

**National Paediatric Hospital Development Board**

**Financial Statements**

**for the year ended 31 December 2020**

**National Paediatric Hospital Development Board**

**for the year ended 31 December 2020**

**Contents**

	Page
Statement on Internal Control	3 - 5
Governance Statement and Board Members' Report	6 - 12
Report of the Comptroller and Auditor General	13 - 14
Statement of Income and Expenditure and Retained Revenue Reserves	15
Statement of Financial Position	16
Statement of Cash Flows	17
Notes to the Financial Statements	18 - 28

**National Paediatric Hospital Development Board  
For the year ended 31 December 2020**

**Statement on Internal Control**

**Scope of Responsibility**

On behalf of the National Paediatric Hospital Development Board (NPHDB), we 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 control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in the NPHDB for the year ended 31 December 2020 and up to the date of approval of the financial statements.

**Capacity to Handle Risk**

The NPHDB has a Finance, Audit & Risk Sub-Committee (FARSC) comprising three Board members and five executive members, with financial and audit expertise, one of whom is the Chair. The FARSC met five times in 2020.

The NPHDB has also established an internal audit function which is adequately resourced and conducts a programme of work agreed with the FARSC. The internal audit function is externally sourced and covered the annual internal controls review in 2020.

The FARSC has developed a risk management framework and policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been made available to all staff who are expected to work within the NPHDB's risk management policies, and who are made responsible for alerting management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

**Risk and Control Framework**

The NPHDB 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 the NCH project and these have been identified, evaluated and rated according to their probability and likely impact. The register was reviewed and updated by the FARSC twice in 2020 and also reviewed at five Board meetings in 2020. 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 risks and responsibility for operation of controls assigned to specific staff. We 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. We 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/forecasts.

A duplicate cash claim of €3.6M was claimed from HSE, because the initial claim was made up of three different amounts, while the other claim was for the total amount for the exceptional payment.

The duplicate claim was detected when the aged creditors were reviewed and this duplicated claim was then netted off the next HSE Claim, with no loss to either party.

The procedures have been updated to track exceptional claims.

### **Procurement**

We confirm that the NPHDB has a policy and procedures in place to ensure compliance with current procurement rules and guidelines and that during 2020 the NPHDB complied with those procedures.

### **Review of Effectiveness**

We confirm that the NPHDB has procedures to monitor the effectiveness of its risk management and control procedures. The NPHDB's monitoring and review of the effectiveness of the system of internal controls is informed by the work of the internal and external auditors, the FARSC which oversees their work, and the senior management within the NPHDB responsible for the development and maintenance of the internal control framework.

We confirm that the Board conducted an annual review of the effectiveness of the internal controls on 10 March 2021.

### **Internal Controls**

During 2020 significant progress was made in developing and implementing controls, performance management and mitigation of residual risk for the NCH (New Children's Hospital) construction contract including other project workstreams.

Having implemented the recommendations of the HSE commissioned PwC report issued in April 2019, the Executive has progressed a number of initiatives to provide greater visibility and control of key project processes including the administration of contractor claims on the NCH contract and the management/control of change.

To provide the Executive and the Board with accurate up to date information on the status of each project workstreams, an integrated reporting system has been put in place with defined key performance indicators (KPIs) for the workstreams. The system is actively used by the NPHDB as part of day-to-day project controls arrangements.

The NPHDB provides detailed cost and programme monthly updates to the Children's Hospital Programme & Project Steering Group and quarterly updates to the Children's Hospital Programme & Project Board. The Executive provides monthly updates to the NPHDB Board on a detailed cost, programme timelines and the project performance.

We have taken the following steps to minimise the impact of Covid-19 on the project:

- We have developed a Covid-19 protocol for office working arrangements in line with the Covid-19 advice;
- The risk register was updated to include a section on Covid-19 in April 2020 and in October 2020 the Covid-19 risks were migrated into the main project risks as there was no material Covid-19 risks required to be tracked separately. The risks registers were reviewed at FARSC and the Board Board as noted in the various minutes.
- The internal process was updated to cover the adjustments which were necessary to support the changes to the process because of Covid-19. These processes were approved by FARSC and covered in the SIC review; and
- While BAM continue to make claims on the project including costs associated with Covid-19, none of these have been accepted by NPHDB. The contract with BAM as written does not provide for BAM to receive compensation for the Covid-19 event.

On the 28th January 2021 the NPHDB provided a comprehensive update to the Minister and Project stakeholders setting out the status of the construction works, the challenges which the Project continues to face and provided an update in relation to both the Project budget, Project schedule and overall performance.

On behalf of the Board of the NPHDB:



**Fiona Ross**  
**Chairperson**

National Paediatric Hospital  
Development Board



**Michael Barry**  
**Board Member & Finance, Audit and  
Risk Sub-Committee Chairperson**

National Paediatric Hospital  
Development Board

Date: 25 November 2021

**National Paediatric Hospital Development Board  
For the year ended 31 December 2020**

**Governance Statement and Board Members' Report**

**Governance**

The Board of the NPHDB was established under Statutory Instrument (S.I.) No.246 of 2007 and amended by the Children's Health Act 2018. The functions of the Board are set out in section 5 of the S.I. and section 61 of the Children's Health Act 2018. 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 project issues. The regular day-to-day management, control and direction of the NPHDB are the responsibility of the Chief Officer (CO) and the senior management team. The CO 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 tasks likely to arise. The CO acts as a direct liaison between the Board and the management of the NPHDB.

The NPHDB is responsible for planning, designing, building, equipping and furnishing a NCH and two OP & UCCs in accordance with the high-level framework brief which was commissioned by the Health Service Executive (HSE).

The CHI is the client for the project and provides ongoing advice and support in relation to the design and equipping requirements of the NCH and OP & UCCs.

**Functions of the NPHDB**

The functions of the NPHDB, as outlined in S.I. 246 of 2007 and amended by the Children's Health Act 2018, are:

- to plan, design, build, furnish and equip a national paediatric hospital (NCH) in accordance with a brief approved by the HSE with the prior consent of the Minister, and subject to any subsequent variations to this brief as may be determined by the HSE in consultation with the NPHDB, and with prior consent of the Minister; and
- do any other thing as is necessary for the performance of its functions.

**Board Responsibilities**

The work and responsibilities of the Board are set out in the NPHDB Code of Governance manual, which also contain the matters specifically reserved for Board decision. Standing items considered by the Board include:

- declaration of interests;
- review and approval of minutes and action items;
- reports from committees;
- financial reports;
- performance reports; and
- reserved matters.

Section 14 of the Statutory Instrument (S.I.) No.246 of 2007 requires the Board of the NPHDB 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.

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

- select suitable accounting policies and then 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 existence; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in 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 14 of the S.I. No.246 of 2007. The maintenance and integrity of the corporate and financial information on the NPHDB's website, [www.newchildrenshospital.ie](http://www.newchildrenshospital.ie), is the responsibility of the Board.

The Board is responsible for approving the annual plan and budget. An evaluation of the performance of the NPHDB by reference to the annual plan and budget is carried out on a monthly basis at the Board meeting. An evaluation of the yearly performance of the NPHDB by reference to the annual plan and budget was carried out at the Board meeting of 10 March 2021.

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

The Board considers that the financial statements of the NPHDB give a true and fair view of the financial performance and the financial position of the NPHDB at 31 December 2020.

The Children's Health Act 2018 (Part 9) has included the following sections relating to the Board:

- Section 62: Transfer of certain property, rights, and liabilities of the Board to Children's Health Ireland;
- Section 63: Dissolution of the Board;
- Section 64: Liability for loss occurring before dissolution day;
- Section 65: Provisions consequent upon transfer of functions, property, rights and liabilities to Executive;
- Section 66: Final accounts and final annual report to the Board; and
- Section 67: Cessation of membership of the Board.

The Children's Health Act 2018 was passed by Dáil Éireann on 07 November 2018. However, Part 9 of the Act has not yet been enacted by the Minister.

### **Board Structure**

The Board consists of a Chairperson and up to twelve ordinary members, all of whom are appointed by the Minister for Health and meet on a monthly basis. The table on page 8 details the appointment period for the members in 2020:

Governance Statement and Board Members' Report (Cont'd)

Board Member	Role	Date Appointed	Date Resigned
Mr Fred Barry	Chairperson	06 February 2019	28 February 2021
Mr Tim Bouchier-Hayes	Deputy Chairperson	02 August 2013	
Mr John Cole	Ordinary Member	02 August 2013	
Mr Karl Kent	Ordinary Member	02 August 2013	
Ms Anne Butler	Ordinary Member	02 August 2013	
Mr Liam Woods	Ordinary Member	04 March 2015	
Mr Lorcan Birthistle	Ordinary Member	02 February 2016	30 June 2020
Mr Michael Shelly	Ordinary Member	20 February 2020	
Mr John McGowan	Ordinary Member	20 February 2020	

All Board members appointments are for a period to 30 July 2023.

The Board completed a Self-Assessment and Evaluation review for 2020 which was undertaken during December 2020 in accordance with the requirements of the Corporate Governance Code. The Board Self-Evaluation was reviewed at the February 2021 Board meeting. The Board also commenced an external Board Evaluation review in December 2020, with the findings of this review presented to the Board at the May 2021 Board meeting. The updated Code of Governance manual was also reviewed by the Board at the September 2020 Board Meeting.

In 2020 the Board was supported by four Sub-Committees as follows:

- 1. The Finance, Audit and Risk Sub-Committee (FARSC)** comprises three NPHDB Board members. The role of the committee is to monitor and review the integrity of the financial statements, the management accounts and make recommendations to the Board; monitor and review the internal controls; review arrangements for Protected Disclosures; monitor and review the Internal Audit function, external auditors, risk management and governance, to review and recommend the annual financial plan to the Board; monitor progress against project schedule and cash-flow/funding to complete the project on plan and update the Board; support evaluation of specific SAQ/tenders and report to the Board; and review and recommend change orders for approval to the Board.

The NPHDB Board members of the FARSC are Liam Woods (Chair), Fred Barry and Tim Bouchier-Hayes. There were 5 meetings of the FARSC in 2020.
- 2. The Design Sub-Committee (DSC)** comprises two NPHDB Board members and five independent members. The role of the committee is to champion the pursuit of design excellence throughout the project; quality assure the procurement process, participate in regular reviews of the design development and make recommendations to the Board, liaise as appropriate with other key stakeholders and oversee the coordinated integration of a programme of art into the project design.

The NPHDB Board members of the DSC are John Cole (Chair) and Karl Kent. Eilish Hardiman (CEO, CHI), Deirdre Hegarty (Chief Commissioning Officer (CCO), CHI), Paul de Freine (Chief Architectural Advisor, HSE Estates), Charlie Dolan (Architectural Advisor, HSE Estates) and Damien Clarke (Estate Manager, HBS Estates) are the independent members. There were 4 meetings of the DSC in 2020.

- 3. The Disputes Resolution Sub-Committee (DRSC)** comprises three NPHDB Board members and the NPHDB Executive. The role of the committee is to review, monitor and consider actions required in relation to the Main Contractor claims; and liaise with the Board in relation to progressing any such claims and any proposals or recommendations to address or resolve these claims.

The NPHDB Board members of the DRSC are Tim Bouchier-Hayes (Chair), Fred Barry and Karl Kent. There were 10 meetings of the DRSC in 2020.

- 4. The Commissioning, Qualification and Validation Sub-Committee (CQVSC)** comprises four NPHDB Board members and one independent member. The role of the committee is to review, monitor and consider the Technical Commissioning Strategy and Plan for the NCH and Tallaght OP & UCC and liaise with, and report to, the Board.

The NPHDB Board members of the CQVSC are John Cole (Chair), Fred Barry, John McGowan and Michael Shelly. Damien Clarke is the independent member. There were 4 meetings of the CQVSC in 2020.

#### **Schedule of Attendance, Fees and Expenses**

A schedule of attendance at the Board and Committee meetings for 2020 is set out on the following page including the fees and expenses received by each member:

There were two Board members, Liam Woods and Lorcan Birthistle who did not receive a Board fee under the One Person One Salary (OPOS) principle.

#### **Key Personnel Changes**

Mr Michael Shelly was appointed to the Board on 20 February 2020.

Mr John McGowan was appointed to the Board on 20 February 2020.

Mr Lorcan Birthistle tendered his resignation and left the Board on 30 June 2020.

Mr Fred Barry tendered his resignation and left the Board on 28 February 2021.

Schedule of Attendance, Fees and Expenses

	No of meetings	Board	FARSC	DSC	DRSC	CQVSC	Fees Expenses	
							2020	2020
							€'000	€'000
Mr Fred Barry	16	5	4	10	4		21	
Mr Tim Bouchier-Hayes	16	5		10	4		12	
Mr John Cole	15		3	10	4		12	1
Mr Karl Kent	16		4				12	
Ms Anne Butler	16						12	
Mr Liam Woods	11	5						
Mr Lorcan BIRTHISTLE (resigned 30.06.20)	5							
Mr Michael Shelly (joined 20.02.20)	14				3		10	
Mr John McGowan (joined 20.02.20)	14				3		10	
Mr Paul de Freine				4				
Mr Charlie Dolan				4				
Mr Damien Clarke				3		2		
Ms Eilish Hardiman				4				
Ms Deirdre Hegarty				4				
							89	1

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

The Board is responsible for ensuring that the NPHDB 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.

***Employee Short-Term Benefits Breakdown***

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

Range		Number of employees	
From	To	2020	2019
€60,000 -	€69,999	0	1
€70,000 -	€79,999	1	4
€80,000 -	€89,999	6	4
€90,000 -	€99,999	1	1
€110,000 -	€119,999	0	1
€120,000 -	€129,999	1	0
€160,000 -	€169,999	0	1
€180,000 -	€189,999	1	0
€200,000 -	€209,999	1	0

The newly appointed Chief Officer (appointed September 2019) and the Project Director (appointed October 2019) salaries are reflected in the above report.

***Consultancy Costs***

Consultancy costs are all outsourced "Business-as-usual" functions.

***Legal Costs and Settlements***

In 2020 the legal fees relating to the O'Reilly Avenue injunction proceedings amounted to €37k. The legal fees and related costs are being claimed under the insurance cover that is in place.

The total legal fee expenditure in 2020 amounted to €120k and the Litigation & Claims Defence expenditure in 2020 amounted to €2,850k as per note 2 (vi) on page 22.

***Travel and Subsistence Expenditure***

Travel and subsistence expenditure is categorised as follows:

	2020	2019
	€'000	€'000
Domestic		
- Board	0	2
- Employees	2	3
International		
- Board	1	3
- Employees	0	3
<b>Total</b>	<b>3</b>	<b>11</b>

***Hospitality Expenditure***

There was no Hospitality Expenditure incurred in 2020.

***Statement of Compliance***

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. The NPHDB was in full compliance with the Code of Practice for the Governance of State Bodies for 2020.

On behalf of the Board of the NPHDB:



**Fiona Ross**  
**Chairperson**

National Paediatric Hospital  
Development Board



**Michael Barry**  
**Board Member & Finance, Audit and  
Risk Sub-Committee Chairperson**

National Paediatric Hospital  
Development Board

Date: 25 November 2021



## Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

### Report for presentation to the Houses of the Oireachtas

### The National Paediatric Hospital Development Board

#### Qualified opinion on the financial statements

I have audited the financial statements of the National Paediatric Hospital Development Board for the year ended 31 December 2020 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 FRS102 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 Paediatric Hospital Development Board at 31 December 2020 and of its income and expenditure for 2020 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

#### *Basis for qualified opinion on the financial statements*

In compliance with the directions of the Minister for Health, the National Paediatric Hospital Development 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 Board's financial statements for 2020 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 Paediatric Hospital Development 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 Paediatric Hospital Development 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**  
**30 November 2021**

## Appendix to the report

### Responsibilities of the Board members

As detailed in the governance statement and Board members' report, the Board members are responsible for

- the preparation of financial statements in the form prescribed under section 14 of the National Paediatric Hospital Development Board (Establishment) Order 2007 (SI 246/2007)
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under Section 5 of the Comptroller and Auditor General Amendment Act 1993 to audit the financial statements of the National Paediatric Hospital Development Board and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Paediatric Hospital Development Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the National Paediatric Hospital Development Board to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

**National Paediatric Hospital Development Board**

**Statement of Income and Expenditure and Retained Revenue Reserves  
for the year ended 31 December 2020**

	Note	2020 €'000	2019 €'000
<b>Income</b>			
Oireachtas grants	9	<u>161,215</u>	<u>199,623</u>
<b>Total Income</b>		<u>161,215</u>	<u>199,623</u>
<b>Expenditure</b>			
Administration & Operations	2	<u>161,215</u>	<u>199,623</u>
<b>Total Expenditure</b>		<u>161,215</u>	<u>199,623</u>
<b>Surplus / (Deficit) for the Year before Appropriations</b>		-	-
Transfer from/(to) the Capital Account	7	(161,215)	(199,623)
Transfer to construction work in progress	2	<u>161,215</u>	<u>199,623</u>
		-	-
<b>Surplus / (Deficit) for the Year after Appropriations</b>		-	-
Balance Brought Forward at 01 January		<u>-</u>	<u>-</u>
<b>Surplus / (Deficit) for the Year at 31 December</b>		<u>-</u>	<u>-</u>

All income and expenditure for the year relates to continuing activities at the balance sheet date.  
The Statement of Income & Expenditure and Retained Revenue Reserves includes all gains and losses recognised in the year.

The Statement of Cash Flows and notes 1 to 13 form part of these financial statements.

On behalf of the Board of the NPHDB:



**Fiona Ross**  
**Chairperson**

National Paediatric Hospital  
Development Board



**Michael Barry**  
**Board Member & Finance, Audit and  
Risk Sub-Committee Chairperson**

National Paediatric Hospital  
Development Board

Date: 25 November 2021

**National Paediatric Hospital Development Board**

**Statement of Financial Position  
for the year ended 31 December 2020**

	Notes	2020 €'000	2019 €'000
<b>Fixed Assets</b>			
Construction work in progress	2	620,653	459,438
Less: Transfer to HSE	2	(34,946)	(34,946)
Transfer to CHI	2	(2,024)	(2,024)
<b>Total Fixed Assets</b>		<u>583,683</u>	<u>422,468</u>
<b>Current Assets</b>			
Receivables	3	12,125	18,775
Cash and cash equivalents	4	22,416	3,745
		<u>34,541</u>	<u>22,520</u>
<b>Current Liabilities (amounts falling due within one year)</b>			
Payables	6	(34,541)	(22,520)
<b>Net Current Assets</b>		<u>0</u>	<u>0</u>
<b>Total Net Assets</b>		<u>583,683</u>	<u>422,468</u>
<b>Represented by:</b>			
Capital account	7	583,683	422,468
		<u>583,683</u>	<u>422,468</u>

The Statement of Cash Flows and notes 1 to 13 form part of these financial statements.

On behalf of the Board of the NPHDB:



**Fiona Ross**  
**Chairperson**

National Paediatric Hospital  
Development Board



**Michael Barry**  
**Board Member & Finance, Audit and  
Risk Sub-Committee Chairperson**

National Paediatric Hospital  
Development Board

Date: 25 November 2021

**National Paediatric Hospital Development Board**

**Statement of Cash Flows  
for the year ended 31 December 2020**

	2020 €'000	2019 €'000
<b>Net Cash Flow from Operating Activities</b>		
Excess Income over Expenditure	-	-
(Increase) / Decrease in Receivables	6,650	1,507
Increase / (Decrease) in Payables	12,021	(1,455)
Bank interest received	-	-
<b>Net Cash Inflow from Operating Activities</b>	<u>18,671</u>	<u>52</u>
<b>Cash Flows from Financing Activities</b>		
Bank Interest received	-	-
<b>Net Cash Flows from Financing Activities</b>	<u>-</u>	<u>-</u>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	18,671	52
Cash and cash equivalents at 01 January	<u>3,745</u>	<u>3,693</u>
<b>Cash and cash equivalents at 31 December</b>	<u><u>22,416</u></u>	<u><u>3,745</u></u>

**National Paediatric Hospital Development Board**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**1. Accounting Policies**

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

**a) Statement of Compliance**

The financial statements of the NPHDB for the year ended 31 December 2020 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) in the UK.

**b) Basis of Preparation**

The financial statements have been prepared:

- i) under the historical cost convention, except for certain assets and liabilities that are measured at fair values as explained in the accounting policies below. The financial statements are in the form approved by the Minister for Health with the concurrence of the Minister for Finance under the S.I. No.246 of 2007. The following accounting policies (c to m) have been applied consistently in dealing with items which are considered material in relation to the NPHDB's financial statements; and
- ii) on a going concern basis. While legislation has been drafted for the dissolution of the Board the legislation provides for the transfer of all assets and liabilities to the Health Service Executive. Accordingly no adjustments to the carrying value of asset or liabilities were required.

**c) Revenue**

Oireachtas Grants

Grant income comprises grants receivable from the HSE towards the planning, design, construction, and commissioning of a national paediatric hospital. Grants are recognised as income in line with expenditure.

**d) Expenditure**

All expenditure, including administrative costs, incurred by the Board are recognised on an accruals basis and capitalised and transferred to construction work in progress and are not depreciated. All expenditure incurred is classified by cost type. As VAT is irrecoverable it is charged against the category for which it is incurred.

In 2020 the NPHDB realigned some administration costs general ledger account codes under different headings in the 2020 Financial Statements to give a more accurate alignment of the costs. We also realigned the comparative figures in the 2019 costs. There was no change to the overall administration costs in 2019 and 2020 with the realignment.

**e) Fixed assets - construction work in progress**

All fixed asset acquisitions, regardless of the source of funds, are capitalised as construction work in progress and are not depreciated.

If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue reserves in the year.

**f) 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.

**g) Payables**

Payables are initially recognised at fair value. Payables are classified as current if payable within one year or less. If not, they are presented as non current liabilities.

**h) Capital Account**

The capital account represents the unamortised value of funding applied for the purchase of fixed assets - Construction work in progress.

**i) Retirement Benefits**

The Public Service (Single Scheme and Other Provisions) Act 2012 became law on 28 July 2012 and introduced the new Single Public Service Pension Scheme (“Single Scheme”) which commenced with effect from 01 January 2013. There are four employees and one former employee of the NPHDB that are members of the Single Scheme.

In accordance with direction from the Minister for Health, 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 the future pension benefits accrued in the year has not been recognised in the financial statements.

The provision of the superannuation liability for the seven staff seconded to the Board during 2020, remains the responsibility of the respective employer body and not the NPHDB.

Other contributions are made to a PRSA pension contract. These contributions are funded out of capital income of the Board and are charged to the Statement of Income and Expenditure and Retained Revenue Reserves in the year in which they become payable.

**j) Receivables**

The balance due from the HSE represents expenditure accrued by the Board for which funding has not yet been drawn down from the HSE. All other receivables are recognised at fair value.

**k) Short-term Employee 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.

**l) Critical Accounting Judgement and Estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that effect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There were no judgements required that had a significant effect on amounts recognised in the financial statements for 2020.

**m) Community Benefit Oversight Group (CBOG)**

In early 2015, a CBOG was established by the NPHDB and the CHI to promote active engagement between community interests and the hospital project. In 2020, the NPHDB paid salary costs on behalf of the CBOG. The CBOG was also funded by the Bam Building and the CHI. Funding received by the CBOG is lodged to a separate bank account administered by the NPHDB and monies are transferred from the CBOG bank account to reimburse the NPHDB for expenses incurred by it on behalf of the CBOG.

While the NPHDB provides administrative support, the CBOG has established a governance and reporting structure and internal control processes for the CBOG. As a result, the transactions related to the operation of the CBOG are treated as follows in the NPHDB's financial statements:

- (1) NPHDB's financial statements recognise funding provided to the group as an administrative cost.
- (2) The CBOG's bank balance is recognised in the NPHDB's financial statements. The related debtor and creditors are also included. The CBOG's income and expenditure is disclosed only by way of a Note to the NPHDB's financial statements. See Note 5.

**2. Administration & Operations / Construction work in progress**

Total costs incurred to date amount to €620,653k with costs of €161,215k incurred in 2020. The table below shows the total cost incurred by cost category. As outlined in the accounting policy, VAT incurred in relation to expenditure incurred by the NPHDB is not recoverable. The table includes the amounts relating to irrecoverable VAT for information purposes.

	2020			Cumulative to 31 December 2020		
	Excl. VAT €'000	Irrecoverable VAT €'000	Total Cost €'000	Excl. VAT €'000	Irrecoverable VAT €'000	Total Cost €'000
(i) BST / CMS *	3,956	878	4,834	13,605	3,109	16,714
(ii) Design Team	7,385	1,601	8,986	66,336	15,172	81,508
(iii) Site development and clearance	54	9	62	27,118	3,993	31,111
(iv) Construction	121,185	16,356	137,541	386,461	51,990	438,451
(v) Equipment	192	43	235	1,838	421	2,259
(vi) Admin Costs	8,292	1,264	9,556	46,214	4,395	50,610
<b>S/Total</b>	<b>141,064</b>	<b>20,151</b>	<b>161,215</b>	<b>541,572</b>	<b>79,081</b>	<b>620,653</b>
Less Connolly Transfers:						
(a) Building costs to the HSE	-	-	-	(30,692)	(4,254)	(34,946)
(b) Equipment costs to the CHI	-	-	-	(1,645)	(379)	(2,024)
<b>Total Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,337)</b>	<b>(4,633)</b>	<b>(36,970)</b>
<b>Net Cost</b>	<b>141,064</b>	<b>20,151</b>	<b>161,215</b>	<b>509,235</b>	<b>74,448</b>	<b>583,683</b>

\* BST / CMS is Business Services Team / Construction Management Services

	2019			Cumulative to 31 December 2019		
	Excl. VAT €'000	Irrecoverable VAT €'000	Total Cost €'000	Excl. VAT €'000	Irrecoverable VAT €'000	Total Cost €'000
(i) BST / CMS *	2,794	641	3,435	9,649	2,231	11,880
(ii) Design Team	11,522	2,644	14,166	58,951	13,571	72,522
(iii) Site development and clearance	21	5	26	27,064	3,985	31,049
(iv) Construction	150,880	20,373	171,253	265,276	35,634	300,910
(v) Equipment	1,642	378	2,020	1,646	378	2,024
(vi) Admin Costs	7,815	908	8,723	37,922	3,131	41,053
	<u>174,674</u>	<u>24,949</u>	<u>199,623</u>	<u>400,508</u>	<u>58,930</u>	<u>459,438</u>
Less Connolly Transfers:						
(a) Building costs to the HSE	(30,692)	(4,254)	(34,946)	(30,692)	(4,254)	(34,946)
(b) Equipment costs to the CHI	(1,645)	(379)	(2,024)	(1,645)	(379)	(2,024)
Total Transfers	<u>(32,337)</u>	<u>(4,633)</u>	<u>(36,970)</u>	<u>(32,337)</u>	<u>(4,633)</u>	<u>(36,970)</u>
Net Cost	<u>142,337</u>	<u>20,316</u>	<u>162,653</u>	<u>368,171</u>	<u>54,297</u>	<u>422,468</u>

\* BST / CMS is Business Services Team / Construction Management Services

The building cost was transferred to the HSE, including all rights and interests, for the CHI OP & UCC at Connolly Hospital Blanchardstown to the value of €34,946k (this includes an allocation of the estimated overheads incurred) on practical completion in May 2019. The final account for the building cost transferred has yet to be finalised.

A number of Main Contractor claims under the Contract, relating to the overall cost of the Project, have been referred to conciliation by the Main Contractor and a Recommendation has been issued by the Standing Conciliator in relation to those claims. The NPHDB has issued a Notice of Dissatisfaction in respect of the Conciliator's Recommendation and, as such, the final cost insofar as Connolly is concerned remains in dispute.

The Health Technology Equipment cost of €2,024k was transferred to the CHI by transfer agreement, where the NPHDB transferred the Health Technology Equipment cost, including all its rights, title and interest to the CHI.



**Remuneration**

## 2 (a) Remuneration and Other Pay Costs

	2020	2019
	€'000	€'000
Staff salaries	980	883
Seconded salaries	631	685
Employer's contribution to social welfare	93	85
Board members' emoluments	89	47
Retirement benefit costs	9	9
	<u>1,802</u>	<u>1,709</u>

The seconded salaries include costs associated with backfilling the seconded posts and locum fees.

## 2 (b) Aggregate Employee Benefits

	2020	2019
	€'000	€'000
Basic Pay	1,611	1,568
Employer's contribution to social welfare	93	85
	<u>1,704</u>	<u>1,653</u>

The average number of employees (full time equivalents) during the year as follows:

	2020	2019
Executive & Staff	10.4	10.1
Seconded Staff	4.9	5.8
Total	<u>15.3</u>	<u>15.9</u>

The total number of staff employed (FTE) at year ended was 15.1 (2019: 14.9)

## 2 (c) Key Management Personnel

Key management personnel in the NPHDB consists of the members of the Board, the Chief Officer, the Project Director, the Medical Director and the Finance Officer. The total value of employee benefits for key management personnel is set out below:

	2020	2019
	€'000	€'000
Salary	691	597
Retirement Benefit Costs	9	9
	<u>700</u>	<u>606</u>

The Chief Officer and the Project Director's pension entitlements do not extend beyond the standard entitlements in the model single public service pension scheme and a PRSA contract is in place for the Finance Officer. The remaining key management personnel are seconded staff. The amounts disclosed above do not include the value of retirement benefits earned in the period.

## 2 (d) Chief Officer Salary and Benefits

The Chief Officer role was approved in June 2019 and appointed September 2019.

The Chief Officers remuneration package for the financial period was as follows:

	2020	2019
	€'000	€'000
Interim Chief Officer	-	56
Chief Officer	181	53
Basic Pay	<u>181</u>	<u>109</u>

## 3. Receivables

		2020	2019
	Note	€'000	€'000
HSE grants due	9	11,590	18,487
Other debtors and prepayments		535	288
		<u>12,125</u>	<u>18,775</u>

## 4. Cash &amp; Cash Equivalents

		2020	2019
	Note	€'000	€'000
NPHDB bank balance		22,340	3,692
Community Benefit Oversight Group bank balance	5	76	53
		<u>22,416</u>	<u>3,745</u>

## 5. Cash &amp; Cash Equivalents concerning Community Benefit Oversight Group (CBOG) Funding

As outlined in Accounting Policy 1, NPHDB's financial statements includes a bank balance, debtors and creditors relating to the community benefit oversight group. The related figures together with the income and expenditure for the group for 2020 are set out below.

<b>CBOG Bank Account:</b>	2020	2019
	€'000	€'000
Balance on deposit account on 01 January	<u>53</u>	<u>44</u>
Receipts:		
Health Service Executive	-	20
Bam Building	<u>32</u>	<u>-</u>
	<u>32</u>	<u>20</u>
Payments:		
Salaries	(2)	(5)
Consultant fees	-	(5)
Administration expenses	<u>(7)</u>	<u>(1)</u>
	<u>(9)</u>	<u>(11)</u>
Balance on deposit account on 31 December	<u><u>76</u></u>	<u><u>53</u></u>

## 6. Payables

Amounts falling due within one year:

	2020	2019
	€'000	€'000
Trade creditors	<u>8,056</u>	<u>3,635</u>
Other creditors	81	96
Accruals	25,997	18,323
Taxation creditors:		
- PAYE / PRSI	47	40
- PSWT	<u>360</u>	<u>459</u>
	<u><u>34,541</u></u>	<u><u>22,553</u></u>

## 7. Capital Account

	2020	2019
	€'000	€'000
Opening balance	<u>459,438</u>	<u>259,815</u>
Capital expenditure	<u>161,215</u>	<u>199,623</u>
Balance	<u>620,653</u>	<u>459,438</u>
Transfer to: HSE	(34,946)	(34,946)
CHI	<u>(2,024)</u>	<u>(2,024)</u>
Closing Balance	<u><u>583,683</u></u>	<u><u>422,468</u></u>

## 8. Capital Commitments

### 8.1: Capital Commitments (excluding Lease Commitments):

At 31 December 2020, the Board had the following capital commitments:

	2020	2019
	€'000	€'000
Contracted for but not provided in the financial statements		
Within 1 year	277,278	281,384
Between 1 and 2 years	467,992	590,580
Between 3 and 5 years	18,689	1,702
Total (including VAT)	<u>763,959</u>	<u>873,666</u>

The year-on-year net changes of €110m reflects the Capital Commitments met in 2020, additional commitments made in 2020, and an estimate for future inflation allowable under the contract.

Inflation costs for 2020 amounted to €1.5m (2019: €1.7m).

### 8.2: Lease Commitments:

The NPHDB is located at Block A, Herberton, St. James's Walk, Rialto, Dublin 8 D08 HP97. The annual rental cost is €254k, with the office lease expiring 24 June 2024. The CHI sub-let offices at Herberton from the NPHDB at a charge of 50% of the annual rental cost.

	2020	2019
	€'000	€'000
Contracted for but not provided in the financial statements		
Within 1 year	254	235
Between 1 and 2 years	509	470
Between 3 and 5 years	127	353
Total (including VAT)	<u>890</u>	<u>1,058</u>

### 8.3: Total Capital Commitments:

	2020	2019
	€'000	€'000
Contracted for but not provided in the financial statements		
Within 1 year	277,532	281,619
Between 1 and 2 years	468,501	591,050
Between 3 and 5 years	18,816	2,055
Total (including VAT)	<u>764,849</u>	<u>874,724</u>

### 9. Funding from the Health Service Executive

Advances and balances due from the Health Service Executive (HSE), which were all capital related, at the 31 December 2020 were:

	2020	2019
Note	<u>€'000</u>	<u>€'000</u>
Total capital grants notified by the HSE for the year	<u>315,000</u>	<u>250,000</u>
Opening balance due from HSE at 1 Jan	18,487	19,908
Capital expenditure incurred in the year	161,215	199,623
Less: Remittances from the HSE in the year	<u>(168,112)</u>	<u>(201,044)</u>
Balance due from the HSE at 31 Dec	3 <u><u>11,590</u></u>	<u><u>18,487</u></u>

### 10. Related Party Disclosures

Please refer to Note 2 for a breakdown of the remuneration and benefits paid to key management.

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

In cases of potential conflict of interest, Board members do not receive Board documentation or otherwise participate in or attend discussions regarding these transactions. A register is maintained and available on request of all such instances.

#### List of all conflicts of interest disclosures

As per the Conflict of Interest Log, there were two conflicts of interest recorded in 2020. The first conflict related to a proposal being put to the Board in respect of Jacobs Engineering Group. The second conflict related to the Health & Safety Audit tender competition being considered by the Board in respect of Chris Mee Group. In relation to the first conflict, the conflicted Board Member absented himself from the room for the discussions relating to their conflict. For the second conflict, the conflicted Board Member notified the Board after the fact as the Board member was unaware of the conflict at the time.

## 11. Contingent Liabilities

The NPHDB is currently, and may be, from time to time, involved in a number of claims by the Contractor for adjustments (compensation and delay) pursuant to the provisions of the Contract for the construction and completion of the New Children's Hospital (the "Contract"). The Contract provides that such claims shall be considered and determined initially by the Employer's Representative. In the event of the Employer's Representative's Determination being disputed by a party, the dispute may be referred in accordance with the Dispute Resolution procedures set out in the Contract to the Project Board and, if required, thereafter to Conciliation. Claims not settled at Conciliation may potentially proceed to court proceedings as provided for in the Contract.

The Board has been notified, by the Contractor, of a large number of contractual claims for adjustment. The NPHDB has, in the vast majority of cases, accepted the Employer's Representative's Determinations and has made payments to the Contractor as required in accordance with the terms of the Contract. A number of the Employer's Representative's Determinations have been referred to Conciliation and to date a number of Recommendations have been made by the Standing Conciliator providing for adjustments pursuant to the Contract. The NPHDB has complied with all of its payment obligations as determined pursuant to the provisions of the Contract.

In addition, there are a small number of court actions in relation to claims both by the Employer and the Contractor. These proceedings have not concluded at this date.

The NPHDB disputes the validity of a large number of the Contractor's claims, and specifically, where the adjustment sought is greater than the amount, and/or extension of time, as determined by the Employer's Representative. In such circumstances it would not be appropriate to make an estimate of any potential liability arising from a decision ultimately to be made by a Court.

In August 2019 Revenue initiated a review of the NPHDB overall tax structure in place regarding buildings works and detailed tax returns. As part of this review, it was noted that NPHDB was not initially registered for RCT payments until August 2018. There was no overall underpayment to Revenue in respect to this matter. The NPHDB is in correspondence with Revenue and is in negotiation with them to finalise this matter.

## 12. Events after the reporting date

The Chairperson Mr. Fred Barry resigned on 28 February 2021.

Mr. Michael Barry joined the Board on 26 February 2021 and Chairperson of the FARSC on 09 June 2021.

Mr. Brian Keogh joined the Board on 26 February 2021.

Ms. Fiona Ross joined the Board as Chairperson on 16 September 2021.

Ms. Denise Cronin joined the FARSC as an external member on 08 September 2021.

## 13. Approval of the financial statements

The financial statements were approved by the Board of the NPHDB on 10 November 2021.