leinster	Dublin West
Sunbeam House Services	25	Dublin Mid Leinster	Wicklow

Continued/.....

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Organisation Name – Voluntary Agencies (Acute)	Ref	HSE Area	Hospital Network
Mater Misericordiae University Hospital	1	Dublin North East	Dublin North East Hospital Network
St. James’s Hospital, Dublin	2	Dublin Mid Leinster	Dublin South Hospital Network
St. Vincent’s University Hospital including St. Michael’s Hospital, Dun Laoghaire	3	Dublin Mid Leinster	Dublin South Hospital Network
Beaumont Hospital	4	Dublin North East	Dublin North East Hospital Network
Adelaide & Meath incorporating the National Children’s Hospital Tallaght	5	Dublin Mid Leinster	Dublin Midlands Hospital Network
National Maternity Hospital, Holles St.	6	Dublin Mid Leinster	Dublin South Hospital Network
Coombe Women’s Hospital	7	Dublin Mid Leinster	Dublin Midlands Hospital Network
Rotunda Hospital	8	Dublin North East	Dublin North East Hospital Network
Our Lady’s Children’s Hospital, Crumlin	9	Dublin Mid Leinster	National Paediatric Hospital Network
Temple Street Children’s University Hospital	10	Dublin Mid Leinster	National Paediatric Hospital Network
South Infirmary Hospital, Cork	11	South	Southern Hospital Network
Mercy Hospital, Cork	12	South	Southern Hospital Network
St. John’s Hospital, Limerick	13	West	Mid-Western Hospital Network
Cappagh National Orthopaedic Hospital	14	Dublin North East	Dublin North East Hospital Network
St. Luke’s Hospital, Dublin	15	Dublin Mid Leinster	Subsumed into HSE since 1/4/2010
Royal Victoria Eye & Ear Hospital	16	Dublin Mid Leinster	Dublin South Hospital Network

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Appendix 2**

Extract from Standard Service Arrangement – Section 38 agencies

Section 3.2 Duties of the Provider:

(a) General

(ii) The Provider acknowledges that the Executive will be relying on the Provider’s knowledge, experience, expertise and competence in the Provider’s performance of its obligations under this Arrangement, and on the accuracy of all statements, reports or returns made by the Provider in connection with its obligations pursuant to this Arrangement.

(c) Other Obligations of the Provider

The Provider shall:

- (viii) not pay nor subsidise salaries, expenses or other perquisites which exceed those normally paid within the public sector;
- (x) respect and comply with the statutory role and regulatory and public accountability responsibilities of the Executive and other relevant statutory bodies and at all times co-operate fully with the Executive, any committees of the Board of the Executive and all other statutory bodies in this regard;

Section 9 Information Requirements

9.1 Requests for Information

The Provider acknowledges that it is obliged to comply with a written request from the Executive for any information that the Executive considers material to

9.6 Other Information Obligations

- (d) Subject to Clause 9.1 the Provider will comply with all requests by the Executive

9.7 Failure to Provide Information

The Provider acknowledges that:

- (a) in order to achieve accurate forecasting, activity monitoring and prompt and accurate funding of health and personal social services, there needs to be timely, regular exchange of detailed and accurate information; and
- (b) it is obliged to properly account for the expenditure of Funding provided by the Executive.
/continued.....

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Section 16 Provider Personnel

- 16.1 The Provider will maintain employee numbers within the agreed and approved Employment Ceiling set out in Schedule 9 (Staffing).

- 16.5 The Provider will adhere to the consolidated salary scales where they apply and is not authorised to pay salaries in excess of the consolidated scales for approved grades.

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Appendix 3

HSE-HR Management Response



Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive

Oifig an Stiúirthóra Náisiúnta, Acmhainní Daonna
Feidhmeannacht na Seirbhíse Sláinte
Ospidéal Dr. Steevens’
Baile Átha Cliath 8

Office of the National Director of Human Resources
Health Service Executive
Dr. Steevens’ Hospital
Dublin 8

Teil/Tel: (01) 635 2319
Rphost/ E-mail: nationalhr@hse.ie

28th February 2013

Ms. Geraldine Smith,
Assistant National Director - Internal Audit Operations,
HSE Internal Audit Directorate,
Phoenix Hall,
St Mary’s Hospital,
Phoenix Park,
Chapelizod,
Dublin 20.

Re: Draft Internal Report Section 38 Agencies Remuneration

Dear Ms Smith,

I refer to your letter of 22nd February 2013 and the related draft Internal Audit Report on remuneration in Section 38 Agencies.

I can formally confirm my acceptance of the draft Report’s findings and recommendations.

In this regard, I note that there a range of issues outstanding which arose prior to my taking up the role of National Director. These will be addressed immediately. In that regard I can confirm that all outstanding and incomplete responses from Area HR Departments in respect of the Department of Health correspondence of 30th August, 10th October and 28th October 2011 will be followed up and a formal response issued to the Department by my office. HSE HR is committed to ensuring that communications from DOH should be responded to in a timely and complete manner.

It is noted that the Report identifies that while the policy since the establishment of the HSE in 2005 has been to move to standardised terms and conditions, most of the non-standard type allowances identified as part of this audit were commenced prior to 2005; Historically the DoH dealt directly with the larger voluntary providers of service on behalf of the Health Boards including the Voluntary Hospitals. There was a wide range in the level of basic pay; and in that regard, documentary evidence was not always held by the agencies and the Department of Health to support claims that the allowances on or rates of pay were discussed with the Department. The DoH did confirm in August 2012 that there is no current arrangement in place whereby employers are authorised to supplement the approved rate for any post, senior or otherwise.

The Report identifies a lack of clarity as to the level of authority available to each agency to pay allowances in the absence of approval from either the HSE or the Department of Health and the need for health sector allowances to be reviewed and rationalised and a definitive list of approved allowances to be issued.

Also of concern is the lack of clarity regarding additional remuneration to senior managers from private sources and the continued payment from public funds into private pension schemes.

It is clear from the report that a framework exists which clearly sets out that health funded agencies are required to adhere to approved public sector pay rates and shall not pay amounts in excess of those approved rates.

Taking the above into account, I can confirm that once the final report is received I will be immediately engaging with the Department of Health to ensure that:



1

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1. a clear policy statement on allowances – including a definitive list of sanctioned allowances - is developed, sanctioned by the Department and circulated to all relevant agencies.
2. a formal review of non-standard allowances currently being paid is initiated in conjunction with the Department;
3. all specific non-standard type allowances must be approved by the HSE, DoH and DPER.
4. records of each sanction are retained by the HSE, the Department and the relevant Agency.
5. agencies are notified to cease payment of those allowances which are not on the sanctioned list of allowances;
6. the decision making process to determine the admission of those remaining section 38 agencies to public sector pensions schemes is concluded;
7. a clear policy regarding additional allowances, salaries and prerequisites funded from private funds is developed with the Department to determine what is / is not permitted and to set out the disclosure obligations of agencies to public sector funders;
8. a clear policy statement is developed in conjunction with the Department to determine the State’s position on senior managers carrying out privately remunerated work for their agencies over and above public service contracts;
9. standard Service Level Agreements are revised to include policy on the supplementation of remuneration by private funding and require funded agencies to disclose the details of the full remuneration packages paid to senior managers;
10. an agreed mechanism/policy is developed to action the recoupment provisions of FEMPI legislation;
11. a review of the remuneration rates of Section 38 CEOs and senior management is undertaken to ensure the pay rates reflect the comparable size, scale and complexity of each organisation and remuneration packages for current Section 38 CEOs and senior management are reviewed and formally approved;
12. any distinctions contained in responses from Section 38 agencies will be communicated to the Department to ensure that the Department is in possession of comprehensive information;
13. all future appointments to CEO or Senior Management posts in funded agencies are subject to specific sanction to approve the entirety of the remuneration package and no deviations are subsequently allowed without formal approval by the Department of Health / HSE.

HR will also be liaising with the National Business Support Unit of the Integrated Services Directorate to obtain an up to date list of all Section 38 Agencies to ensure completeness in any future circularisation of such agencies.

Yours sincerely



Barry O'Brien,
National Director of Human Resources.