



an ciste náisiúnta um cheannach cóireála
the national treatment purchase fund

National Treatment Purchase Fund Board

Financial Statements

For Year Ended 31 December 2018

National Treatment Purchase Fund Board

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National Treatment Purchase Fund Board

General Information

| | |
|------------------|--|
| Board members : | John Horan (Chairman) Patricia Byron Bernadette Costello Patrick Gibbons Terry McWade James Melly Jack Nagle Brendan O'Donoghue Anne Stewart |
| Board Secretary: | Liz Lottering |
| Head Office: | Ashford House Tara Street Dublin 2 |
| Telephone No: | +353 1 6427 101 |
| Fax No: | +353 1 6427 102 |
| Website: | www.ntpf.ie |
| Auditors: | Comptroller and Auditor General 3A Mayor Street Upper North Wall Dublin 1 |
| Main Bankers: | AIB Bank Limited Swords Road Santry Dublin 9 |
| Solicitors: | Philip Lee Solicitors 7/8 Wilton Terrace Dublin 2 |

National Treatment Purchase Fund Board

Governance Statements and Board Members' Report

For the year ended 31 December 2018

Governance

The Board of the National Treatment Purchase Fund (NTPF) was established under Statutory Instrument (S.I.) 179 – National Treatment Purchase Fund (Establishment) Order, 2004 as amended by the Nursing Homes Support Scheme Act (2009). The functions of the Board are set out in Section 4 of this S.I. The Board is accountable to the Minister for Health and is responsible for ensuring good governance and 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 the NTPF are the responsibility of the Chief Executive Officer (CEO) and the senior management team. The CEO and the senior management team must follow the broad strategic direction set by the Board, and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of NTPF.

Board Responsibilities

The work and responsibilities of the Board are set out in the Statutory Instrument. Standing items considered by the Board include;

- Declaration of interests
- Reports from committees
- Financial reports/management accounts
- Performance reports
- Reserved matters

Section 6(10.1) of the Statutory Instrument requires the Board of the NTPF to keep, in such form as may be approved by the Minister for Health all proper and usual accounts of money received and expended by it.

In preparing these financial statements, the Board of the NTPF is required to;

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

National Treatment Purchase Fund Board

Governance Statements and Board Members' Report (cont.)

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 6(10.1) of the Statutory Instrument. The maintenance and integrity of the corporate and financial information on the NTPF's website is the responsibility of the Board. The Board is responsible for approving the annual plan and budget.

The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board considers that the financial statements of the NTPF give a true and fair view of the financial performance and the financial position of the NTPF at 31 December 2018 except for the non-compliance with the requirements of FRS 102 in relation to retirement benefit obligations. Retirement benefits are accounted for on a pay-as-you-go basis.

Board Structure

The Board consists of a Chairperson and eight ordinary members, all of whom are appointed by the Minister for Health. The members of the Board are appointed for a period of three years and meet on a regular basis. The table below details the latest appointment date for current members:

| <u>Board Member</u> | <u>Role</u> | <u>Latest Date Appointed</u> |
|----------------------------|--------------------|-------------------------------------|
| John Horan | Chairperson | 03 June 2017 |
| Patricia Byron | Ordinary Member | 25 May 2017 |
| Bernadette Costello | Ordinary Member | 28 February 2017 |
| Patrick Gibbons | Ordinary Member | 28 February 2017 |
| Terry McWade | Ordinary Member | 28 February 2017 |
| James Melly | Ordinary Member | 28 February 2017 |
| Jack Nagle | Ordinary Member | 28 February 2017 |
| Brendan O'Donoghue | Ordinary Member | 28 February 2017 |
| Anne Stewart | Ordinary Member | 25 May 2017 |

The Board commenced a Board Effectiveness and Evaluation Review in July 2018 and this was completed in September 2018.

National Treatment Purchase Fund Board

Governance Statements and Board Members' Report (cont.)

The Board has established one committee, as follows:

Audit and Risk Committee; comprises four Board members. The role of the Audit and Risk Committee (ARC) is to support the Board in relation to its responsibilities for issues of risk, control and governance and associated assurance. The ARC 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 ARC reports to the Board after each meeting, and formally in writing annually.

Members of the Audit and Risk Committee are Patrick Gibbons (Chairperson), Bernadette Costello, James Melly and Anne Stewart. There were 7 meetings of the ARC in 2018.

Schedule of Attendance, Fees and Expenses

A schedule of attendance at Board and Committee meetings for 2018 is set out below including the fees and expenses received by each member;

| Board Members | | | Expenses | |
|---------------------------|----------|------------------------|----------------|--------------|
| | Board | Audit & Risk Committee | Fees 2018 € | 2018 € |
| Number of meetings | 8 | 7 | | |
| John Horan (Chair) | 8 | | 11,970 | 571 |
| Patricia Byron | 8 | | 7,695 | 0 |
| Bernadette Costello | 8 | 6 | 3,206 | 3,170 |
| Patrick Gibbons | 8 | 7 | 7,695 | 183 |
| James Melly | 8 | 1 | 7,695 | 255 |
| Jack Nagle | 7 | | 7,695 | 1,218 |
| Terry McWade | 8 | 6 | 7,695 | 0 |
| Brendan O'Donoghue | 7 | 1 | 7,695 | 0 |
| Anne Stewart | 6 | 6 | 7,695 | 0 |
| | | | 69,041 | 5,397 |

One Board member, Bernadette Costello, did not receive a Board Fee under the One Person One Salary (OPOS) principle until her retirement from the public service in September 2018.

Brendan O'Donoghue and Terry McWade completed their terms of office on the Audit & Risk Committee in January 2018 and December 2018 respectively. Anne Stewart and James Melly were appointed to the Audit & Risk Committee in April 2018 and December 2018 respectively.

National Treatment Purchase Fund Board

Governance Statements and Board Members' Report (cont.)

Key Personnel Changes

A permanent Finance Director was appointed with effect from 8th January 2018. The Acting Finance Director resigned with effect from 31st March 2018.

A new ICT Director was appointed with effect from 20th August 2018. The previous ICT Director retired with effect from 18th January 2018.

A new Corporate Services Director was appointed with effect from 15th October 2018. The previous Corporate Services Director resigned with effect from 15th January 2018.

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that the National Treatment Purchase Fund has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code") as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

Consultancy Costs;

| | 2018 | 2017 |
|----------------------|---------|---------|
| Legal | 79,070 | 104,509 |
| Public relations | 107,821 | 97,348 |
| Business improvement | 0 | 30,750 |

There were no legal settlements in 2018 or 2017.

Travel & Subsistence;

| | Domestic | | Foreign | | Total | |
|-------|----------|--------|---------|------|--------|--------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Staff | 63,839 | 58,460 | 0 | 411 | 63,839 | 58,871 |
| Board | 5,397 | 8,368 | 0 | 0 | 5,397 | 8,368 |
| Total | 69,236 | 66,828 | 0 | 411 | 69,236 | 67,239 |

Hospitality Expenditure;

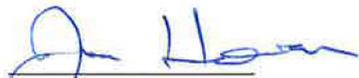
An amount of €1,270 was incurred on internal hospitality for 2018 (2017 €722). There was €0 amount incurred on external hospitality for 2018 (2017 €0).

National Treatment Purchase Fund Board

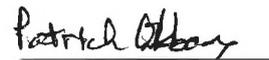
Governance Statements and Board Members' Report (cont.)

The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. National Treatment Purchase Fund was in full compliance with the Code of Practice for the Governance of State Bodies for 2018.

On behalf of the NTPF Board:



John Horan
Chairperson
19 December 2019



Patrick Gibbons
Board Member
19 December 2019

National Treatment Purchase Fund Board

Statement on Internal Control

Scope of Responsibility

On behalf of the National Treatment Purchase Fund (NTPF) 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).

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 controls, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in the NTPF for the year ended 31 December 2018 and up to the date of approval of the financial statements.

Capacity to Handle Risk

The NTPF has an Audit and Risk Committee (ARC) comprising of four Board members with financial and audit expertise, one of whom is in the Chair. The ARC met seven times in 2018.

The NTPF has also established an internal audit function which is adequately resourced and conducts a programme of work agreed with the ARC. The Internal Audit function is outsourced to a commercial firm.

The ARC has developed a risk management policy which sets out its risk appetite, the risk management process in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff that are expected to work within the NTPF'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.

Risk and Control Framework

Risk management is a standing item on the agenda of both Board and ARC meetings. A Risk Register is in place which identifies the key risks facing the NTPF and these have been identified, evaluated and graded according to their significance. The ARC review all risks identified on the Risk Register and the management plan for mitigating the identified risk at each meeting. Risks

National Treatment Purchase Fund Board

Statement on Internal Control (cont.)

identified throughout the year are added to the Risk Register on an on-going basis. In addition, the high ranking risks (those rated as amber or red), new risks and changing risks on the Risk Register are reviewed at each Board meeting. The outcome of these assessments is 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 risk 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 and
- there are systems in place to safeguard the assets.

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 and to management and 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.

Procurement

I confirm that the NTPF has procedures in place to ensure compliance with current procurement rules and guidelines. Matters arising regarding controls over procurement are highlighted under Internal Control Issues below.

Review of Effectiveness

The Board confirmed on 2 December 2019 that it had conducted an annual review of the effectiveness of the 2018 internal controls.

National Treatment Purchase Fund Board

Statement on Internal Control (cont.)

The NTPF has procedures to monitor the effectiveness of its risk management and control procedures. The NTPF'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 and Risk Committee which oversee their work and senior management within the NTPF who are responsible for the development and maintenance of the internal control framework.

Internal Control Issues:

Non-compliant procurement:

Internal control issues:

During 2018, the Fund was required to greatly increase its activity and staffing further to Budget 2018 which increased the Fund's income from €22.6m to €55m. During this time of significant change, existing contracts were extended for the provision of certain services. Expenditure of €425,009 was incurred in 2018 in relation to these services. New tender competitions for these services commenced in 2018 and have been completed.

On behalf of the NTPF Board:


John Horan
Chairperson
19 December 2019



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

National Treatment Purchase Fund Board

Qualified opinion on the financial statements

I have audited the financial statements of the National Treatment Purchase Fund Board for the year ended 31 December 2018 as required under the provisions of section 5 of the Comptroller and Auditor General (Amendment) Act 1993. The financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland* and comprise

- the statement of income and expenditure and retained revenue reserves
- the statement of financial position
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, except for the non-compliance with the requirements of FRS 102 in relation to retirement benefit entitlements referred to below, the financial statements give a true and fair view of the assets, liabilities and financial position of the National Treatment Purchase Fund Board at 31 December 2018 and of its income and expenditure for 2018 in accordance with FRS 102.

Basis for qualified opinion on financial statements

In compliance with the directions of the Minister for Health, the National Treatment Purchase Fund Board accounts for the costs of retirement benefit entitlements only as they become payable. This does not comply with FRS 102 which requires that the financial statements recognise the full cost of retirement benefit entitlements earned in the period and the accrued liability at the reporting date. The effect of the non-compliance on the National Treatment Purchase Fund Board's financial statements for 2018 has not been quantified.

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the National Treatment Purchase Fund Board and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The National Treatment Purchase Fund Board has presented certain other information together with the financial statements. This comprises the annual report, the governance statement and Board members' report and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

13 December 2019

National Treatment Purchase Fund Board

Statement of Income and Expenditure and Retained Revenue Reserves
For the year ended 31 December 2018

| | | 2018 | 2017 |
|---|-------|-------------------------|-------------------------|
| | Notes | € | € |
| Income | | | |
| Oireachtas Grant | 2 | 55,022,000 | 22,600,000 |
| Other Income | | - | - |
| Total Income | | <u>55,022,000</u> | <u>22,600,000</u> |
| Less: Expenditure | | | |
| Patient Care Expenditure | 3 | 48,784,645 | 13,050,001 |
| Administration Expenses | 4 | 4,612,121 | 4,362,455 |
| Total Expenditure | | <u>53,396,766</u> | <u>17,412,456</u> |
| Surplus for the Year before Appropriations | | 1,625,234 | 5,187,544 |
| Transfer to Capital Account | 11 | <u>(22,288)</u> | <u>(7,189)</u> |
| Surplus for the Year after Appropriations | | 1,602,946 | 5,180,355 |
| Balance Brought Forward at 1 January | | 6,014,541 | 834,186 |
| Balance Carried Forward at 31 December | | <u><u>7,617,487</u></u> | <u><u>6,014,541</u></u> |

The Statement of Income and Expenditure and Retained Revenue Reserves includes all gains and losses recognised in the year.

The Statement of Cash Flows and notes 1 to 15 form part of these financial statements

On Behalf of the National Treatment Purchase Fund Board:


John Horan
Chairperson
19 December 2019


Patrick Gibbons
Board Member
19 December 2019

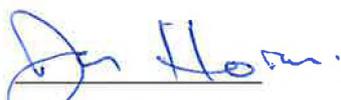
National Treatment Purchase Fund Board

Statement of Financial Position as at 31 December 2018

| | Notes | 2018 € | 2017 € |
|--|-------|-------------------|-------------------|
| Fixed Assets | 6 | 128,652 | 106,364 |
| Current Assets | | | |
| Receivables and Prepayments | 7 | 384,660 | 102,999 |
| Cash and cash equivalents | 8 | 23,346,265 | 14,247,853 |
| | | <u>23,730,925</u> | <u>14,350,852</u> |
| Current Liabilities (amounts falling due within one year) | | | |
| Care Payables and Accruals | 9 | 15,492,586 | 7,626,952 |
| Non-Care Payables and Accruals | 10 | 620,852 | 709,360 |
| | | <u>16,113,438</u> | <u>8,336,312</u> |
| Net Current Assets | | <u>7,617,487</u> | <u>6,014,540</u> |
| Total Net Assets | | <u>7,746,139</u> | <u>6,120,904</u> |
| Representing | | | |
| Income and Expenditure and Retained Revenue Reserves | | 7,617,487 | 6,014,541 |
| Capital Account | 11 | 128,652 | 106,363 |
| | | <u>7,746,139</u> | <u>6,120,904</u> |

The Statement of Cash Flows and notes 1 to 15 form part of these financial statements

On Behalf of the National Treatment Purchase Fund Board:



John Horan
Chairperson
19 December 2019



Patrick Gibbons
Board Member
19 December 2019

National Treatment Purchase Fund Board

Statement of Cash Flows For the year ended 31 December 2018

| | Note | 2018 € | 2017 € |
|---|------|-------------------|-------------------|
| Net Cash Flows from Operating Activities | | | |
| Surplus of Income over Expenditure | | 1,625,234 | 5,187,544 |
| Depreciation and impairment of Fixed Assets | 6 | 62,336 | 58,023 |
| (Increase) / Decrease in Receivables | | (281,661) | 296,190 |
| Increase in Payables | | 7,777,126 | 7,045,036 |
| Net Cash Flows from Operating Activities | | <u>9,183,035</u> | <u>12,586,793</u> |
| Cash Flows from Investing Activities | | | |
| Payments to acquire Property, Plant and Equipment | 6 | (84,624) | (65,212) |
| Net Cash Flows from Investing Activities | | <u>(84,624)</u> | <u>(65,212)</u> |
| Net Increase in Cash and Cash Equivalents | | 9,098,412 | 12,521,581 |
| Cash and Cash Equivalents at 1 January | | <u>14,247,853</u> | <u>1,726,272</u> |
| Cash and Cash Equivalents at 31 December | | <u>23,346,265</u> | <u>14,247,853</u> |

National Treatment Purchase Fund Board

Notes to the financial statements For the year ended 31 December 2018

1. Accounting Policies

The basis of accounting and significant accounting policies adopted by the National Treatment Purchase Fund Board (NTPF Board) is set out below. They have all been applied consistently throughout the year and for the preceding year.

a) General Information

The NTPF Board was set up under the National Treatment Purchase Fund Board (Establishment) Order 2004 as amended by the Nursing Homes Support Scheme Act 2009 with a head office at Ashford House, Tara Street, Dublin 2.

The NTPF Board's primary objectives are as follows:

- (i) To make arrangements with persons, whether resident in the State or elsewhere, for the provision of hospital treatment to such classes of persons as may be determined by the Minister from time to time.
- (ii) To collect, collate and validate information in relation to persons waiting for hospital treatment and to put in place information systems and procedures for that purpose.
- (iii) To furnish whenever so required by the Minister or on its own initiative, advice to the Minister on issues relating to its functions.
- (iv) To negotiate with proprietors of registered nursing homes to reach agreement in relation to the maximum prices(s) that will be charged for the provision of long-term residential care services to Nursing Homes Support Scheme Residents and provide the HSE with the details of all approved Nursing Homes agreements.
- (v) To develop and implement schemes to support and facilitate the gradual reduction in maximum outpatient first appointment waiting times.
- (vi) To support measures to facilitate improved patient experience time and performance in hospital emergency departments through targeted programmes of support.

The NTPF Board is a Public Benefit Entity (PBE)

National Treatment Purchase Fund Board

Notes to the financial statements (cont.) For the year ended 31 December 2018

b) Statement of Compliance

The financial statements of the NTPF Board for the year ended 31 December 2018 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland, issued by the Financial Reporting Council (FRC) with the exception that pensions are accounted for on a pay-as-you-go basis. The provisions of FRS 102 Section 28 Employee Benefits are not applied and the liability for future pension benefits accrued in the year has not been recognised in the financial statements.

c) Basis of Preparation

The financial statements have been prepared under the historical cost convention, except for certain assets and liabilities that are measured at fair value as explained in the accounting policies below.

The financial statements are in the form approved by the Minister for Health under the National Treatment Purchase Fund Board (Establishment) Order 2004.

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

d) Revenue

Oireachtas Grants

Revenue is generally recognised on an accruals basis. However, Oireachtas Grants are provided to meet commitments entered into during the year as opposed to expenses incurred during the year and are accounted for on a cash receipts basis.

Other Revenue

Other revenue is recognised on a cash receipts basis.

e) Patient care expenditure

Care expenditure is recognised in the year in which the medical care is provided.

f) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation, adjusted for any provision for impairment. Depreciation is provided on all property, plant and equipment on a straight line basis at rates which are estimated to reduce the assets to residual values by the end of their expected useful lives as follows:

National Treatment Purchase Fund Board

Notes to the financial statements (cont.) For the year ended 31 December 2018

f) Property, Plant and Equipment (cont.)

| | |
|---------------------------------|---------------|
| Computer Software and Equipment | 20% per annum |
| Office Equipment | 20% per annum |
| Furniture and Fittings | 10% per annum |

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

Expenditure incurred on the development of computer systems, which is substantial in amount, and is considered to have an economic benefit to the Board lasting more than one year into the future, is capitalised and depreciated over the period in which the economic benefits are expected to arise. This period is subject to a maximum of 5 years. In the event of uncertainty regarding its future economic benefit an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year.

g) Inventory

As the Board does not carry any material inventory all sundry consumable items (e.g. stationery, printed material etc.) are charged in full to the Statement of Income and Expenditure and Retained Revenue Reserves in the period in which they were first acquired.

h) Receivables

Receivables are recognised at fair value, less provision for doubtful debts. The provision for doubtful debts is a specific provision, and is established when there is objective evidence that the NTPF Board 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.

i) Operating Leases

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.

National Treatment Purchase Fund Board

Notes to the financial statements (cont.)
For the year ended 31 December 2018

j) Employee Benefits

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.

Retirement Benefits

Pension entitlements of employees directly employed by the Board are provided for through a defined benefit scheme. By direction of the Minister for Health, no provision is made in the financial statements in respect of future pension benefits. Funding is provided when pension payments are made.

Pension contributions deducted from employees' salaries are offset against pension payments and recognised as net pension costs and charged to the Statement of Income and Expenditure and Retained Revenue Reserves when paid.

NTPF also administer the Single Public Service Pension Scheme ("Single Scheme") which is a defined benefit scheme for pensionable public servants appointed on or after 1 January 2013. Single scheme members' contributions are paid over to the Department of Public Expenditure and Reform.

Pension benefits of staff seconded to the NTPF remain the responsibility of their parent bodies. The employer cost of providing these benefits is charged to the Statement of Income and Expenditure and Retained Revenue Reserves and is remitted to the parent bodies.

k) Capital account

The capital account represents the unamortised value of income applied to capital expenditure. Releases are made from this reserve to the Statement of Income and Expenditure and Retained Revenue Reserves in line with the depreciation and write-down of the assets.

l) Foreign Currency Transactions

Foreign currency transactions during the period have been translated at the rate of exchange ruling at the date of the transaction.

m) Critical Accounting Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the reporting date and the amounts reported for revenues and expenses during the year. The nature of estimation means

National Treatment Purchase Fund Board

Notes to the financial statements (cont.) For the year ended 31 December 2018

m) Critical Accounting Judgements and Estimates (cont.)

that actual outcomes could differ from those estimated. However, there were no judgements required that had a significant effect on amounts recognised in the financial statements for 2018.

Depreciation and Residual Values

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

2. Oireachtas Grants

The Oireachtas Grants voted to the National Treatment Purchase Fund from Vote 38 Health as shown in the financial statements consist of;

| | | 2018 | 2017 |
|--------------------------------|--------------------|------------|------------|
| | | € | € |
| Grants for current expenditure | Sub-head E3 | 55,022,000 | 22,600,000 |

3 (a) Patient Care Expenditure

In 2018 expenditure incurred by NTPF related to payments to private and public hospitals to provide inpatient and outpatient services to patients. The expenditure is broken down by payee and speciality as follows;

| | 2018 | 2017 |
|-------------------|-------------------|-------------------|
| | € | € |
| Private Hospitals | 31,420,173 | 9,948,651 |
| Public Hospitals | 17,364,472 | 3,101,350 |
| | <u>48,784,645</u> | <u>13,050,001</u> |

National Treatment Purchase Fund Board

Notes to the financial statements (cont.)
For the year ended 31 December 2018

| 3 (b) Patient Care Expenditure by speciality | 2018 | 2017 |
|---|-------------------|-------------------|
| | € | € |
| Orthopaedics | 16,596,130 | 1,946,811 |
| Ophthalmology | 13,354,393 | 5,712,388 |
| General Surgery | 5,111,260 | 1,140,012 |
| Cardiac Surgery/ Cardiology | 3,586,180 | 1,409,204 |
| ENT | 3,254,690 | 1,254,436 |
| Urology | 2,772,059 | 496,315 |
| Vascular Surgery | 2,264,842 | 629,579 |
| Dental/ Oral Surgery | 424,758 | 147,195 |
| Non Cosmetic Plastic Surgery | 376,582 | 29,791 |
| Gynaecology | 261,083 | 283,355 |
| Neurosurgery | 655,554 | - |
| Pain Management | 52,293 | - |
| Surgical Dermatology | 50,773 | - |
| Respiratory | 21,348 | - |
| Rheumatology | 2,700 | - |
| Radiology | 0 | 914 |
| Total | 48,784,645 | 13,050,001 |

| 4 Administration Expenses | | 2018 | 2017 |
|-----------------------------------|--------|------------------|------------------|
| | | € | € |
| Payroll | Note 5 | 2,597,966 | 2,469,792 |
| Office rent | | 603,805 | 603,805 |
| Professional services | | 500,638 | 402,516 |
| Office expenses | | 215,863 | 185,205 |
| Computer expenses | | 199,964 | 177,907 |
| Advertising and Promotion | | 112,397 | 134,273 |
| Training and Recruitment | | 92,397 | 102,781 |
| Legal fees | | 79,070 | 104,509 |
| Transport and Travel | | 69,236 | 67,239 |
| Depreciation | | 62,336 | 58,023 |
| Premises cleaning and maintenance | | 30,629 | 24,860 |
| Audit fees | | 18,000 | 16,000 |
| Insurance | | 15,191 | 12,502 |
| Bank charges | | 14,492 | 532 |
| Miscellaneous costs | | 137 | 2,512 |
| | | 4,612,121 | 4,362,455 |

National Treatment Purchase Fund Board

Notes to the financial statements (cont.) For the year ended 31 December 2018

4 Administration Expenses (cont.)

Note: The costs of administering the NTPF's role under the Nursing Homes Support Scheme Act are included in salaries and overheads. These costs amount to €243,502 (2017 €313,088).

5 Remuneration

| 5(a) Aggregate Employee Benefits | 2018 | 2017 |
|---|------------------|------------------|
| | € | € |
| Staff short-term benefits | 2,284,637 | 2,190,943 |
| Pension payments | 88,048 | 66,415 |
| Employer's contribution to Social Welfare | 225,281 | 212,434 |
| Total Payroll Cost | 2,597,966 | 2,469,792 |

Note: Total Payroll Cost is net of staff pension contributions. Pension contributions recognised as Other Income in 2017 have been reclassified against payroll in the 2018 financial statements.

| | 2018 | 2017 |
|--|-------------|-------------|
| Number of staff employed (WTE) at year end | 50 | 40 |

Note: Pending the outcome of the Department of Health's consideration of the NTPF's role, three employees were on temporary secondment to other Health Agencies during 2017. Salary costs relating to these staff was recouped from the Agencies in question. A further eleven employees, with a salary cost of €264,913 in 2017 were similarly assigned to other Health Agencies without salary recoupment to the Board. There was no additional cost to the Department in these instances. All 2017 secondees had resigned, transferred on a permanent basis to other Agencies or returned to employment with the NTPF by 31 December 2017. In 2018 one staff member was on temporary secondment to another Agency. Salary costs in relation to this staff member is being recouped in full from the Agency in question.

| 5(b) Staff Short-term Benefits | 2018 | 2017 |
|---------------------------------------|------------------|------------------|
| | € | € |
| Basic pay | 2,280,447 | 2,189,110 |
| Allowances | 4,190 | 1,833 |
| | 2,284,637 | 2,190,943 |

No overtime or termination benefits were paid in the year (2017 - nil)

National Treatment Purchase Fund Board

Notes to the financial statements (cont.) For the year ended 31 December 2018

| | 2018 | 2017 |
|--------------------------------------|-------------|-------------|
| | € | € |
| 5(c) Chief Executive's Salary | 127,912 | 82,110 |

The Chief Executive Officer, who was appointed with effect from 4th May 2017, is a member of the NTPF Superannuation Scheme and his entitlements in that regard does not extend beyond the terms of the model public service pension scheme. The value of retirement benefits earned in the period is not included in the above.

5(d) Key Management Personnel

Key management personnel in the NTPF consist of the Members of the Board, the Chief Executive Officer, Finance Director, ICT Director, Audit, Quality and Research Director, Director of Corporate Services and Process Innovation Director. The total value of employee benefits for key management personnel is set out below;

| | 2018 | 2017 |
|--------|-------------|-------------|
| | € | € |
| Salary | 479,824 | 644,982 |

Salary for key management personnel does not include the value of retirement benefits earned in the period. Key management personnel, excluding Board members, are members of the NTPF Superannuation Scheme and their entitlements in that regard do not extend beyond the terms of the model public service pension scheme.

5(e) Employee benefits breakdown

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

| From | To | Number of Employees | |
|-------------|------------|----------------------------|-------------|
| | | 2018 | 2017 |
| €60,000 | - €69,999 | 5 | 4 |
| €70,000 | - €79,999 | - | - |
| €80,000 | - €89,999 | 2 | 3 |
| €90,000 | - €99,999 | - | - |
| €100,000 | - €109,999 | - | - |
| €110,000 | - €119,999 | - | - |
| €120,000 | - €129,999 | 1 | - |
| Total | | 8 | 7 |

National Treatment Purchase Fund Board

Notes to the financial statements (cont.)
For the year ended 31 December 2018

5(e) Employee benefits breakdown (cont.)

Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, allowances and other payments made on behalf of the employee but exclude employer's PRSI.

| 5(f) Board Members | Board | Audit & Risk Committee | Expenses | |
|---------------------------|----------|---------------------------|----------------|--------------|
| | | | Fees 2018 € | 2018 € |
| Number of meetings | 8 | 7 | | |
| John Horan (Chair) | 8 | | 11,970 | 571 |
| Patricia Byron | 8 | | 7,695 | 0 |
| Bernadette Costello | 8 | 6 | 3,206 | 3,170 |
| Patrick Gibbons | 8 | 7 | 7,695 | 183 |
| James Melly | 8 | 1 | 7,695 | 255 |
| Jack Nagle | 7 | | 7,695 | 1,218 |
| Terry McWade | 8 | 6 | 7,695 | 0 |
| Brendan O'Donoghue | 7 | 1 | 7,695 | 0 |
| Anne Stewart | 6 | 6 | 7,695 | 0 |
| | | | 69,041 | 5,397 |

One Board member, Bernadette Costello, did not receive a Board Fee under the One Person One Salary (OPOS) principle until her retirement from the public service in September 2018.

Brendan O'Donoghue and Terry McWade completed their terms of office on the Audit & Risk Committee in January 2018 and December 2018 respectively. Anne Stewart and James Melly were appointed to the Audit & Risk Committee in April 2018 and December 2018 respectively.

National Treatment Purchase Fund Board

Notes to the financial statements (cont.)
For the year ended 31 December 2018

6 Property, Plant & Equipment

| | Computer Equipment and Software € | Office Equipment € | Furniture, Fixtures and Fittings € | Total € |
|---------------------------|--|-----------------------------------|---|--------------------|
| Cost | | | | |
| At 1 January 2018 | 4,843,383 | 155,164 | 391,106 | 5,389,653 |
| Additions | 58,807 | 22,243 | 3,574 | 84,624 |
| Disposals | | | - | - |
| At 31 December 2018 | 4,902,190 | 177,407 | 394,680 | 5,474,277 |
| Depreciation | | | | |
| At 1 January 2018 | (4,746,380) | (151,263) | (385,646) | (5,283,289) |
| Charge for the Year | (55,584) | (6,067) | (685) | (62,336) |
| Disposals | | | - | - |
| At 31 December 2018 | (4,801,964) | (157,330) | (386,331) | (5,345,625) |
| Net Book Value | | | | |
| At 1 January 2018 | 97,003 | 3,901 | 5,460 | 106,364 |
| Net movement for the year | 3,223 | 16,176 | 2,889 | 22,288 |
| At 31 December 2018 | 100,226 | 20,077 | 8,349 | 128,652 |

| | 2018 € | 2017 € |
|--------------------------------------|-------------------|-------------------|
| 7 Receivables and prepayments | | |
| Sundry Prepayments | 363,201 | 92,606 |
| Other Sundry Receivables | 21,459 | 10,393 |
| | 384,660 | 102,999 |

| | 2018 € | 2017 € |
|------------------------------------|-------------------|-------------------|
| 8 Cash and Cash Equivalents | | |
| Bank Current Account | 23,345,965 | 14,247,553 |
| Petty Cash | 300 | 300 |
| | 23,346,265 | 14,247,853 |

National Treatment Purchase Fund Board

Notes to the financial statements (cont.) For the year ended 31 December 2018

| | 2018 | 2017 |
|-------------------------------------|-------------------|------------------|
| 9 Care Payables and Accruals | € | € |
| Care payables | 0 | 81,854 |
| Care accruals | 15,492,586 | 7,545,098 |
| | <u>15,492,586</u> | <u>7,626,952</u> |

| | 2018 | 2017 |
|--|----------------|----------------|
| 10 Non-Care Payables and Accruals | € | € |
| Professional Services Withholding Tax | 254,102 | 275,557 |
| PAYE / PRSI and Government Levies | 84,563 | 54,933 |
| Other non care payables and accruals | 282,187 | 378,870 |
| | <u>620,852</u> | <u>709,360</u> |

| | 2018 | 2017 |
|--|----------------|----------------|
| 11 Capital Account | € | € |
| Balance at 1 January | 106,364 | 99,174 |
| Funds allocated to acquire fixed assets | 84,624 | 65,212 |
| Amortisation in line with asset depreciation | (62,336) | (58,023) |
| Net movement in Capital Account | <u>22,288</u> | <u>7,190</u> |
| Balance at 31 December | <u>128,652</u> | <u>106,364</u> |

12 Operating Leases

The National Treatment Purchase Fund occupies premises at Ashford House, Tara Street, Dublin 2 under a lease agreement commencing 1 January 2016 and expiring on 31 December 2020. The total office floor area of the property is 935m² of which NTPF occupied 100% at the reporting date.

| Operating lease rentals (charged to Income and Expenditure and Retained Reserves) | 2018 | 2017 |
|--|-------------|-------------|
| | € | € |
| Land and Buildings | 603,805 | 603,805 |

National Treatment Purchase Fund Board

Notes to the financial statements (cont.) For the year ended 31 December 2018

12 Operating Leases (cont.)

| | 2018 | 2017 |
|--|---------|-----------|
| | € | € |
| The Board has the following commitments under operating leases which expire | | |
| Within 1 year | 603,805 | 603,805 |
| Within 2 to 5 years | 603,805 | 1,207,610 |

13 Commitments

Commitments are obligations or undertakings to make future payments to Public and Private Hospitals that exist at the end of the reporting period but which have not been recognised as liabilities in the Statement of Financial Position. Offers of treatments, to an estimated value of €8m (2017 €5m), have been accepted by public patients at the reporting date for the treatments to take place in the following year. As the Financial Statements are prepared on an accruals basis these commitments have not been recognised as a liability at the reporting date.

14 Related Party Disclosures

Key personnel of the NTPF Board consist of members of the Board, the CEO and senior Managers. For a breakdown of the remuneration and benefits paid to key personnel see Note 5.

The NTPF Board adopts procedures in accordance with the guidelines issued by the Department of Public Enterprise and Reform covering the personal interests of Board members. In the normal course of business the NTPF Board may enter into contractual arrangements with entities in which the NTPF Board members are employed or are otherwise interested.

During the year the NTPF Board had no dealings with bodies connected to any of the Board members.

15 Approval of the financial statements

The financial statements were approved by the National Treatment Purchase Fund Board on 2 December 2019.