



FINANCE REPORT

AUDIT RISK AND GOVERNANCE COMMITTEE

MEETING 18 JANUARY 2022

1. PURPOSE

The purpose of this paper is to provide the Committee with information on the financial performance of the Health Information and Quality Authority for the eleven months to 30 November 2021.

Financial performance is expressed by reference to the revised financial forecast for the year prepared by the Executive in the light of changed circumstances since the original budget was finalised.

2. PERFORMANCE TO END NOVEMBER

The revised budget, prepared at the mid-year, anticipated that the organisation would balance income and expenditure over the course of the **year. An expected reduction in income of €2.3m** is matched by a similar reduction in expenditure. The key driver of these reductions relates to the funding to implement the recommendations of the Nursing Homes Expert Panel (NHEP). The expected 2021 spend against the **€5m NHEP** allocation is **€2.7m, with €1.4m** cost incurred to the end of July and a further **€1.3m** expected over the course of the year.

At the end of November total expenditure of **€27.0m**, is slightly behind the revised budget **by €545,000**, due to small under spends that are described later in this paper. **Income at €27.9m** is **€276,000** ahead of the revised budget, but most of this difference is due to timing.

At the end of December the full revenue grant **of €19.369m available** to HIOA had been drawn down from the Department of Health. Having had the full grant along with the under spend will lead to the organisation showing a surplus in its end of year financial position.

3. INCOME

At the end of November **total income at €27.9m is €276,000 more** than the revised budget. The variance is primarily driven by **€400,000 more cash** having been drawn down from the Department of Health than planned. As described above the full available grant from the Department of Health was fully drawn down by the end of December.

The most significant variation to expected income over the course of the year relates to funding of **€5.0m** allocated in 2021 for the implementation of the recommendations of the Nursing Homes Expert Panel (NHEP). This was based on a business case submitted by HIQA in August 2020. This business case **sought €1.2m for accommodation related costs which the Department** will now fund from other sources. In addition the time taken to recruit staff associated with delivery of the NHEP recommendations has resulted in **savings of a further €1.1m**.

HIQA now **expects to draw down €2.7m** from this fund in 2021. This is primarily to fund the 49 additional permanent posts sanctioned by the Department to be recruited. The Department has committed that it will fund for these posts into the future.

4. EXPENDITURE

At the end of November expenditure is broadly in line with the revised forecast, although a number of small variances have been identified.

The most significant of these variances are:

Category of Expenditure	Variance - Under/(Over) Budget €'000
Payroll	181
Staff Development	(83)
Travel and accommodation	97
Repairs and maintenance	210
Dissemination	50

Commentary follows on each of these categories.

4.1 Payroll, under **revised budget by €181,000**

Basic monthly salaries are almost exactly in line with budget.

The largest variance in the payroll area relates to agency staff costs. These costs have reduced in the latter part of the year as a result of a number of agency staff having been recruited by HIQA onto its own payroll as well as number of agency staff having left and not having been replaced.

4.2 Staff Development, **over budget by €83,000**

Staff development is over budget and this is expected to continue for the rest of the year. Additional courses have been delivered including Management Fundamentals training and Human Rights training. There have also been expenditure on specialist individual programmes as well as on supporting staff participation in relevant academic programmes.

4.3 Travel and Accommodation, under budget by **€97,000**

Travel costs were significantly reduced in the revised budget and continue to be lower than expected. This results from continued precautions resulting from the pandemic.

4.4 Repairs and Maintenance, under **budget by €210,000**

The biggest area of underspend is building maintenance which is **€212k under** budget. Plans to carpet the Smithfield office have been delayed due to availability of both materials and contractor and the expected costs are significantly less than a quote that was included in the budget. There is expected to be around **€112k** of savings for the year.

4.5 Dissemination, under budget by **€50,000**

Expenditure in this area was €56,000 compared to a budget of €106,000. This is driven by the continued move towards publishing in soft copy rather than hard copy. Restriction arising from the pandemic have accelerated this trend.

5. CAPITAL EXPENDITURE

ICT programme spend for the year to date is €2,234,000. The largest elements of this expenditure relate to the Digital and Data Transformation Strategy and associated solutions to support Regulatory Programmes.

6. CONCLUSION

At the end of November there is a material albeit small variance against the revised budget. **The variance is €545k** or just under 2% of expenditure to date. Information from management is that this underspend is unlikely to reverse and an overall underspend in the region **of €500k** is possible at year end.

The December results are currently being finalised. When published these will show that the full available grant available to HIQA was drawn down from the Department at the year end. This combined with an under spend will lead to a financial surplus for the year. This also results in a significant bank balance at the year end, albeit equivalent to one month of expenditure.