

Health Information and Quality Authority

Annual Financial Statements

Year Ended 31 December 2021

HIQA Board membership

Name	Role
Pat O Mahony	Chairperson
James Kiely	Board Member
Caroline Spillane	Board Member
Paula Kilbane	Board Member
Michael Rigby	Board Member
Tony McNamara	Board Member
Lynsey Perdisatt	Board Member
Bernadette Costello	Board Member
Martin Higgins	Board Member
Martin O Halloran	Board Member
Marion Meany	Board Member
Daniel McConnell	Board Member

General information

Address
Unit 1301
City Gate
Mahon
Cork
T12 Y2XT

Bankers
Ulster Bank
95 Main Street
Midleton
Co Cork
P25 RW67

Auditors
Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1
D01 PF72

Solicitors
Beauchamps
Riverside Two
Sir John Rogerson's Quay
Dublin 2
D02 KV6

Statement on Internal Control

1. Scope of responsibility

On behalf of the Health Information and Quality Authority (HIQA) I acknowledge the **Board's responsibility for ensuring that an effective system of internal control is** maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies 2016, and adherence to **HIQA's own** Code of Governance.

2. Purpose of the system of internal control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable, and not absolute, assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in HIQA for the year ended 31 December 2021 and up to the date of approval of the financial statements.

3. Capacity to Handle Risk

HIQA has an Audit, Risk and Governance Committee comprising three Board members and one external member with financial expertise. The Committee met six times during 2021.

HIQA has outsourced its internal audit function to an independent professional firm who conduct a programme of work agreed with the Audit, Risk and Governance Committee and the Board.

A risk management policy and procedure has been approved by the Board, which sets out **HIQA's risk appetite, the risk management processes in place, and the roles and responsibilities of staff in relation to risk.** This policy has been issued to all staff who are **expected to work within HIQA's risk management policies, to alert management on** emerging risks and control weaknesses, and assume responsibility for risks and controls within their own area of work.

Statement on Internal Control (continued)

4. Risk and control framework

HIOA has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing HIOA. Risks have been identified, evaluated and graded according to their significance, and are regularly reviewed as appropriate by various levels within the organisation including management, the Audit, Risk and Governance Committee, other committees of the Board and the Board. These assessments are used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. I confirm that a control environment containing the following elements, is in place:

- procedures for all key business processes have been documented,
- financial responsibilities have been assigned at management level with corresponding accountability,
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management,
- there are systems aimed at ensuring the security of the information and communication technology systems,
- there are systems in place to safeguard assets.

Throughout 2021, in line with public health advice and government policy, most of HIOA's staff continued to work from home. HIOA had established systems and controls that facilitate dispersed and remote working. Potential security and control threats were monitored and addressed on an ongoing basis. HIOA has been able to continue its operations without disruption and with minimal changes to its risk and control processes.

Statement on Internal Control (continued)

5. Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action, to management and to the Board, where relevant, in a timely way. I confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets and forecasts.

6. Procurement

I confirm that HIQA has procedures in place to ensure compliance with current procurement rules and guidelines and during 2021, with the following exceptions.

(a) On 14 May 2021, the Health Service Executive was subjected to a serious cyber-attack, through the criminal infiltration of its IT systems. Given the critical risks identified HIQA immediately took steps to strengthen its security stance and introduced additional security measures. HIQA contracted with an external provider to put in place a Monitoring Detection and Response solution, with the capability to record system-level behaviours, using them to detect suspicious events, investigate and block malicious activity, and remediate affected systems. This involved expenditure of €149k in 2021. This contract will expire in Q1 2022 when this service will be subject to a procurement process.

(b) **In 2021 HIQA incurred €55K of expenditure on executive search fees.** The expenditure was incurred on filling **HIQA's Chief Executive Officer and** two vacancies on the Executive Management Team. In the interests of speed and efficiency, it was decided on foot of documented business justifications, that the agency previously procured to fill the vacant CEO role was also contracted to fill the two other roles. All of this work concluded in 2021.

Statement on Internal Control (continued)

(c) The contract procured for professional recruitment system and services expired on 21 August 2021. Pending review a recruitment processes, HIOA continued to use these services to the end of 2021. The value of these services received after date of contract expiration was €45k.

7. Review of effectiveness

I confirm that HIOA has procedures to monitor the effectiveness of its risk management and **control procedures. HIOA's monitoring and review of the effectiveness of the system** of internal control is informed by the work of the internal and external auditors, the Audit, Risk and Governance Committee and senior management within HIOA who are responsible for the development and maintenance of the internal control framework.

I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2021.

8. Internal control issues

No weakness in internal control was identified in relation to 2021 that require disclosure in the financial statements.

On behalf of the Board,

Pat O'Mahony

Date

Chairperson

Governance Statement and **Board Members' Report**

1. Governance

The Board of the Health Information and Quality Authority (HIQA) was established under the Health Act 2007. The functions of the Board are set out in Section 8 of the Act. The Board is accountable to the Minister for Health and is responsible for ensuring good governance. The Board performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of HIQA are the responsibility of the Chief Executive and the senior management team.

The Chief Executive and the senior management team follow the broad strategic direction set by the Board, and ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks as they arise. The Chief Executive acts as a direct liaison between the Board and management of HIQA.

2. Board responsibilities

The work and responsibilities of the Board are set out in HIQA's Code of Governance which also contains the matters specifically reserved for Board decision. Standing items considered by the Board include:

- declaration of interests,
- reports from committees,
- financial reports and management accounts,
- performance reports, and
- reserved matters as they arise.

Section 35 of the Health Act requires the Board of HIQA to keep, in such form as may be approved by the Minister for Health with consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it.

Governance Statement and Board Members' Report (continued)

In preparing these financial statements, the Board of HIQA is required to:

- select suitable accounting policies and apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that it will continue in operation, and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Section 35 of the Health Act 2007. The Board is responsible for approving the annual business plan and budget. **Evaluation of HIQA's** performance against the annual business plan and budget is carried out on an ongoing basis.

The Board is also responsible for safeguarding its assets and taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board considers that the financial statements of HIQA give a true and fair view of the financial performance and the financial position of HIQA at 31 December 2021.

Governance Statement and Board Members' Report (continued)

3. Board structure

The Board consists of a Chairperson and eleven ordinary members, all of whom are appointed by the Minister for Health.

Name	Role	Tenure commenced	Tenure expires
Pat O'Mahony	Chairperson of the Board	03/10/2018	02/10/2023
Paula Kilbane	Board Member	29/07/2015 30/09/2020	28/07/2020 29/09/2025
James Kiely	Board Member	26/02/2018	25/02/2023
Caroline Spillane	Board Member	26/02/2018	25/02/2023
Lynsey Perdisatt	Board Member	02/09/2019	01/09/2024
Tony McNamara	Board Member	02/09/2019	01/09/2024
Michael Rigby	Board Member	02/09/2019	01/09/2024
Bernadette Costello	Board Member	28/02/2020	27/02/2025
Martin Higgins	Board Member	01/06/2021	31/05/2026
Martin O Halloran	Board Member	01/06/2021	31/05/2026
Daniel McConnell	Board Member	01/06/2021	31/05/2026
Marion Meany	Board Member	01/06/2021	31/05/2026

Governance Statement and Board Members' Report (continued)

4. Committees of the Board

The Board has established four committees, as follows:

(a) Audit Risk and Governance Committee:

The role of the Audit Risk and Governance Committee is to support the Board in relation to its responsibilities for issues of risk, control and governance and associated assurance. The Committee is independent from the financial management of the organisation. In particular the Committee ensures that the internal control systems including audit activities are monitored actively and independently. The Committee reports to the Board after each meeting, and formally in writing annually. An external independent person is also a member of the Committee.

(b) Resource Oversight Committee:

This committee monitors the resource requirements of HIQA to ensure that they are **aligned with HIQA's corporate strategy including oversight of resource related risks.** In addition, it oversees managerial performance.

(c) Regulation Committee:

This committee oversees the effectiveness, governance, compliance and controls **around the delivery of HIQA's regulatory functions.**

(d) Standards, Information, Research and Technology Committee:

This committee oversees the governance arrangements, including compliance and controls, for the functions of standards development, health information and health technology assessment functions.

5. Schedule of attendance, fees and expenses for Board members and external committee members

A schedule of attendance at Board and Committee meetings in 2021 is set out below, including the fees and vouched expenses paid to each member:

Governance Statement and Board **Members'** report (continued)

(a) Current Board Members

	Statutory Board meeting	Extra Board meetings	Audit Risk and Governance Committee	Regulation Committee	Standards, Information Research and Technology Committee	Resource Oversight Committee	Fees	Vouched Expenses
Number of Meetings	6	6	6	4	5	6		-
Pat O'Mahony	6 of 6	6 of 6	N/A	N/A	N/A	6 of 6	€11,970	-
James Kiely	6 of 6	6 of 6	N/A	4 of 4	2 of 5	5 of 6	€7,695	-
Caroline Spillane	5 of 6	3 of 6	6 of 6	N/A	N/A	N/A	€7,695	-
Paula Kilbane	6 of 6	6 of 6	N/A	N/A	5 of 5	N/A	€7,695	-
Michael Rigby	6 of 6	5 of 6	N/A	4 of 4	5 of 5	N/A	€7,695	-
Tony McNamara	4 of 6	5 of 6	N/A	3 of 4	4 of 5	N/A	€7,695	-
Lynsey Perdisatt Resigned from ARGC on 01/06/21	6 of 6	4 of 6	3 of 3	N/A	N/A	6 of 6	€4,489	-
Bernadette Costello	6 of 6	6 of 6	6 of 6	N/A	N/A	6 of 6	€7,695	-
Martin Higgins	2 of 3	3 of 4	2 of 3	N/A	N/A	1 of 3	€4,489	-
Martin O Halloran Appointed to Board on 01/06/2021	3 of 3	4 of 4	N/A	2 of 2	2 of 3	N/A	€4,489	-

Governance Statement and Board Members' report (continued)

	Statutory Board meeting	Extra Board meetings	Audit Risk and Governance Committee	Regulation Committee	Standards, Information Research and Technology Committee	Resource Oversight Committee	Fees	Vouched Expenses
Danny McConnell Appointed to Board on 01/06/2021	2 of 3	4 of 4	N/A	N/A	N/A	3 of 3	€4,489	-
Marion Meany Appointed to Board on 01/06/2021	3 of 3	4 of 4	N/A	2 of 2	2 of 3	N/A	€4,489	-
Total							€80,585	-

(b) External Audit, Risk and Governance Committee Members

Donal Curtin was appointed as an external committee member to HIQA's Audit, Risk and Governance Committee on 29/02/2020 and has attended four of the five Audit, Risk and Governance Committee meetings during 2021. Fees of €2,565 were paid to him in 2021. No expenses were paid to him in 2021.

Fees were paid to Board members at the approved standard rates for the periods involved
Fees are not paid to Board members employed in the public service, under the 'One Salary One Person Principle' directive, issued by the Department of Public Expenditure and Reform. As a result, one of HIQA's Board members (Lynsey Perdisatt), was not in receipt of fees until 08 June 2021, when she took up employment outside of public sector and has been in receipt of fees since that date.

6. Disclosures required by Code of Practice for the Governance of State Bodies 2016

The Board is responsible for ensuring that HIQA has complied with the requirements of the Code of Practice for the Governance of State Bodies 2016. The following disclosures are required by the Code.

6.1 Employee Short Term Benefits

Employee short-term benefits in excess of €60,000 are set out in note 6 of the Annual Financial Statements.

Governance Statement and Board Members' Report (continued)

6.2 Consultancy Costs

Consultancy costs include costs of external expert analysis and advice to management which contributes to decision making or policy direction. It **excludes outsourced 'business as usual' functions**

<u>Consultancy</u>	2021 €	2020 €
Legal advice	69,545	73,265
Human resources	55,653	3,354
Governance and strategy	417,228	54,029
Digital and data transformation	702,490	648,179
Total consultancy	<u>1,244,916</u>	<u>778,827</u>
Consultancy costs charged to capital account*	600,729	587,954
Consultancy costs charged to the Income and Expenditure and Retained Revenue Reserves**	644,187	190,873
Total	<u>1,244,916</u>	<u>778,827</u>

*Included in Statement of Capital Income and Expenditure**Included in Professional Services in the Income and Expenditure Statement

6.3 Legal Costs and Settlements

	2021 €	2020 €
Legal fees – legal proceedings (Note 1)	185,770	174,160
Legal Settlement (Note 2)	-	(40,000)
Total	<u>185,770</u>	<u>134,160</u>

Note 1 The table provides details of expenditure in the reporting period in relation to a range of legal proceedings. It includes two disputes with public sector organisations that were either heard or are pending a hearing in court. This does not include expenditure incurred in relation to general legal advice received by HIQA which is disclosed in consultancy services above.

Note 2 **Included in legal proceedings is a receipt of €40,000 in settlement of HIQA legal costs** associated with a Judicial Review, for which party to party costs were awarded to HIQA against the applicant in 2019.

Governance Statement and Board Members' Report (continued)

6.4 Travel and Subsistence Expenditure

Travel and Subsistence Expenditure is categorised as per note 8 of the Annual Financial Statements.

6.5 Hospitality

The Income and Expenditure and Retained Revenue Reserves Statement includes the following hospitality expenditure:

	2021 €	2020 €
Board and Staff Hospitality	4,686	1,231
Total	<u>1,231</u>	<u>1,231</u>

7. Statement of compliance

The Board has adopted the Code of Practice for the Governance of State Bodies 2016 and put procedures in place to ensure compliance with the Code. HIQA was in full compliance with the Code of Practice for the Governance of State Bodies for 2021.

On behalf of the Board,

Signed: _____

Pat O'Mahony
Chairperson

Date

Board Member

Date

Draft

Draft

Statement of Income and Expenditure and Retained Revenue Reserves

For the year ended 31 December 2021

	Notes	2021 €	2020 €
Income			
Department of Health (Vote 38, E1)		19,369,000	17,269,000
Annual and registration fees	2	7,108,240	7,250,687
Other income	3	4,358,298	1,541,888
		<u>30,835,538</u>	<u>26,061,575</u>
Expenditure			
Staff costs	4	23,087,156	19,888,956
Travel and subsistence	8	456,239	422,235
Professional fees	9	1,163,470	663,235
Publication expenses		51,966	41,153
Support costs	10	3,402,537	2,365,672
Establishment expenses	11	2,058,913	2,269,857
		<u>30,220,281</u>	<u>25,651,108</u>
Surplus/(Deficit) for the year		615,257	410,467
Surplus as at 1 January		1,542,220	1,131,753
Surplus at 31 December		<u>2,157,477</u>	<u>1,542,220</u>

The Statement of Income and Expenditure and Retained Revenue Reserves includes all gains and losses recognised in the year with the exception of depreciation and amortisation which are included in the Statement of Capital Income and Expenditure.

The Statement of Cash Flows and Notes 1 to 19 form part of these financial statements.

On behalf of the Health Information and Quality Authority,

Signed: _____

Pat O'Mahony

Chairperson

Signed: _____

Insert CEO Name

Chief Executive

Date:

Date:

Statement of Capital Income and Expenditure

For the year ended 31 December 2021

	Notes	2021	2020
		€	€
Income			
Department of Health (Vote 38, L)	15	2,427,907	2,052,108
Amortisation of Capital Fund Account	15	1,657,952	1,240,474
		<u>4,085,859</u>	<u>3,292,582</u>
Expenditure			
Fixtures and fittings	12	17,110	15,343
Computer equipment	12	1,810,068	1,448,811
Non capital expenditure	15	600,729	587,954
Depreciation	12	1,657,952	1,240,474
		<u>4,085,859</u>	<u>3,292,582</u>
Surplus /(Deficit) for the Year		-	-
Opening (deficit)/surplus		-	-
Surplus / (Deficit) For Year		<u>-</u>	<u>-</u>

The Statement of Income and Expenditure and Retained Revenue Reserves includes all gains and losses recognised in the year with the exception of depreciation and amortisation which are included in the Statement of Capital Income and Expenditure.

The Statement of Cash Flows and Notes 1 to 19 form part of these financial statements.

On behalf of the Health Information and Quality Authority,

Signed: _____

Pat O'Mahony

Chairperson

Signed: _____

Name of CEO

Chief Executive

Date:

Date:

Statement of Financial Position

As at 31 December 2021

	Notes	2021 €	2020 €
Fixed Assets			
Tangible Assets	12	2,960,706	2,791,480
Current Assets			
Receivables	13	1,194,198	1,221,454
Cash and cash equivalents		3,228,679	2,073,259
		<u>4,422,877</u>	<u>3,294,713</u>
Less Current Liabilities			
Payables falling due within one year	14	<u>(2,265,400)</u>	<u>(1,752,493)</u>
Net Current Assets		2,157,477	1,542,220
Total Assets less Current Liabilities		<u>5,118,183</u>	<u>4,333,700</u>
Capital and Reserves			
Revenue Reserves		2,157,477	1,542,220
Capital Account	15	2,960,706	2,791,480
		<u>5,118,183</u>	<u>4,333,700</u>

The Statement of Cash Flows and Notes 1 to 19 form part of these financial statements.

On behalf of the Health Information and Quality Authority,

Signed: _____

Pat O'Mahony

Chairperson

Signed: _____

Name of CEO

Chief Executive

Date:

Date:

Statement of Cash Flows
For the year ended 31 December 2021

Reconciliation of Operating Deficit to Net Funds Inflow from Operating Activities

	2021	2020
	€	€
Operating Surplus/(Deficit)	615,257	410,467
Decrease in receivables	27,256	184,490
Increase /(Decrease) in payables and accruals	512,907	262,994
Interest received	(81)	(124)
Net Cash Flow from Operating Activities	<u>1,155,339</u>	<u>857,827</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	1,827,178	1,464,154
Non capital expenditure	600,729	587,954
Capital grants received	(2,427,907)	(2,052,108)
Net Cash Flows from Investing Activities	<u>-</u>	<u>-</u>
Cash Flows from Financing Activities		
Interest received	81	124
Net Cash Flows from Financing Activities	<u>81</u>	<u>124</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,155,420	857,951
Cash and cash equivalents at 1 January	2,073,259	1,215,308
Cash and Cash Equivalents at 31 December	<u>3,228,679</u>	<u>2,073,259</u>

On behalf of the Health Information and Quality Authority,

Signed: _____

Pat O'Mahony
Chairperson

Signed: _____

Name of CEO
Chief Executive

Date:

Date:

Notes to the Financial Statements

For the year ended 31 December 2021

1. Accounting Policies

(a) General Information

The basis of accounting and significant accounting policies adopted are set out below. They have all been applied consistently throughout the year and for the preceding year.

(b) Statement of Compliance

The financial statements of HIQA for the year ended 31 December 2021 have been prepared in accordance with FRS102 (the financial reporting standard applicable in the UK and Ireland), as modified by the directions of the Minister for Health in relation to superannuation. In compliance with the directions of the Minister for Health, HIQA accounts for the costs of superannuation entitlements only as they become payable (see (l) and (m)). This basis of accounting does not comply with FRS102, which requires such costs to be recognised in the year in which entitlement is earned.

(c) Basis of Preparation

The financial statements are prepared under the accruals method of accounting and under the historical cost convention in the form approved by the Minister for Health with the concurrence of the Minister for Public Expenditure and Reform, in accordance with Section 35 of the Health Act 2007.

The following accounting policies have been applied consistently in dealing with items which are **considered material in relation to HIQA's financial statements.**

(d) Income

(i) Oireachtas grants

The amount brought to account in the Statement of Income and Expenditure and Retained Revenue Reserves represents the actual grants received in the accounting period. Capital grants in respect of approved capital expenditure are accounted for in the Capital Income and Expenditure account on an accrual basis.

(ii) Annual fee income

Annual fees from providers of Designated Centres for Older Persons are recognised three times every year in accordance Health Act 2007 Registration of Designated Centres for Older People) Regulations 2009 (S.I. 245 of 2009) and, Health Act 2007 Registration of Designated Centres for Older People) (Amendment) Regulations 2013 (S.I. 493 of 2013).

Annual fees from providers of Designated Centres for Persons with Disabilities are recognised three times every year in accordance with Health Act 2007 Registration of Designated Centres for Persons (Children and Adults) with Disabilities Regulation 2013 (S.I. 366 of 2013).

Notes to the Financial Statements
For the year ended 31 December 2021

(iii) Application to register or vary fees

Applications to register or vary fees are recognised on receipt of the relevant fee, in accordance with Statutory Instrument 245 of 2009, Health Act 2007 (Registration of Designated Centres for Older People) Regulations 2009 and Statutory Instrument 366 of 2013, Health Act 2007 (Registration of Designated Centres for Persons (Children and Adults) with Disabilities) Regulation 2013.

(iv) Other grants

Other grants, such as EU project funded grants are recognised on an accrual basis.

(e) Employee – short term benefits

Short term benefits such as holiday pay are recognised as an expense in the year and benefits that are accrued at year-end are included in the payables figure in the Statement of Financial Position.

(f) Receivables

Receivables are recognised at fair value, less a provision for doubtful debts. The provision for doubtful debts is a specific provision and is established when there is objective evidence HIQA will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are recognised in the Statement of Income and Expenditure and Retained Revenue Reserves.

Annual fee debt is only written off on the basis of management assessment of the probability of non-collection and the cost of collection versus the debt outstanding. All amounts for debt written off are recognised in the Statement of Income and Expenditure and Retained Revenue Reserves.

(g) Operating lease

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves over the life of the lease. Expenditure is recognised on a straight line basis over the lease period.

(h) Capital funding

HIQA's fixed assets are funded from a combination of capital grants and allocations from current revenue. Funding sourced from grants is transferred to a capital account which is amortised in line with the depreciation of the related assets. Capital grants in respect of approved expenditure are accounted for in the Capital Income and Expenditure Statement on an accrual basis. Expenditure funded from capital funding that does not result in the creation of an asset is expensed to the Capital Income and Expenditure Statement on an accruals basis.

Notes to the Financial Statements

For the year ended 31 December 2021

(i) Property, computer software, plant and equipment and depreciation

Property, computer software, plant and equipment are stated at cost less accumulated depreciation, adjusted for any provision for impairment. Depreciation is provided on all property, computer software and equipment, plant and equipment at rates estimated to write off the cost less estimated residual value of each asset on a straight line basis over their estimated useful lives, as follows:

- | | |
|---|---|
| ▪ Leasehold interest | Life of the lease |
| ▪ Furniture and fittings | 20% |
| ▪ Computer software and equipment | 33.33% |
| ▪ Cloud based computer software and equipment | are written off over the life of the contract |

Asset acquisitions, regardless of the source of funds, are capitalised with the exception of assets funded from revenue (non-capital) grants with a value below the following threshold:

- | | |
|---------------------------------------|---------------------------|
| ▪ Equipment or furniture and fittings | - Less than €3,809 |
| ▪ Computer software or ICT equipment | - Less than €1,270 |

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting the estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life. If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Capital Income and Expenditure and Retained Revenue Reserves.

(j) Intangible Assets

Intangible assets comprise software acquired by HIQA. The external costs of software licences and development are capitalised where it can be separately identified as software for use by HIQA and where it is expected to convey business benefits for a number of future years. Research costs are written off as incurred.

Notes to the Financial Statements

For the year ended 31 December 2020

(k) Superannuation

In accordance with Section 27 of the Health Act 2007, HIQA has established a superannuation scheme which has been approved by the Department of Health.

The scheme is a defined benefit superannuation scheme for employees. No provision has been made in respect of benefits payable. Contributions from employees who are members of the scheme are credited to the Statement of Income and Expenditure and Retained Revenue Reserves when received. Pension payments under the scheme are charged to the Statement of Income and Expenditure and Retained Revenue Reserves when paid. By direction of the Minister for Health, no provision has been made in respect of benefits payable in future years.

(l) Single public service pension scheme

All new entrants into the public sector with effect from 1 January 2013 are members of the single public service pension scheme, where all employee pension deductions are paid to the Department of Public Expenditure and Reform. Pension payments under the scheme are charged to the Statement of Income and Expenditure and Retained Revenue Reserves when paid. By direction of the Minister for Health, no provision has been made in respect of benefits payable in future years.

(m) Critical accounting judgments and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from these estimates. The following judgment has had the most significant effect on amounts recognised in the financial statements:

Depreciation and residual values

HIQA has reviewed the asset lives and associated residual values of all fixed assets, and in particular the useful economic life and residual values of fixtures and fittings, and have concluded that assets lives and residual values are appropriate.

Notes to the Financial Statements

For the year ended 31 December 2021

	2021 €	2020 €
2. Annual and Registration Fee Income		
Annual fees	6,669,740	6,798,237
Registration fees	438,500	452,450
	<u>7,108,240</u>	<u>7,250,687</u>
3. Other Income		
Department of Health:		
Nursing Home Expert Panel Grant	2,707,406	-
National Screening Advisory Committee	290,915	237,123
Superannuation contributions	567,428	459,039
EU and other grants	46,375	38,546
Mental Health Commission	32,636	3,764
European Centre for Disease Prevention and Control	-	21,914
Health Research Board grants	344,383	451,318
Health Service Executive - National Care Experience Program	369,004	330,000
Interest received	81	124
Miscellaneous income	70	60
Total	<u>4,358,298</u>	<u>1,541,888</u>
4. Staff Costs		
Wages and salaries	18,238,858	16,108,962
Pensions	1,402,179	850,689
Agency staff	1,482,993	1,225,227
Board members' fees	80,584	75,178
Employers' pay related social insurance	1,882,542	1,628,900
Total	<u>23,087,156</u>	<u>19,888,956</u>
Additional superannuation contributions of €551,749 (2020, €509,387) were deducted from staff salaries and remitted to the Department of Health.		
5. Remuneration		
Aggregate Employee Benefits		
Employee short-term benefits	18,238,858	16,108,962
Outstanding annual leave entitlement	158,264	220,889
Employer's contribution to social welfare	1,882,542	1,628,900
	<u>20,279,664</u>	<u>17,958,751</u>

The total number of staff employed, whole time equivalents, at year end was 320 (2020, 264)

Notes to the Financial Statements
For the year ended 31 December 2021

(b) Short-term Benefits	2021 €	2020 €
Basic pay	18,238,858	16,108,962
	<u>18,238,858</u>	<u>16,108,962</u>

(c) Key Management Personnel

Management personnel consist of the Chief Executive, the Director of Health Technology Assessment and Deputy Chief Executive, the Director of Regulation (until her retirement in August 2021), the Director of Healthcare (appointed October 2021), the Chief Inspector (appointed September 2021), the Director of Health Information and Standards, and the Acting Chief Operations Officer. The total value of short term benefits for key management personnel is set out below:

	2021 €	2020 €
Chief Executive Officer	163,327	160,524
Other Key Management Personnel	604,974	550,372
	<u>768,301</u>	<u>710,896</u>

This does not include the value of retirement benefits earned in the period. The Chief Executive and the other **key management personnel are members of HIQA's** pension scheme and their entitlements in that regard do not extend beyond the terms of the model public service pension scheme.

HIQA's key management personnel were reimbursed €7,460 (2020, €7,683) for travel, subsistence and other expenses incurred while carrying out their duties.

Details of fees earned and expenses reimbursed to members of the Board are set out in the Governance Statement and Board **Members' Report**.

Notes to the Financial Statements

For the year ended 31 December 2021

6. Employee Short-Term Benefits

Employees' short-term benefits in excess of €60,000 are categorised into the following bands:

Employee benefits)	2021 Number	2020 Number
€ 60,001 - € 70,000	80	86
€ 70,001 - € 80,000	33	35
€ 80,001 - € 90,000	19	13
€ 90,001 - €100,000	12	9
€100,001 - €110,000	5	5
€110,001 - €120,000	4	0
€120,001 - €130,000	0	0
€130,001 - €140,000	0	0
€140,001 - €150,000	0	2
€150,001 - €160,000	1	2
€160,001 - €170,000	2	0

Total employer pension contributions paid during the year was nil (2020, nil).

For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, overtime allowances and other payments made on behalf of the employee, **but exclude employer's** Pay Related Social Insurance.

Notes to the Financial Statements

For the year ended 31 December 2021

7. Average Headcount	2021	2020
Regulation	-	170
Chief Inspector	164	-
Healthcare	19	-
Health Technology Assessment	18	14
Health Information and Standards	33	26
Support staff	60	51
	<u>294</u>	<u>261</u>

As at 31 December, HIQA employed 320 whole time equivalent staff (2020, 264). During 2021 HIQA split its Regulation Directorate into Chief Inspector and Healthcare Directorates.

8. Travel and Subsistence	2021	2020
	€	€
Domestic		
Board	0	932
Employees	454,757	413,218
International		
Employees	1,307	4,999
External professional services*	175	3,086
	<u>456,239</u>	<u>422,235</u>

Board travel and subsistence includes €0 paid directly to Board members (2020, €592). The balance of €0 (2020, €340) relates to expenditure paid by HIQA on behalf of the Board members in relation to hotel accommodation. Where hotel accommodation was provided by HIQA, no subsistence was claimed by the Board member.

*This cost relates to travel and subsistence costs which were incurred by HIQA as part of the contractual cost associated with the receipt of certain professional services.

Notes to the Financial Statements

For the year ended 31 December 2021

9. Professional Fees	2021	2020
	€	€
Legal advice	255,314	207,425
ICT professional services and consultancy	207,797	229,978
Standards development and health technology assessments	57,140	7,949
Organisational development	-	77,469
Human resources information system	246	3,030
Estate Services	72,735	30,589
Staff survey	23,063	-
Data Protection Services	17,318	-
Facilitation and coaching services	-	24,509
External accreditations	4,797	3,176
Pension support services	36,710	8,926
Procurement services	8,377	5,218
Website review	-	10,164
Board risk and governance workshop	-	(4,365)
Human Resources consultancy	55,653	3,354
Governance and strategy consultancy	417,228	54,029
Other	7,092	1,784
Total professional services	<u>1,163,470</u>	<u>663,235</u>
10. Support costs	2021	2020
	€	€
Recruitment	458,612	144,075
Staff training and development	593,869	353,972
Advisory membership and subscriptions	69,590	131,506
Telephone	162,539	144,080
IT support and supplies	1,884,837	1,402,367
Cloud Services	39,302	-
Internal audit	61,483	78,551
External audit	17,300	17,000
Postage and stationery	95,947	75,882
Media monitoring	8,491	7,890
Couriers	4,492	7,663
Prompt payment interest and charges	3,908	1,652
Bank charges	2,167	1,034
Total	<u>3,402,537</u>	<u>2,365,672</u>

Notes to the Financial Statements
For the year ended 31 December 2021

11. Establishment Expenses	2021 €	2020 €
Rent	1,250,834	1,342,149
Building service charge	206,191	202,031
Insurance	35,033	(1,147)
Repairs and maintenance	109,009	278,502
Meeting room hire	625	1,386
Stakeholder events and catering	7,705	15,306
Light and heat	151,435	129,729
Cleaning and refuse	123,267	155,522
Security	150,751	129,852
Record retention and storage	2,851	2,920
Health and safety	21,212	13,607
Total	<u>2,058,913</u>	<u>2,269,857</u>

Notes to the Financial Statements

For the year ended 31 December 2021

12. Fixed assets	Leasehold interest	Fixtures and fittings	Computer software & equipment	Total
	€	€	€	€
Cost or valuation				
Balance at 1 January 2021	2,067,364	745,160	6,481,015	9,293,539
Additions	-	17,110	1,810,068	1,827,178
Disposals	-	(146)	(187,778)	(187,924)
Cost or valuation at 31 December 2021	<u>2,067,364</u>	<u>762,124</u>	<u>8,103,305</u>	<u>10,932,793</u>
Accumulated depreciation				
Balance at 1 January 2021	1,218,942	679,751	4,603,366	6,502,059
Depreciation charge for the period	109,126	23,495	1,525,331	1,657,952
Accumulated depreciation on disposal	-	(146)	(187,778)	(187,924)
Accumulated depreciation at 31 December 2021	<u>1,328,068</u>	<u>703,100</u>	<u>5,940,919</u>	<u>7,972,087</u>
Net book value at 31 December 2021	<u>739,296</u>	<u>59,024</u>	<u>2,162,386</u>	<u>2,960,706</u>
Net book value at 31 December 2020	<u>848,422</u>	<u>65,409</u>	<u>1,877,649</u>	<u>2,791,480</u>

Notes to the Financial Statements

For the year ended 31 December 2021

13. Receivables	2021	2020
	€	€
Annual fee receivables	-	244
Prepayments	760,834	581,631
Department of Health – Capital		
Grants receivable	339,412	205,077
Project Debtors	4,173	390,944
Payroll Receivables	52,295	19,524
Other Receivables	37,484	24,034
	<u>1,194,198</u>	<u>1,221,454</u>
14. Payables (amounts falling due within one year)	2021	2020
	€	€
Payables	215,786	65,251
Prepaid income	41,774	48,949
Prepaid project income	304,704	231,261
Trade accruals	866,143	642,785
Payroll deductions	678,729	543,358
Holiday pay accrual	158,264	220,889
	<u>2,265,400</u>	<u>1,752,493</u>

Notes to the financial statements

For the year ended 31 December 2021

15. Capital Account	2021	2020
	€	€
Opening balance at 1 January	<u>2,791,480</u>	<u>2,567,845</u>
<u>Movement for period</u>		
Expenditure from capital and ICT programme grant	2,427,907	2,052,108
Non capital expenditure (Note 1)	(600,729)	(587,954)
Disposals	(187,924)	(72,552)
Amount amortised in line with depreciation for the period	(1,657,952)	(1,240,474)
Accumulated depreciation on disposals	187,924	72,507
Balance at 31 December	<u>2,960,706</u>	<u>2,791,480</u>

Note 1 Non capital expenditure relates to expenditure on professional fees, which have not met the FRS 102 definition of a fixed asset.

16. Capital Commitments	2021	2020
	€	€
Contracted for	<u>544,466</u>	<u>100,262</u>
	544,466	100,262

Notes to the financial statements

For the year ended 31 December 2021

17. Leasehold Commitments

HIOA is currently occupying three leased premises (Cork, Dublin and Galway). In all cases the lease agreement is between the landlord and the Office of Public Works.

The lease in respect of City Gate, Mahon, Cork was entered into in 2008 for a term of 20 years and one month. **The annual rent payable is €388,941.** As a result of agreements entered into as part of the decentralisation programme, this rent is paid by The Office of Public Works and is not recouped from HIOA.

The lease in relation to Smithfield in Dublin was entered into 2008 for a 20-year term. The annual rent payable is €1,383,012.

The lease in relation to Headford Road in Galway was entered into on 01 February 2016 for a 10-year term. The annual rent payable is €20,151.

During 2021, HIOA entered into two lease agreements for premises in Cork and Galway. Work is currently underway to fit out both of these

The lease in respect of Building 2000, City Gate Mahon, Cork was entered into on 01 November **2021 for a term of 20 years. The annual rent payable is €206,517.** Under the terms of the lease there is a six month rent free period commencing 01 November 2021.

The lease in respect of One Central, Forester Street, Galway was entered into 19 November 2021, **for a term of 15 years. The annual rent payable is €229,896.** Under the terms of the lease there is a 12 month rent free period, spread over the first two years of the lease.

18. Board Members' Interests

The Authority has procedures for dealing with conflicts of interest, in accordance with guidelines issued by the Department of Public Expenditure and Reform.

19. Approval of financial statements

These financial statements were approved by the Board on xx xxxxx 2022.