

ANNUAL FINANCIAL STATEMENTS

FOR

BEAUMONT HOSPITAL BOARD

FOR THE YEAR ENDED 31/12/2020

Date :

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GENERAL INFORMATION

Head Office: P.O. Box 1297, Beaumont Road, Dublin 9.
Phone :8093000
Fax: 8376982

Main Bankers: Bank of Ireland, Whitehall, Dublin 9.

Auditors: Comptroller and Auditor General, 3a Mayor Street Upper, Dublin 1.

The Comptroller and Auditor General audits these Financial Statements under Section 5 of the Comptroller and Auditor General (Amendment) Act 1993.

Solicitors: Byrne Wallace, 2 Grand Canal Square, Dublin 2.

GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT

Governance

The Board of Beaumont Hospital was established under the Beaumont Hospital Board (Establishment) Order, 1977 as amended by the Health (Miscellaneous Provisions) Act 2007. The functions of the Board are set out in Section 4 of this Act. The Board is accountable to the Minister for Health and is responsible for ensuring good governance and compliance with the requirements of the Code of Practice for the Governance of State Bodies.

Beaumont Hospital operates under a Section 38 Service Level Agreement with the Health Service Executive (HSE) and the nature and range of activities undertaken by Beaumont Hospital and funding thereof is agreed with the HSE under the provisions of the Section 38 Service Level Agreement. As a state body the strategic direction for Beaumont Hospital as a health care service provider is set by the Department of Health and the HSE in line with overall Government policy. The regular day to day management, control and direction of Beaumont Hospital are the responsibility of the Chief Executive Officer and the senior management team working in conjunction with the HSE and subject to oversight by the Board. The CEO acts as a direct liaison between Beaumont Hospital, the HSE, the Department of Health and the Board.

Board Responsibilities

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

- Declaration of interests,
- Reports from committees,
- Financial reports/management reports,
- Performance reports, and
- Reserved matters.

Section 21 of the Beaumont Hospital Board (Establishment) Order, 1977 requires the Board of Beaumont Hospital to keep, in such form as may be approved by the Minister for Health with the 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 Beaumont Hospital 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, and
- State whether applicable accounting standards have been followed, subject to any

material departures disclosed and explained in the financial statements.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Section 21 of the Beaumont Hospital Board (Establishment) Order, 1977. The maintenance and integrity of the corporate and financial information on the Beaumont Hospital's website is the responsibility of the Board.

The Board is responsible for approving the annual plan and budget. An evaluation of the performance of Beaumont Hospital by reference to the annual plan and budget is carried out regularly throughout the year via the performance and standing committees of the Board.

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 Beaumont Hospital give a true and fair view of the financial performance and the financial position of Beaumont Hospital at 31 December 2020.

Board Structure

The Board consists of a Chairperson and nine ordinary members. The Board met on eight occasions in 2020. The table below details 2020 Board members and those who subsequently joined before the signing of the Annual Financial Statements.

Board Member	Role	Nominated by	Term of Office
Gillian Harford	Chairperson	Minister for Health	29.06.17 - 02.12.21
Henry McGarvey	Ordinary Member	Minister for Health	29.06.17 - 28.06.23
Gerry Murray	Ordinary Member	Minister for Health	29.06.17 - 28.06.21
Caitriona Sharky	Ordinary Member	Minister for Health	29.06.17 - 28.06.21
Paul McNally	Ordinary Member	RCSI	16.02.20 - 15.02.23
Kate Irving	Ordinary Member	DCU	17.02.17 - 16.02.20
Gerard Moore	Ordinary Member	DCU	16.02.20 - 15.02.23
Tom Houlihan	Ordinary Member	General Practitioners Body	17.02.17 - 16.02.20
Una Kennedy	Ordinary Member	General Practitioners Body	16.02.20 - 15.02.23
Daryl Barron	Ordinary Member	Dublin City Council	19.06.20 - 18.06.23
Adrian Henchy	Ordinary Member	Fingal County Council	09.04.17 - 08.04.20
Kevin O' Donovan	Ordinary Member	Minister for Health	29.04.21 - 28.04.24
Michal Siwiec	Ordinary Member	Minister for Health	29.06.21 - 28.06.24
Loretto Callaghan	Ordinary Member	Minister for Health	29.04.21 - 28.04.24
Bernice Ruane	Ordinary Member	Minister for Health	02.07.21 - 28.04.24
Louise McMorro	Ordinary Member	Minister for Health	29.06.21 - 28.06.24

On 2 December 2021, Ms Gillian Harford resigned as Chairperson and pending the appointment of a replacement, the Board, at a special meeting on 22 December 2021 appointed Mr Daryl Barron as Interim Chairperson and Mr Henry McGarvey and Mr Kevin O'Donovan as Interim Vice Chairpersons. The Minister of Health subsequently approved the interim nominations pending the appointment of a replacement Chairperson.

The Board has established three committees, as follows:

1. Audit Committee

An Audit Committee, chaired by a member of the Hospital Board and consisting of nominees from the Hospital Board is in place. The meetings of the Audit Committee are attended by members of the management team including the Director of Finance and Internal Auditor. All internal and external audit reports are presented to the meetings of the Audit Committee by the Internal Auditor. The Audit Committee has oversight responsibility for all areas of risk pertaining to the hospital excluding patient and medical risk, financial management and procurement risk. The members of the Audit Committee during 2020 were Mr Gerry Murray, Ms Gillian Harford and Mr Paul McNally. There were three meetings of the Audit Committee in 2020.

2. Finance Committee

A Finance Committee, chaired by a member of the Hospital Board and consisting of nominees from the Hospital Board is in place. The Finance Committee has oversight responsibility for financial performance and procurement. The meetings of the Finance Committee are attended by members of the management team including the Director of Finance and Management Accountant. The members of the Finance Committee during 2020 were: Ms Gillian Harford, Mr Henry McGarvey and Mr Daryl Barron. There were five meetings of the Finance Committee in 2020.

3. Governance & Risk Committee

The Hospital Board manages patient and medical risks through the Governance and Risk Committee, a permanent sub-committee of the board, chaired by a Board member. The Committee receives and evaluates written and verbal reports from the Hospital's COO, Head of Quality and Safety and other senior managers on key risk issues and mitigation strategies. The members of the Governance & Risk Committee during 2020 were Mr Gerry Murray, Ms Caitriona Sharkey, Ms Gillian Harford, Dr. Gerry Moore and Dr Una Kennedy. There were four meetings of the Governance & Risk Committee in 2020.

Schedule of Attendance, Fees and Expenses

	Board	Audit Committee	Governance & Risk Committee	Finance Committee	Fees 2020	Expenses 2020
No of meetings	8	3	4	5		
Paul McNally	6	3	-	-	-	-
Gillian Harford	8	2	1	3	-	-
Henry McGarvey	8	-	-	5	-	790
Gerry Murray	8	3	1	-	-	-
Gerard Moore	6	-	3	-	-	-
Caitriona Sharky	5	-	3	-	-	-
Una Kennedy	6	-	3	-	-	-
Kate Irving	1	-	-	-	-	-
Tom Houlihan	1	-	-	-	-	-
Adrian Henchy	2	-	-	-	-	-
Daryl Barron	5	-	-	3	-	-
					-	790

No Board Member received a Board fee per 17.(1) of the Beaumont Hospital Board (Establishment) Order, 1977.

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

The Code of Practice (2016) sets out additional reporting requirements for State Bodies. The disclosures required by the Code are set out below or included as part of the Financial Statements. The Agency has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to seek to ensure compliance with 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	401	437
€70,000	€79,999	150	175
€80,000	€89,999	104	91
€90,000	€99,999	44	62
€100,000	€109,999	29	29
€110,000	€119,999	8	20
€120,000	€129,999	24	11
€130,000	€139,999	16	8
€140,000	€149,999	19	8

€150,000	€159,999	16	26
€160,000	€169,999	28	18
€170,000	€179,999	19	14
€180,000	€189,999	14	10
€190,000	€199,999	15	11
€200,000	€209,999	7	3
€210,000	€219,999	8	4
€220,000	€229,999	14	10
€230,000	€239,999	8	11
€240,000	€249,999	13	10
€250,000	€259,999	9	15
€260,000	-	38	35

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

Consultancy Costs

Consultancy Costs include the cost of external advice to management and exclude outsourced 'business-as-usual' functions.

	2020	2019
	€	€
Legal Advice	97,367	344,179
Financial/Tax advice	14,466	15,743
Public Relations	93,898	40,996
Human Resources	9,524	49,424
Business Improvement	240,675	117,059
Total Consultancy Costs	455,930	567,401
Consultancy Costs Capitalised	-	-
Consultancy Costs Charged to Income & Expenditure	455,930	567,401
Total	455,930	567,401

Legal Costs and Settlements

The only legal costs borne by the hospital are costs incurred in relation to general legal advice received by Beaumont Hospital and they are disclosed in Consultancy costs above.

Legal costs and services in respect of medical negligence claims are managed by the State Claims Agency without recourse to the hospital. Note 30 to the financial statements gives details on the movement on relevant provisions held by the State Claims Agency on behalf of the hospital.

Travel & Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2020	2019
	€	€
Domestic		
- Board *	790	3,753
- Employees	2,986	8,572
- Student Nurses	35,760	42,180
- Couriers	437,844	383,938
International		
- Board	-	-
- Employees	-	-
Total	477,380	438,443

* travel & subsistence of €790 paid directly to Board members in 2020. (2019: €3,753)

Hospitality Expenditure

The Income and Expenditure Account includes the following hospitality expenditure:

	2020	2019
	€	€
Staff:		
Retirement Vouchers	14,500	9,000
Retirement Receptions	4,704	4,315
Client:		
Client Hospitality	-	-
Total	19,204	13,315

Remuneration

(a) Aggregate Employee Benefits

	2020	2019
	€000	€000
Staff short-term benefits	269,798	248,966
Termination benefits	-	195
Retirement benefit costs	23,200	19,189
Employer's contribution to social welfare	26,311	23,483
Total	319,309	291,833

The total number of staff employed (WTE) at year end was 4,030 (2019 - 3,846)

(b) Staff Short-Term Benefits

	2020	2019
	€000	€000
Basic pay	231,206	214,668
Overtime	16,946	15,765
Allowances	47,957	42,211
Total	296,109	272,644

(c) Termination Benefits

	2020	2019
	€000	€000
Termination benefits charged to I&E	-	195
Total	-	195

(d) Key Management Personnel

Key management personnel in Beaumont Hospital consist of the CEO, Clinical Directors and the members of the Senior Management Team. The total value of employee benefits for key management personnel is set out below:

	2020	2019
	€000	€000
Salary	2,454	3,693
Allowances	325	2
Termination benefits	-	195
Health Insurance	-	-
Total	2,779	3,890

This does not include the value of retirement benefits earned in the period. The key management personnel are members of the Local Government/Voluntary Hospitals Superannuation Scheme and their entitlements in that regard do not extend beyond the

terms of the model public services pension scheme.

(e) Chief Executive Officer Salary and Benefits

The CEO remuneration package for the financial period was as follows:

	2020	2019
	€	€
Salary	101,658	99,168
Allowances	-	-
Total	101,658	99,168


The CEO is employed under a secondment arrangement from the Royal College of Surgeons in Ireland Group (RCSI) which commenced on 13th June 2016. The amount shown above represents the amount paid to the group in respect of his pro-rated service to Beaumont Hospital. The CEO's pension entitlements do not extend beyond the standard entitlements under the Local Government/Voluntary Hospitals Superannuation Scheme.

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 seek to ensure compliance with the Code. Beaumont Hospital was in full compliance with the Code of Practice for the Governance of State Bodies for 2020 insofar as concerns required additional reporting requirements.

On behalf of the Board:


Daryl Barron
Interim Chairperson


Ian Carter
Chief Executive



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Beaumont Hospital Board

Opinion on the financial statements

I have audited the financial statements of Beaumont Hospital 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 comprise

- the non-capital income and expenditure account
- the capital income and expenditure account
- the balance sheet
- the cash flow statement and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements

- properly present the state of affairs of Beaumont Hospital Board at 31 December 2020 and its income and expenditure for 2020, and
- have been prepared in the form prescribed under Article 21 of the Beaumont Hospital Board (Establishment) Order 1977, and in accordance with the *Accounting Standards for Voluntary Hospitals* approved by the Minister for Health.

Basis of opinion

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 Beaumont Hospital 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

Beaumont Hospital Board has presented certain other information together with the financial statements. This comprises the governance statement 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.

Governance issues

The Chairperson of the Board, who was appointed to that position in December 2019 for a three-year term, resigned in December 2021. An Interim Chairperson was appointed, pending the appointment of a new Chairperson.

The membership of Beaumont's Audit Committee changed in 2020, and the Committee was without sufficient members for a meeting quorum for a period.

While the *Code of Practice for the Governance of State Bodies* requires a minimum of four Audit Committee meetings per year, the Committee met on three occasions in 2020. No minutes were recorded for the June 2020 meeting.

There have been considerable delays in the preparation by the Board of a final set of annual financial statements in respect of 2020, and of the required Board statement on internal control.

Review of the effectiveness of controls

The *Code of Practice for the Governance of State Bodies* requires the Board each year to carry out a timely review of the effectiveness of the system of internal control operated in Beaumont Hospital. The audit has not received evidence that the Board carried out the required review of internal controls in respect of 2020. The Board has explained the steps it is taking to bring the annual review process into full compliance with the requirements of the Code.

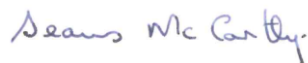
Payroll overpayments

The statement on internal control discloses that an internal audit review in 2021 identified breaches in payroll controls which resulted in salary payments to four former employees continuing for significant periods after the end of their employment. The employees ceased employment in 2019 (one case), 2020 (two cases) and 2021 (one case). The total overpayment to these former employees amounted to €294,500, of which €166,600 related to periods to the end of 2020. The Board has fully provided for these debts.

The statement on internal control explains the steps being taken to avoid a recurrence of post-employment salary payments.

Non-compliant procurement

The statement on internal control also discloses that in 2020, Beaumont Hospital Board continued to incur significant expenditure where the procedures followed did not comply with public procurement guidelines. The statement also sets out the steps taken or planned by the Hospital to address the weaknesses that give rise to this.



**Seamus McCarthy
Comptroller and Auditor General**

21 October 2022

Appendix to the report

Responsibilities of 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 Article 21 of the Beaumont Hospital Board (Establishment) Order 1977, and in accordance with the Accounting Standards for Voluntary Hospitals approved by the Minister for Health
- 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 Beaumont Hospital 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 Beaumont Hospital 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 Beaumont Hospital Board to cease to continue as a going concern.

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 there are 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 there is 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.

**CONFIRMATION FROM THE CHIEF EXECUTIVE OFFICER AND
CHAIRPERSON FOR THE YEAR ENDED 31st DECEMBER 2020.**

We confirm that, in our opinion, the Financial Statements of Beaumont Hospital Board for the year ended 31 December 2020 as set out herein are in agreement with the books of account and have been drawn up in accordance with the Accounting Standards for Voluntary Hospitals drawn up by the Department of Health.

These financial statements on pages 31 to 49 which have been prepared under the statement of accounting policies set out on pages 26 to 30 properly present the state of affairs of the Hospital at 31st December 2020 and its income and expenditure and cash flow for the year then ended.

Signed:



Daryl Barron
Interim Chairperson



Ian Carter
Chief Executive

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

On behalf of Beaumont Hospital I acknowledge the Board's responsibility for ensuring that an effective system of internal control is maintained and operated. Internal control helps us achieve our key priorities and service objectives and encompasses our structure, our roles and responsibilities, our systems, our processes, our tasks, our culture and our use of resources. The system of internal control also includes financial, operational, and compliance controls and risk management systems that support the achievement of the strategic priorities whilst safeguarding the use and deployment of public funds. It also encompasses oversight and control of assets for which Beaumont Hospital is responsible. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies of Practice for the Governance of State Bodies (2016) and our legal, regulatory and governance obligations.

This Statement on Internal Control sets out how these duties and obligations have been carried out in 2020 and the subsequent period to 21 October 2022 and includes an assessment of the internal controls and risk management systems in place within Beaumont Hospital that have sought to ensure these responsibilities have been met.

Assessment of the Review of Effectiveness of the System of Internal Control and compliance with the requirements of the Code of Practice for the Governance of State Bodies

During 2020 and 2021 there was a significant change in the composition of the Board and as a consequence a significant change in the range and nature of the expertise available within the Board.

Due to the significant number of changes to the Board, the previous Chairperson sought to ensure that there was a comprehensive induction programme for new and existing members and particularly for those who were new to State Boards and/or who had no previous experience of the requirements of the Code of Practice for the Governance of State Bodies.

Arising from the induction programme board members had a better understanding that:

- (i) the review of effectiveness of the systems of internal control extended not just to internal controls over financial reporting activities but to all controls over all activities;
- (ii) the review needed to be supported by a planned programme of testing procedures over all key controls over all Hospital activities;

- (iii) the review needed to be fully evidenced and documented in a Statement of Internal Controls Assertions Report or equivalent summarising the results of all the component elements of the assessment including testing of key controls; outcome of regulatory inspections during the period, reports from Internal and External Audit and representations from members of Management'; and
- (iv) The terms of reference for the Board and the Board Committees needed to be sufficiently comprehensive and aligned to meeting the reporting obligations of the Statement of Internal Control

The Board formed the view that in years to December 2020 the Board had not fully achieved each of the required elements of an effective review as set out above. Specifically, the review had not extended to all key controls over all activities, the review had not been fully evidenced and documented and the terms of reference for the Board and Board Committees were not properly aligned to meeting the reporting obligations. As a consequence, the Board may not have previously identified all the weaknesses in the systems of internal controls that may have existed and/or may continue to exist.

The Board has commenced a significant exercise to seek to be in a position to meet the full requirements of the Code of Practice for the Governance of State Bodies insofar as concerns the requirements for the review of effectiveness of internal controls. The Board hopes to achieve good progress on this exercise in 2022 but realistically expects that full compliance may not be achievable until December 2023.

The key components of the exercise are expected to include:

- (i) Allocating responsibility for risk oversight to three board committees; namely Governance & Risk Committee, Finance Committee and the Audit Committee. In summary responsibility for oversight of risks under clinical activities will be assigned to the Governance & Risk Committee, responsibility for oversight of risks in relation to financial management, procurement and capital expenditure will be allocated to the Finance Committee and responsibility for oversight of all remaining risks will be allocated to the Audit Committee;
- (ii) Each Board Committee will have oversight responsibility for the update of Corporate Risk Register and the Corporate Risk Appetite Statement for risks relevant to their remit; the systems of internal control related to such risks and the agreed programme of work to review the effectiveness of the key controls over key risks;
- (iii) Each Board Committee will form an assessment of the effectiveness of key controls over key risks under their remit in the first quarter following the preceding calendar year and approve a report prepared by management in relation thereto;
- (iv) The Audit Committee will be tasked with oversight and approval of a consolidated report to the Board prepared by management encompassing the individual reports approved by each Board Committee as explained in (iii);

- (v) The terms of reference for each Board Committee were updated to give effect to the revised responsibilities and were approved by the Board at its meeting on 26th May 2022;
- (vi) The Board, in conjunction with management, will make an assessment of the additional resources that will be required to give effect to the plan including professional advice and internal and outsourced resources and skill sets. The Board will seek to put the required resources in place as soon as possible.

Notwithstanding that Beaumont Hospital's and the Board's review of the effectiveness of the systems of internal control for the year ended 31 December 2020 and the period to 21 October 2022 may not have been in full compliance with the requirements of the Code of Practice for the Governance of State Bodies and may not have identified all material weaknesses that may have existed, Beaumont Hospital and the Board are not aware of any matters that have arisen in the period up to 21 October 2022, other than as identified in the Section on Internal Control Issues below, which has given rise to a material financial loss or serious damage to the reputation of Beaumont Hospital.

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. Therefore, the system can only provide reasonable and not absolute assurance that services are provided to the appropriate standards, that our values and behaviours align with our mission and mandate, that assets are safeguarded, that transactions are appropriately authorised and properly recorded, and that material errors, mistakes or irregularities are either prevented or detected in a timely way and rectified where necessary.

This statement represents the position for the year ended 31st December 2020 and up to the date of approval of the financial statements, except for the internal controls issues outlined below.

Capacity to Handle Risk

Beaumont Hospital has three Board committees, including a Governance & Risk Committee, an Audit Committee and a Finance Committee comprising Board members. Each committee has detailed terms of reference and work programmes, and each committee supports the Board in delivering on its governance role. Each committee is actively engaged in considering uncertainties and challenges and how the organisation is mitigating threats and exposures as well as exploiting opportunities that may exist.

As part of the exercise to seek to ensure full compliance with the requirements of the Code of Practice for the Governance of State Boards and related guidance issued by the Department of Public Expenditure and Reform, the Board intends to revisit and where

necessary revise the terms of reference for each of the Board committees to seek to ensure clarity of reporting responsibilities in the matter of risk oversight and thereafter in the review of effectiveness of controls to manage risks and ultimate reporting thereon.

Beaumont Hospital has an Internal Auditor whose programme of work is agreed with the Audit Committee on an annual basis and who operates under an Internal Audit Charter. As part of its review of processes to seek to ensure full compliance with the requirements of the Code of Practice for the Governance of State Bodies, the Board and the Audit Committee intend to critically assess the resources attributed to the Internal Audit Function. In addition, the Board and the Governance & Risk Committee intend to critically assess the resources attributed to Clinical Audit in its critical role as part of the systems of internal control over clinical activities.

Risk & Control Framework

Beaumont Hospital 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. As previously reported, the Board has begun the process of re-visiting the adequacy of the processes around risk management and reporting on the effectiveness thereof.

A corporate risk register is in place which sought to identify all the key risks facing Beaumont Hospital and these have been evaluated and graded according to their significance. Currently the register is reviewed and updated by the Governance & Risk Committee on a quarterly basis and as previously reported the future development and Board/Board Committee oversight of the corporate risk register is currently being re-visited.

The corporate risk register details the controls and actions needed to mitigate the identified risks and responsibilities for operation of controls assigned to specific staff.

Beaumont Hospital does not have a Risk Appetite Statement and it is the Board's ambition that such a statement will be developed and approved as part of the review to be undertaken.

I confirm that a control environment containing the following elements is in place:

- A dedicated directorate/departmental structure with lead directors as part of overall organisational structure
- A senior leadership sub-group focusing on issues of corporate governance and compliance, including risk and internal control
- Establishing and agreeing terms of reference and reporting obligations for internal executive committees, project teams and working groups with oversight by the Senior Management Team

- A dedicated procurement function within Beaumont Hospital which seeks to ensure best-practice corporate procurement guidelines
- a Code of Business Conduct requiring Board members, management and staff to maintain the highest ethical standards and ensuring compliance with the requirements relating to Declaration of Interests as specified in the Ethics in Public Office Act 1995 and Standards in Public Office Act 2001;
- policies and procedures for the Senior Management Team, management and staff performance management, for professional and technical training and continuing professional development
- procedures for all key 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 seeking to ensure the security of the information and communication technology systems, and
- there are systems in place to seek to safeguard the assets.

Ongoing Monitoring & Review

Beaumont Hospital does have processes for the ongoing monitoring and review of the systems of internal control but as previously reported the focus of the review was primarily limited to key controls over financial and administration risks. As previously explained, the Board has commenced an exercise to seek to achieve full compliance with the requirements of the Code to cover internal controls over all activities in 2022.

Internal Control Issues

The purpose of this section is to outline any internal control weaknesses identified in 2020 and up to 21 October 2022 and to summarise the progress being made with control weaknesses identified in previous years. Beaumont Hospital management continue to prioritise these issues and have implemented remediation programmes including the strengthening of controls and oversight.

(i) Payroll Overpayments

The Payroll and Human Resource IT Systems in Beaumont Hospital are not integrated and as a consequence temporary time lags can arise where updates to the Human Resource System to reflect changes in status of employees may not be simultaneously reflected in the Payroll System. As a consequence, these time lags can give rise to either temporary payroll overpayments or temporary payroll underpayments but ordinarily, the under or overpayments are identified once the change in status notification is received and processed by the Payroll Department. Temporary payroll underpayments are generally resolved on a timely basis but, as may be expected, temporary payroll overpayments can take longer to resolve and hence give rise to a receivable balance as at the year end. Beaumont Hospital has a process in place to seek to recover payroll overpayments but it can be challenging to achieve repayments in particular circumstances. The balance due in respect of payroll overpayments as at 31 December 2020 amounted to €493,623 and details on the movement in the balance during the year are set out in Note 31 to the financial statements.

Beaumont Hospital is engaged with the HSE in seeking support with the progression of an integrated Human Resource /Payroll System that has been chosen by HSE as the National Solution and will align Beaumont Hospital with other public hospitals.

Separately, in 2021 a reconciliation test as of June 2021 performed by Internal Audit on both the Human Resource and Payroll Systems identified a small number of former employees who continued to be in receipt of payroll payments dating back to 2019. The total balance overpaid amounted to €294,500 of which €166,561 relates to the period up to 31 December 2020. Ultimately, the proposed integration of both Human Resource and Payroll Systems should prevent a re-occurrence of this circumstance and in the interim Beaumont Hospital has introduced a new control to reconcile joiners and leavers on a monthly basis retrospective to June 2021 being the date of the full reconciliation of both systems by Internal Audit. Beaumont Hospital intends to vigorously pursue the full recovery of these overpayments.

(ii) Procurement

Since 2015, the Board has been engaged on a project to examine all

expenditure and ensure that the relevant goods and services have been procured by way of a competitive tendering process, where required.

In 2020, the total value of non-pay expenditure was €159 million. Throughout the year the Board continued to conduct tendering processes to meet compliance requirements, monitored through the Finance Committee's bi-monthly review of progress on the percentage of total expenditure which is compliant and the steps being taken to address non-compliance. The reports on the level of expenditure where the related procurements complied with procurement rules showed that compliance levels decreased from 92% (when measured in terms of value of expenditure) during 2019 to 89% by the end of 2020.

The report at the year-end indicated non-compliant procurement of €16.9 million in 2020. This figure includes €2.2 million where the Beaumont Hospital claimed a derogation as it is on particularly advantageous terms as permitted by Article 32(3) of Directive 2014/24/EU.

Procurement resources are focused on preventing new noncompliant contracts from commencing and tendering existing contracts on a phased basis.

Procurement compliance remains a key focus for the Board.

(iii) Risk Management

The Board's assessment of Beaumont Hospital's compliance with the requirements of the Code of Practice for the Governance of State Bodies identified gaps in the risk management system and the absence of clear direction in the allocation of oversight responsibility and reporting responsibilities to Board committees.

The Board has commenced a process in 2022 to re-visit the terms of reference for each Board committee to address these internal control issues and each committee will then be charged with oversight responsibilities to seek to ensure that gaps in the risk management processes for Beaumont Hospital activities that fall under each committee's remit are effectively addressed. The Board hopes that these revised processes will be in place before end December 2023.

(iv) Information and Communication Technology (ICT)

Beaumont Hospital's principal ICT system is referred to as BHIS and comprises three modules of Laboratories (Labs); Patient Administration System (PAS) and Order Comms. BHIS will cease to function in 2025 and each of the three modules need to be replaced in the order of Labs; PAS and Order Comms no later than 2025. HSE has determined that new national systems will be applied for Labs and PAS and has completed tenders and

chosen replacements. However, there have been delays in implementing the replacement for Labs and the latest go live date for Beaumont Hospital is September 2023. Once Labs is replaced it is currently estimated that it will take a further 18 months to implement the replacement for PAS. Once the replacement for PAS is installed then Beaumont Hospital will seek to install a replacement for Order Comms which will be specific to Beaumont Hospital. The Board and Beaumont Hospital are very concerned with the delays to date in seeking to implement the HSE National Solution for Labs and PAS given the very tight timelines faced by Beaumont Hospital in ensuring a full suite of replacement modules is in place by 2025. Any further delay to the scheduled go live date of September 2023 for the Labs replacement is likely to have serious consequences for Beaumont Hospital.

(v) HSE Cyber Attack and threat to Beaumont Hospital ICT Systems

Beaumont Hospital operates under a service level agreement with the HSE (referred to as the Section 38 Service Level Agreement) and under the terms of that Service Level Agreement is mandated to use and interact with National Healthcare Management systems operated by HSE's ICT infrastructure.

On Friday 14th May 2021 the HSE notified all third party users of its ICT systems of a cyber attack and ransom demand perpetrated by a criminal organisation which is believed to operate outside of the State and immediately shut down access to National Healthcare Systems. Beaumont Hospital immediately took actions to seek to mitigate the impact of the shut down and to assess the risk of a possible direct cyber attack on its own systems. Beaumont Hospital is aware that in the period since 14 May 2021 there have been cyber-attacks on other healthcare hospitals in the State.

The HSE cyber-attack did have an impact on operations in Beaumont Hospital but not to the extent as may have been experienced by other hospitals as due to the limitations in Beaumont Hospital's own ICT infrastructure a number of key processes are still operated on a manual basis. Beaumont Hospital is not aware of any direct financial loss experienced as a consequence of the HSE cyber attack but the disruption did lead to a delay in seeking to recover monies due from Permanent Health Insurers and in accordance with Beaumont Hospital's bad debt provision policy it has been necessary to increase the provision in 2021. However, Beaumont Hospital will vigorously pursue the full recovery of these balances.

Insofar as Beaumont Hospital is aware no sensitive or personal data that was originated by Beaumont Hospital and shared with the HSE's ICT National Healthcare systems was exfiltrated by the attackers or has entered the public domain as a consequence of the cyber attack on the HSE systems.

On 11 December 2021, HSE published an independent report from PWC on

the Conti cyber attack on the HSE. The report makes a series of recommendations to improve the cyber security and to seek to mitigate the risks of further cyber-attacks. HSE has acknowledged that as it seeks to implement the full suite of recommendations there remains a risk of further cyber attacks which pose a threat to the HSE and users of the National Healthcare Systems operated by HSE including Beaumont Hospital.

Separately, Beaumont Hospital is also conscious that its own IT systems may be the subject of a cyber attack and has taken steps to seek to mitigate the threat of such an attack including regular training updates to staff on risks posed by personal actions which may facilitate an attack.

Beaumont Hospital is also conscious that as a result of the Covid 19 Pandemic the number and range of staff who now work remotely (and indeed, at various stages of the pandemic to date were directed to do so) has increased dramatically and in many instances due to the limitation in the available number of Beaumont Hospital laptop computers, needed to be given access to Beaumont IT systems on personal computers at home. The increase in remote working and the use of personal laptops, notwithstanding the various mitigation steps introduced including duo factor authentication of users, is believed to increase the risk of a cyber attack that may be facilitated by human error.

Beaumont Hospital is also aware that in a post pandemic environment a hybrid working model in the public service may see a permanent increase in the number of employees who will wish to adopt a hybrid working model where possible and will need to review and assess the need for additional control features to seek to mitigate the potential increase in risk to cyber attacks.

(vi) COVID-19

The onset of the COVID-19 pandemic from March 2020 has had both a financial and operational impact on the Beaumont Hospital. Beaumont Hospital introduced a Health Care Associated Infections (HCAI) Committee to manage patient and staff safety during the pandemic. The Committee met daily initially and then moved out to weekly. The impact on Beaumont Hospital running costs was also notable with increases seen in respect to both pay and non-pay costs in particular PPE, agency and overtime costs. Another impact noted was in relation to procurement compliance. However it should be noted that any deviation from procurement requirements were supported by an activation of Article 32 of the EU regulations and the suspension by the Government of procurement rules.

As previously communicated, the pandemic also led to a dramatic increase in the range and number of employees who worked and continue to work remotely. Key controls over Beaumont Hospital's activities and processes

remained substantially the same as they were pre pandemic with increased communication levels, collaboration and supervision to adapt to the challenge of remote working. Insofar as Beaumont Hospital is aware the increase in the number of employees who work remotely has to date not led to any known challenges to the operation of Beaumont Hospital's own internal controls systems including the work of Internal Audit. However, Beaumont Hospital is aware that the nature and timing of the work of independent regulators including HIQA has been impacted and as a consequence the level of independent evidence of the satisfactory operation of key controls has been impacted.

(vii) Allowances

A review in 2014 by internal and external audit of allowances paid by the Beaumont Hospital identified a high level of compliance but also noted a number of instances where allowances were deemed unapproved by the HSE.

As of 31 December 2020 fifteen allowances totalling €103,641 relate to staff that have contractual entitlements to the allowance. A further four on call and standby allowances relate to Transplant Co-ordinators, Pharmacists, Technical Services staff and a St Joseph's staff member. All were notified to the HSE in 2013 and a business case was submitted. Beaumont Hospital is still waiting for a response from HSE on these allowances and they continue to be paid.

Full details of all previous allowances have been disclosed as part of the 2014 Section 38 Compliance Statement to the HSE and no new allowances or non-conformance arrangements were entered into in 2020.

(viii) Prompt Payment of Accounts

The Board is aware of the legislation which came into effect in March 2013 providing for the payment of interest and compensation to suppliers in respect of late payment of invoices. Heretofore, the Board has not paid late interest or compensation, opting instead to negotiate extended payment terms with suppliers. The 2020 financial statements contain a provision of €1.295m for interest and compensation.

Review of Effectiveness

For 2020 and the period through to 21 October 2022, Beaumont Hospital's monitoring and review of the effectiveness of the system of internal control has been focused primarily on financial and administration controls by reference to review of reports from internal and external audit and regulatory agencies.

As acknowledged, the Board has made an assessment that not all of the assurance reports and assertions and the consolidation thereof for the benefit of the Board in order to comply with the requirements of the Code of Practice for the Governance of State Bodies was available for the purposes of the review of effectiveness.

The Board has commenced a process to seek to ensure full compliance with the requirements of the Code of Practice for the Governance of State Bodies and will seek to be in a position to report full compliance in respect of the year ended 31 December 2023.

Signed:



Date:

21/10/2022 .

Daryl Barron
Interim Chairperson

STATEMENT OF ACCOUNTING POLICIES

1. Basis of Accounting

- (i) The financial statements are prepared and presented in accordance with applicable legislation and Accounting Standards for Voluntary Hospitals issued by the Department of Health to be effective for accounting periods commencing on or after 1 January 1999 (Accounting Standards for Voluntary Hospitals) and otherwise in accordance with generally accepted accounting practices. Where relevant, in the application of generally accepted accounting practices, Beaumont Hospital has applied Financial Reporting Standard 102 issued by the Financial Reporting Council for the UK and Ireland (FRS 102). All accounting policies are derived from the Accounting Standards for Voluntary Hospitals unless otherwise stated and, where relevant, instances where the Accounting Standards for Voluntary Hospitals are not consistent with the requirements of FRS 102 are identified. Any identified departures from FRS 102 have been agreed with the Department of Health and/or the Health Service Executive.

The formats and presentation of the Non Capital and Capital Income & Expenditure Accounts, Balance Sheet and Cash Flow Statement under Accounting Standards for Voluntary Hospitals and related notes are not consistent with the requirements of FRS 102.

- (ii) These financial statements are prepared on a going concern basis and on an accruals basis under the historical cost convention, as modified for the valuation of certain fixed assets and the recognition of certain classes of income and expenditure on a receipts and payments basis as identified hereunder.
- (iii) EU Funds, Road Traffic Accident Income, Out-Patients Charges and minor miscellaneous incomes are recognised on a receipts and payments basis. Under FRS 102 such incomes would be recognised on an accruals basis.
- (iv) Grants from the Health Service Executive (*HSE*) are the amounts for the year allocated by the Executive up to the date of approval of these financial statements by the Chief Executive Officer and Chairperson.
- (v) Income for long stay beds under the HSE Fair Deal scheme is recognised by reference to the agreed fee for each fair deal patient as the service is provided to the patients.

2. Fixed Assets

- (i) All fixed assets acquisitions, regardless of the source of funds, (except for general equipment costing less than €3,810 per item and IT equipment costing less than €1,270 per item purchased from non-capital funds) are capitalised in accordance with the Accounting Standards laid down by the Department of Health. Assets

funded by the Department of Health or the Health Service Executive may not be disposed of without the consent of the Minister for Health. The acquisition of certain fixed assets has been accounted for on the basis of their substance rather than the legal form of the transaction.

(ii) The basis of valuation of the Hospital's fixed assets is as follows:

Land: Land is stated at the attributed amount at which it was originally transferred from the Department of Health.

Buildings: Valuation or cost, less accumulated depreciation.

Equipment: Cost, less accumulated depreciation.

Fixed Assets of St. Joseph's Hospital, transferred from the HSE have been included in these financial statements at original cost less accumulated depreciation at 31st December 2004.

Under FRS 102, if assets of a certain class (eg. buildings) are stated at valuation then all assets under that class should be stated at valuation.

3. Depreciation

Fixed assets are depreciated in compliance with Department of Health Accounting Standards. The depreciation, which is matched by an equivalent amortisation of the capitalisation account, is not charged against the income and expenditure account.

Depreciation is calculated at the following rates: -

(a) **Land:** No depreciation.

(b) **Buildings:** 2.5% reducing balance.

(c) **Equipment:** Straight line over the expected useful life.
(IT equipment 20%, all other equipment 12.5%)

| Under FRS 102, depreciation -should be charged to the Income & Expenditure Account.

4. Stocks of Consumable Stores

Stocks are stated on the basis of cost with appropriate write-offs for stock which is damaged or obsolete.

5. Bad and Doubtful Debts

As directed by the HSE, the Hospital makes a full provision for all debts outstanding for more than twelve months.

6. Superannuation

- (i) The superannuation amounts shown are in respect of entitlements under the superannuation code and reflect employee deductions for the year ended 31st December 2020.
- (ii) No provision has been made in respect of benefits payable under the Local Government/Voluntary Hospitals Superannuation Scheme as the liability is underwritten by the Minister for Health. Contributions from employees who are members of the scheme are credited to the Income and Expenditure Account when received. Pension payments under the scheme are charged to the Income & Expenditure Account when paid.
- (iii) The Public Service Pensions (Single Scheme and Other Provisions) Act 2012 introduced the new Single Public Service Pension Scheme ("Single Scheme"). This commenced with effect from 1st January 2013. All new entrants to pensionable public service employment on or after 1st January 2013 are, in general, members of the Single Scheme. Members contributions are paid over to the Department of Public Expenditure and Reform. (DEPR)
- (iv) In the event that FRS 102 was applicable then it is probable that the Hospital would avail of the exemption in FRS 102 28.11 to recognise the defined benefit obligations on a defined contribution basis as a state plan equivalent to a multi-employer plan where insufficient information is available to properly estimate the obligation in respect of service years provided to the Hospital given that many employees in voluntary hospitals build up service year entitlements in different voluntary hospitals throughout their careers and where the payment obligations to the employees from The Exchequer is ultimately serviced by the employee Hospitals at the time of their retirement with funds provided by HSE/The Exchequer.

7. Patients' Property

- (i) Monies received by the Hospital for safekeeping from or on behalf of patients are kept in a designated Bank Account separate and apart from the Hospital's accounts. This Account is called the Patients' Safekeeping Account.
- (ii) Such monies are not the property of the Hospital and are administered by the Hospital on behalf of the patients.

- (iii) The Hospital incurs some administration costs in connection with these accounts which it does not recoup from patients.

8. Capitalisation Account

The Capital Account represents the unamortised value of funds provided for fixed assets.

Under FRS 102, depreciation would be charged to the Income & Expenditure Account and any transfers to the Capital Account would be by way of a transfer between reserves after arriving at the deficit or surplus for the year in the Income & Expenditure Account.

9. Legal Claims managed by the State Claims Agency

Certain legal claims made against the Hospital are managed and controlled by the State Claims Agency without recourse to the Hospital. As the budget for any such claims is held by the State Claims Agency and the Hospital is not funded to meet the costs of such claims the associated liability is not recognised in the financial statements.

Details on the provision for legal claims made against the Hospital managed by the State Claims Agency are set out in Note 30.

Under FRS 102, full provision would be made in the financial statements for the estimated costs of such claims as of the balance sheet together with an estimate of the amounts recoverable from the Exchequer in respect of the provision.

10. Leases

Rentals payable under operating leases are dealt with in the financial statements as they fall due. The Hospital is not permitted to enter into finance lease obligations under the Department of Public Expenditure and Reform Public Financial Procedures, without Board approval and prior sanction (FRS102).

11. Foreign Currencies

Transactions denominated in foreign currencies are translated into euro at the rates of exchange prevailing at the accounting date and are included in the income and expenditure account for the year. Any difference arising on translation between transaction dates and payment dates is charged to the Non Capital Income and Expenditure Account.

12. Taxation

The Hospital (CHY7385) is exempt from the following taxes:

- Section 207 and 208, Taxes Consolidation Act 1997 (Income Tax);
- Section 609, Taxes Consolidation Act 1997 (Capital Gains Tax);
- Section 266, Taxes Consolidation Act 1997 (Deposit Interest Retention Tax);
- Sections 76 and 78, Taxes Consolidation Act 1997 (Corporation Tax);
- Sections 17, 22 and 76 of the Capital Acquisitions Taxes Consolidations Act 2003 (Capital Acquisitions Tax);
- Section 82, Stamp Duty Consolidation Act 1999 (Stamp Duty); and
- Chapter 8A, Part 6, Taxes Consolidation Act 1997 (Dividend Withholding Tax).

| These exemptions extend to the income and property of the Hospital.

Beaumont Hospital

**NON-CAPITAL INCOME &
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED
31st December 2020**


Form 1	Note	2020 €'000	2019 €'000
CUMULATIVE NON-CAPITAL DEFICIT / (SURPLUS) BROUGHT FORWARD FROM PREVIOUS YEAR		24,302	23,858
PAY			
Salaries	1	296,109	272,644
Superannuation and Gratuities	1	23,200	19,189
		319,309	291,833
NON-PAY			
Direct Patient Care	1	97,164	93,655
Support Services	1	44,219	39,850
Financial and Administrative	1	19,882	18,211
		161,265	151,716
GROSS EXPENDITURE FOR THE YEAR		504,876	467,407
<i>Includes deficit / (surplus) brought forward from previous year</i>			
INCOME			
Taxation	1	77,473	84,681
		-	-
NET EXPENDITURE FOR THE YEAR		427,403	382,726
DETERMINATION - Notified for the year from HSE			
Fair Deal Funding		398,302	352,923
DEFICIT FOR THE YEAR C/F TO FOLLOWING YEAR		5,025	5,501
		24,076	24,302

With the exception of fixed asset depreciation which is dealt with through the Capitalisation Account, all recognised gains and losses for the year ended 31st December 2020 have been included in the Income and Expenditure Account.

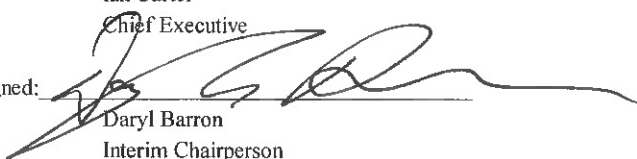
The net deficit in both years arises from continuing operations.

The financial statements, which include the accounting policies and notes, which were drawn up in compliance with the accounting standards laid down by the Minister for Health, were approved by the Board on:

On behalf of the Board:

Signed: 
Iain Carter
Chief Executive

Dated _____

Signed: 
Daryl Barron
Interim Chairperson

Dated 21/10/2022

Beaumont Hospital
**CAPITAL INCOME &
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED
31st DECEMBER 2020**

Form 2

Note

CAPITAL INCOME SOURCES

Health Service Executive - Capital Grant

TOTAL CAPITAL INCOME

2020 €'000	2019 €'000
18,445	4,822
18,445	4,822

CAPITAL EXPENDITURE

Land
Buildings
Work-in-Progress
Equipment
Equipment - HSE Capital Equipment Transferred
Vehicles
Other - Donated Buildings

Capital Expenditure - Capitalised
Capital Expenditure - Not Capitalised

TOTAL CAPITAL EXPENDITURE

-	-
7,119	368
-	105
4,476	4,267
3,818	-
-	-
-	-
15,413	4,740
-	-
15,413	4,740

OPENING SURPLUS FROM PREVIOUS YEAR

CLOSING SURPLUS C/F TO FOLLOWING YEAR

(2,558)	(2,476)
(5,590)	(2,558)

With the exception of fixed asset depreciation which is dealt with through the Capitalisation Account, all recognised gains and losses for the year ended 31st December 2020 have been included in the Income and Expenditure Account.
The net surplus in both years arises from continuing operations.

The financial statements, which include the accounting policies and notes, which were drawn up in compliance with the accounting standards laid down by the Minister for Health, were approved by the Board on:

On behalf of the Board:

Signed: _____

Jan Carter
Chief Executive

Dated _____

Signed: _____

Daryl Barron
Interim Chairperson

Dated 21/10/2022

Beaumont Hospital
BALANCE SHEET AS AT
31st DECEMBER 2020

Form 3	Note	2020 €'000	2019 €'000
<u>FIXED ASSETS</u>			
Tangible Assets	13	145,198	135,920
Financial Assets		-	-
		145,198	135,920
<u>CURRENT ASSETS</u>			
Debtors	14	43,950	44,179
Stocks	15	9,403	9,394
Investments		-	-
Cash in Hand and Bank Balances		508	749
		53,861	54,322
<u>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</u>			
Creditors	16	58,814	51,934
Bank loans and overdraft - note on security		13,533	24,132
Obligations under Finance Leases		-	-
Taxation		-	-
NET CURRENT ASSETS / (LIABILITIES)		(18,486)	(21,744)
TOTAL ASSETS LESS CURRENT LIABILITIES		126,712	114,176
<u>CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>			
Financing Obligations	17	-	-
Deferred Creditors		-	-
TOTAL ASSETS LESS CREDITORS		126,712	114,176
<u>CAPITAL AND RESERVES</u>			
Non-Capital Income & Expenditure Account (Deficit) / Surplus		(24,076)	(24,302)
Capital Income & Expenditure Account (Deficit) / Surplus		5,590	2,558
Capitalisation Account	18	145,198	135,920
		126,712	114,176

The financial statements, which include the accounting policies and notes, which were drawn up in compliance with the accounting standards laid down by the Minister for Health, were approved by the Board on:

On behalf of the Board:

Signed: _____

Jan Carter
 Chief Executive

Signed: _____

Daryl Barron
 Interim Chairperson

Dated _____

Dated 21/10/2022

Beaumont Hospital
CASH FLOW STATEMENT
FOR THE YEAR ENDED
31st DECEMBER 2020

Form 4	Note	2020 €'000	2019 €'000
Net Cash Inflow / (Outflow) From Operating Activities	19	8,558	2,765
<u>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</u>			
Interest Paid on Loans		-	-
Interest Paid re finance leases		-	-
Equity Dividends Received		-	-
Interest Received		-	-
Net Cash Inflow / (Outflow) From Servicing of Finance		-	-
<u>CAPITAL EXPENDITURE</u>			
Expenditure from HSE - (Ref. Capital I&E A/C)		(15,413)	(4,740)
Expenditure from other sources		-	-
Add back unpaid Capital Expenditure		774	1,479
Add back movements in finance lease obligations		-	-
Capital Expenditure - Not Capitalised/Concourse & Leases Adjustment		(14,639)	(3,261)
Payments, from non-capital, re acquisition of fixed assets (net of trade-ins)		(2,066)	(425)
Receipts on sale of fixed assets (excluding trade-ins)		-	-
Net Cash Inflow / (Outflow) From Capital Expenditure		(16,705)	(3,686)
Net Cash Inflow / (Outflow) Before Financing		(8,147)	(921)
<u>FINANCING</u>			
HSE Capital grant received		18,505	4,244
Receipts from other sources - acquisition of fixed assets		-	-
		18,505	4,244
Increase in investments		-	-
Capital element of finance lease rental repayments		-	-
Cash Inflow / (Outflow) from movement in Debt and Lease Financing		-	-
Net Cash Inflow / (Outflow) From Financing		18,505	4,244
Net Cash Flow		10,358	3,323

Beaumont Hospital

NON-CAPITAL INCOME AND EXPENDITURE - DETAILS

Note	2020 €'000	2019 €'000
<u>PAY</u>		
	36,519	34,106
	41,663	36,702
	50,772	45,647
	108,605	101,064
	37,572	35,451
	17,450	16,426
	3,528	3,248
8	296,109	272,644
	17,323	16,721
	5,877	2,468
	-	-
	23,200	19,189
	319,309	291,833

The increase in pay in 2020 is due to a number of factors including consultants settlements, national pay awards and increased PRSI rates.

NON-PAY

DIRECT PATIENT CARE

	43,084	42,929
	3,740	3,542
	397	446
	42,941	41,884
12	1,251	280
	5,751	4,574
	97,164	93,655

SUPPORT SERVICES

12	-	-
	7,512	7,430
12	192	8
	12,160	10,886
	-	-
	3,040	2,904
	2,390	2,663
	-	-
	7,231	6,352
12	65	30
	339	184
	1,055	686
	525	79
	7,484	6,514
	5	3
	478	439
	1,743	1,672
	-	-
	-	-
	44,219	39,850

Beaumont Hospital

Note 1 (continued)

FINANCIAL AND ADMINISTRATIVE

LOAN REPAYMENT PRINCIPAL

BANK INTEREST

Sinking Fund Interest		-	-
Non-Capital Loan		-	-
Capital Loan		-	-
Finance Lease Repayments - Interest Element		-	-
Bank Charges		62	50
Overdraft Interest		15	-

OTHER

Insurance - Medical Defence	2	-	-
Insurance - Other	2	498	536
Audit		72	72
Legal		97	345
Office Expenses (Rent & Rates, Postage & Telephone, etc.)		4,239	4,435
Office Equipment		-	-
Office Equipment / Contracts On		80	104
Computer Equipment	12	33	28
Computer Supplies / Contracts On		2,661	2,316
Professional Services		506	365
Bad Debts written off		1,034	1,834
Adjustment to Doubtful Debts Provision		1,914	1,299
Miscellaneous Non-Capital Expenditure on Capital Projects	3	-	-
Miscellaneous Expenses	4	5,917	4,183
Expenditure from Research Funds	23	2,754	2,644

TOTAL NON-PAY

TOTAL GROSS EXPENDITURE

INCOME

PATIENT INCOME

In-Patient	5	28,784	36,202
Out-Patient	5	585	655

OTHER INCOME

Superannuation		7,145	7,171
Other Payroll Deductions		1,503	1,456
RTA Receipts	10	753	596
Income from External Agencies	6	1,945	2,224
Canteen Receipts		954	1,076
Other Income (Non-Capital)	7	35,804	35,301

TOTAL INCOME

Superannuation deductions from Single Public Sector Scheme members are not retained by the Hospital but remitted to the Department of Public Expenditure and Reform as required under the legislation. The amount deducted and remitted to DEPR in 2020 was €3.902 million

NET EXPENDITURE

Note

	2020 €'000	2019 €'000
TOTAL NON-PAY	161,265	151,716
TOTAL GROSS EXPENDITURE	480,574	443,549
TOTAL INCOME	77,473	84,681
NET EXPENDITURE	403,101	358,868

Beaumont Hospital

INSURANCE

Note 2

Note

	2020 €'000	2019 €'000
	-	-
	-	-
	-	-
	78	78
	257	257
	163	201
	498	536

MEDICAL DEFENCE

(a) Consultants

(b) NCHDs

OTHER

Public Liability (Combined Liability)

Property

Other

MISCELLANEOUS NON-CAPITAL EXPENDITURE ON CAPITAL PROJECTS

Note 3

	2020 €'000	2019 €'000
Land	-	-
Buildings	-	-
Work-in-Progress	-	-
Equipment	-	-
Vehicles	-	-
Other	-	-
	-	-

MISCELLANEOUS EXPENSES

Note 4

	2020 €'000	2019 €'000
Security	588	342
Publications etc.	-	3
Membership / Subscriptions etc.	317	311
Interest on Late Payments	-	-
Education / Training	483	547
Shop / Restaurant Purchases	436	1,739
Other	4,093	1,241
	5,917	4,183

Beaumont Hospital

ANALYSIS OF PATIENT INCOME

Note 5

IN-PATIENTS

Statutory In-Patient Charges
Private / Semi Private Charges
Long Stay Charges
Other In-Patient Charges

OUT-PATIENTS

Statutory Accident & Emergency Charges
Other Out-Patient Charges

TOTAL PATIENT INCOME

INCOME FROM EXTERNAL AGENCIES

Note 6

Laboratory
Pathology
Radiology
Commissioning Services
Other

OTHER INCOME (NON-CAPITAL)

Note 7

Shop / Restaurant Sales
Car Parking
Public Telephones
Pharmacy / Stores Sales - Staff and Patients
Recoverable Costs *
Rents / Licences / Franchises, etc.
NTPF
Sundries
Income from Research Funds

Note

	2020 €'000	2019 €'000
	1,779	1,983
	25,114	31,920
	1,522	1,689
	369	610
	28,784	36,202
	596	591
	(11)	64
	585	655
	29,369	36,857

	2020 €'000	2019 €'000
	1,945	2,224
	-	-
	-	-
	-	-
	-	-
	1,945	2,224

	2020 €'000	2019 €'000
	731	2,911
	1,359	1,581
	9	3
	19	48
	25,846	24,161
	346	346
	4,390	3,210
	350	397
	2,754	2,644
	35,804	35,301

23

* The Recoverable Costs comprise 26% Recoverable Salaries, 46% PCRS Drugs Recoup, 25% OPD Drugs Recoup and 3% Other.

Beaumont Hospital

SUMMARY PAY ANALYSIS (Memorandum Only)

	Note	2020 €'000	2019 €'000
Note 8			
(a) Remuneration Costs			
Basic Pay		231,206	214,668
Overtime		16,946	15,765
Premium Pay		10,358	8,971
Shift Allowance		-	-
Holiday / Public Holiday Premiums		2,011	1,941
Higher Degree		1,122	934
Special Nursing		1,757	966
On Call / Standby		5,284	4,735
PRSI Employer		26,311	23,483
Travel Allowance		548	558
Other		566	623
		296,109	272,644

RECONCILIATION OF EXPENDITURE TO COST OF SERVICES

(Memorandum Only)

	Note	2020 €'000	2019 €'000
Note 9			
Net Expenditure - Current Year	Form 1	403,101	358,868
Deduct			
Purchase of Equipment and Vehicles from Non-Capital	12	2,066	425
Funding of Capital Projects and Balances from Non-Capital	3	-	-
Loan repayments - Principal Only	1	-	-
Total Deductions		2,066	425
Sub-Total		401,035	358,443
Add Back			
Depreciation Charge For The Year	13	8,201	6,980
Running Cost of Service		409,236	365,423

ROAD TRAFFIC ACCIDENT MEMORANDUM ACCOUNT

	Note	2020 €'000	2019 €'000
Note 10			
Balance at 1st January		5,034	5,737
Bills Issued in Respect of the Year		1,365	1,631
Less cash received during the year		(753)	(596)
Less waivers and other write-offs		(860)	(1,738)
Balance at 31st December		4,786	5,034

Beaumont Hospital

STATEMENT OF ADVANCES & BALANCES DUE FROM HSE NON-CAPITAL & CAPITAL

Note 11

NON-CAPITAL

Total notified non-capital determination for the year
Less: Remittances from HSE Non-Capital in the year
Balance due from HSE in respect of the year

Note

	2020 €'000	2019 €'000
	398,302	352,923
	371,582	329,775
	26,720	23,148
	23,148	22,655
	23,148	22,655
	-	-

Balance due from HSE re previous year(s) as at 1st January
Less: Remittances from HSE in year re previous year(s)
Balance due from HSE re previous year(s) as at 31st December

Money Follows the Patient Invoices to HSE
Remittance from HSE
Balance Due

14

14

	5,025	5,501
	4,637	5,016
	388	485

**TOTAL BALANCE OF APPROVED NON-CAPITAL DETERMINATIONS DUE FROM
HSE**

	27,108	23,633
--	--------	--------

CAPITAL

Total Capital Grants notified by HSE for the year
Less: Remittances from HSE Capital in the year
Balance due from HSE in respect of the year

Balance due from HSE re previous year(s) as at 1st January
Less: Remittances from HSE in year re previous year(s)
Less: Non Recoverable Equipment Written Off
Balance due from HSE re previous year(s) as at 31st December

	18,445	4,822
	16,556	4,074
	1,889	748
	2,145	1,567
	1,949	170
	-	-
	196	1,397

**TOTAL BALANCE OF CAPITAL GRANTS DUE FROM
HSE**

	2,085	2,145
--	-------	-------

GROSS TOTAL DUE FROM HSE CAPITAL AND NON-CAPITAL

14

	29,193	25,778
--	--------	--------

**PURCHASE OF FIXED ASSETS FROM
NON-CAPITAL ACCOUNT (Capitalised)**

Note 12

Other Medical Equipment
X-Ray / Imaging Equipment
Laboratory Equipment/Fixtures & Fittings
Catering Equipment
Office Equipment
Building Additions
Farm & Garden Equipment
Computer Equipment

Vehicles Purchased

	2020 €'000	2019 €'000
	1,251	280
	-	-
	192	8
	65	30
	-	-
	525	79
	-	-
	33	28
	2,066	425
	-	-
	2,066	425

Beaumont Hospital

Note 13

Note

COST OR VALUATION approximating to cost at 01/01/2020

Transfers from Work-in-Progress

Sub-Total

Additions From Capital

Additions - HSE Capital Equipment Transferred

Additions From Non-Capital

Disposals during the year at Gross Book Value

Revaluations

COST / VALUATION at 31/12/2020

ACCUMULATED DEPRECIATION at 01/01/2020

Depreciation charge for year

Disposals - Accumulated Depreciation

ACCUMULATED DEPRECIATION at 31/12/2020

NET BOOK AMOUNT at 31/12/2020

NET BOOK AMOUNT at 31/12/2019

Land	Buildings	Work in Progress	Equipment	Vehicles	Other	Total
€'000	€'000	€'000	€'000	€'000	€'000	€'000
215	191,180	105	77,873	45	-	269,418
215	191,180	105	77,873	45	-	269,418
-	7,119	-	4,476	-	-	11,595
-	-	-	3,818	-	-	3,818
-	525	-	1,541	-	-	2,066
-	-	-	(61)	-	-	(61)
-	-	-	-	-	-	-
215	198,824	105	87,647	45	-	286,836
-	68,044	-	65,409	45	-	133,498
-	3,269	-	4,932	-	-	8,201
-	-	-	(61)	-	-	(61)
-	71,313	-	70,280	45	-	141,638
215	127,511	105	17,367	-	-	145,198
215	123,136	105	12,464	-	-	135,920

Note 13(a)

In accordance with the Accounting Standards for Voluntary Hospitals 1999, a sum of NIL was transferred to Work in Progress in respect of capital projects which were incomplete at 31st December 2020.

Beaumont Hospital

DEBTORS

Note 14

HSE - Revenue Grants Due
HSE - Capital Grants Due
HSE - Fair Deal Due
HSE Debtors

Note

11
11
11

	2020 €'000	2019 €'000
	26,720	23,148
	2,085	2,145
	388	485
	29,193	25,778
Patients (Closing Ledger Balance)	26,454	25,644
less: Provision for bad and doubtful debts	(14,682)	(12,768)
787S Debtors (Chargeable Excess)	1,608	1,560
less: Provision for Chargeable Excess	(1,608)	-
Other	465	212
Prepayments	2,520	3,753
Non-HSE Debtors	14,757	18,401

Patients (Closing Ledger Balance)
less: Provision for bad and doubtful debts
787S Debtors (Chargeable Excess)
less: Provision for Chargeable Excess
Other
Prepayments

Non-HSE Debtors

	43,950	44,179
--	--------	--------

STOCKS

Note 15

Drugs & Medicines
Blood and Blood Products
Medical Gases
Medical and Surgical Supplies
Sterile Supplies
Pathology Supplies
X-Ray / Imaging
Provisions
Laundry / Cleaning
Bedding / Clothing
Furniture / Crockery
Heat / Power / Light Supplies
Maintenance Supplies
Office Supplies
Computer Supplies
Shop

	2020 €'000	2019 €'000
	1,994	1,898
	38	37
	-	-
	5,267	5,215
	62	62
	760	768
	757	834
	47	46
	37	49
	8	6
	-	-
	14	15
	264	276
	136	137
	19	31
	-	20
	9,403	9,394

In compliance with the accounting standards for voluntary hospitals Beaumont value stock at cost less write off for stock that is damaged or obsolete. This policy differs from FRS 102 which requires stock to be valued at the lower of cost or net realisable value. The Covid-19 emergency led to abnormally high market prices for PPE in the early months of the pandemic. As supply increased in the latter part of the year, unit price fell. At year end the hospital had in stock approximately 55 thousand gowns which cost €34.2k and approximately 110 thousand masks which cost €50.4k. The year end prices for these 2 items of PPE was 100% of the price paid. Accordingly, were FRS 102 accounting rules to be applied, the value of stock above would be written down by €NIL.

CREDITORS

Note 16

Creditors - Capital
Creditors - Non-Capital
Creditors - Deferred due within 1 year
PAYE and PRSI
Wages and Salaries
Other
Research Funds
Non Research Funds

23
23

	2020 €'000	2019 €'000
	2,707	1,933
	34,278	31,094
	8,760	7,060
	5,546	5,209
	1,033	1,196
	5,687	4,836
	803	606
	58,814	51,934

Beaumont Hospital

BANK LOANS - GREATER THAN ONE YEAR

Note 17

Note

Financing Obligations

2020	2019
€'000	€'000
-	-
-	-

CAPITALISATION ACCOUNT

Note 18

Balance at beginning of year

Additions

Finance Leases Adjustment

Capital Expenditure

Non-Capital Expenditure

Donations

Sub-Total Additions

Less

Disposals (Cost less Depreciation)

Depreciation for the year

Sub-Total Deductions

Balance at year-end

2020	2019
€'000	€'000
135,920	137,735
15,413	4,740
2,066	425
-	-
17,479	5,165
-	-
8,201	6,980
8,201	6,980
145,198	135,920

NOTE TO THE CASH FLOW STATEMENT

Note 19

(Deficit) / Surplus (Non-Capital)

Add back (deficit) / surplus brought forward

(Deficit) / Surplus for current year

Deduct repayment of loan (Capital element) charged against non-capital

Deduct Interest and Dividend Income

Add back purchase of equipment from non-capital

Add back all interest charged against non-capital

(Increase) / Decrease in Stocks

(Increase) / Decrease in HSE Debtors (Non-Capital)

(Increase) / Decrease in Non-HSE Debtors

Increase / (Decrease) in Non-Capital Creditors and Taxation

HSE Capital Claim written off against Revenue

NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES

2020	2019
€'000	€'000
(24,076)	(24,302)
(24,302)	(23,858)
226	(444)
-	-
2,066	425
-	-
(9)	(216)
(3,475)	(530)
3,644	(282)
6,106	3,812
-	-
8,558	2,765

Beaumont Hospital

ANALYSIS OF CHANGES IN NET DEBT

Note 20

Cash in Hand and Bank Balances
Bank Overdraft

BANK LOANS

Debt due within one year
Debt due after one year

Finance Leases: within one year
Finance Leases: from two to five years

At 1st Jan 2020 €'000	Cash Flow €'000	At 31st Dec-20 €'000
749	(241)	508
(24,132)	10,599	(13,533)
(23,383)	10,358	(13,025)
-	-	-
-	-	-
-	-	-
-	-	-
(23,383)	10,358	(13,025)

RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET DEBT

Note 21

(Decrease) / Increase in cash in the year
Cash Inflow / (Outflow) from increase / (decrease) in debt and lease financing
Changes in net debt resulting from cash flow
New Finance Leases taken out in the year
Changes in Net Debt
Net Debt at beginning of year
Net Debt at end of year

2020 €'000	2019 €'000
10,358	3,323
-	-
10,358	3,323
-	-
10,358	3,323
(23,383)	(26,706)
(13,025)	(23,383)

NOTES TO THE FINANCIAL STATEMENTS

22. BEAUMONT FOUNDATION

Beaumont Foundation was established as the fundraising arm of Beaumont Hospital and works with the hospital to fund a range of projects. The Foundation is a company Limited by Guarantee. It is a registered charity for taxation purposes. The directors of the Company include staff and board members or former board members of the Hospital. Its accounts are audited by a firm of Chartered Accountants. An amount of €169,456 was passed over to the hospital in 2020 and this is reflected in Other Income in the Financial Statements.

The Foundation is provided with office space within the Hospital for which no fee is charged.

23. DONATIONS, BEQUEST AND RESEARCH FUNDS

23.1. Funds Held in the Hospital's Bank Account

The Hospital holds and administers funds provided by third parties to clinical departments within the hospital for research and other clinical purposes. These funds are identified separately in the books of the Hospital and are managed and accounted for under a transparent process which ensures that the funds are expended for the purposes specified by the donors. The balances held in relation to these funds at year end are recorded in Creditors (Note 16).

The following table shows the balances and movements on these funds:

Description	2020	2019
	€'000	€'000
Opening Balance	4,836	4,779
Lodgements	3,605	2,701
Withdrawals	(2,754)	(2,644)
Closing Balance	5,687	4,836

A number of non research funds are also held on behalf of departments within the Hospital. These funds are also managed and accounted for under a transparent process which ensures that the funds are expended for the purposes specified by the account holder. Balance at 31.12.2020 €803k (2019: €606k).

23.2. Funds Held Separately from the Hospital's Bank Account

In addition to the above funds the Hospital administers a number of named bequests and donations which are required to be held separately from the Hospital's own funds. These funds are held in a separate bank account, are administered in accordance with the conditions attaching to the bequests or donations and are properly accounted for. These funds have not been

accounted for in these Financial Statements. Details of these funds are shown in the following table

	Balance 1st Jan	Receipts	Payments	Balance 31st Dec
	€'000	€'000	€'000	€'000
Sheppard Fund	48	-	-	48
Stardust Fund	102	-	-	102
	150	-	-	150

24. RETAIL OUTLETS

The Hospital runs a restaurant on-site. The value of purchases and sales derived from this is included in the accounts of the Hospital.

25. LEASED PROPERTIES

Beaumont Hospital has long term ground rent lease agreements with the parties listed hereunder following the agreement to permit relevant parties construct properties on Hospital Grounds

Beaumont Private Clinic
Royal College of Surgeons in Ireland
Irish Kidney Association Ltd.,

Private Clinic Site
Smurfit Building Site
Hostel Site

The ground rent receivable from the above properties is included in hospital income and amounted to €216,638 in 2020 and €216,638 in 2019.

26. BOARD MEMBERS INTERESTS

The Board adopted procedures in accordance with guidelines issued by the Department of Public Expenditure & Reform in relation to the disclosure of interests by Board members and these procedures have been adhered to in the year. There were no transactions in the year in relation to the Board's activities in which Board members had any beneficial interest.

27. PENSION LEVY

In 2020 an amount of €7,234,432 in pension levies was deducted and retained by the hospital and forms part of the determination for the year.

28. Covid 19 Impact

Covid 19 had a significant impact on Beaumont during 2020. It resulted in increased pay and non-pay costs and reduced income. The funding requirement to offset this was provided by the HSE. The HSE also provided support in the form of PPE and vital equipment to facilitate the continued treatment of patients throughout the pandemic. Covid 19 drove an increase in staff absences which closely followed the increased infection rates that were seen nationally.

29. Insurance

The Hospital has insurance cover with a third-party provider for professional indemnity, property and other specific service related policies. As a delegated State Authority, the Hospital's risks are delegated to the State Claims Agency. This covers employer's liability, public liability and motor cover. The State Claims Agency indemnifies a third party in respect of personal injury and third-party property damage claims which are the result of the delegated State Authority's negligence.

30. State Claims Agency

The States Claims Agency identified the claims that relate to the Hospital from the overall liability held by the State Claims Agency. The outstanding liability relating to the Hospital, estimated by the State Claims Agency as at 31st December 2020, was €140.6m (2019: €115.2m).

31. Salary Overpayments

Balance at 1 January 2020	€261,222
Additional overpayments in year:	
(i) Arising from time lag adjustments	€213,952
(ii) Identification of payroll payments to former employees (see note below)	€166,561
Amounts recovered during year	<u>(€148,112)</u>
Balance at 31 December 2020	<u>€493,623</u>

Note: As explained in the Statement on Internal Control on pages 15 to 24, the HR and Payroll systems in Beaumont Hospital are not integrated and accordingly changes in employee status may not be recognised on the Payroll System on a simultaneous basis leading to overpayments and underpayments due to time lags. Separately, in June 2021 an internal audit test check procedure identified payroll payments to four former employees dating from 2019 to 2021 amounting in total to €294,500 of which €166,561 relates to periods up to 31 December 2020. The Statement on Internal Control sets out the background and the Hospital's position on these overpayments and that Hospital policy is to vigorously pursue recovery of the overpayment balances howsoever they arose.

32. Contingent Liabilities

The Hospital is currently dealing with litigation matters which may generate liabilities depending on the outcome of the legal proceedings. With regard to standard legal cases the Hospital's insurance, which covers professional indemnity, property and other specific service-related policies, would be sufficient to cover the majority of costs. There is, however, an element of uncertainty due to indemnity limits and certain policy conditions. The Hospital is not in a position to estimate any potential liabilities arising from these proceedings. The financial effects of any uninsured contingencies have not been provided for in the financial statements.

33. Post balance sheet events - HSE Cyber Attack

Beaumont Hospital operates under a service level agreement with the HSE (referred to as the Section 38 Service Level Agreement) and under the terms of that Service Level Agreement is mandated to use and interact with National Healthcare Management systems operated by HSE's ICT infrastructure.

On Friday 14th May 2021 the HSE notified all third party users of its ICT systems of a cyber attack and ransom demand perpetrated by a criminal organisation which is believed to operate outside of the State and immediately shut down access to National Healthcare Systems. Beaumont Hospital immediately took actions to seek to mitigate the impact of the shut down and to assess the risk of a possible direct cyber attack on its own systems. Beaumont Hospital is aware that in the period since 14 May 2021 there have been cyber-attacks on other healthcare hospitals in the State.

The HSE cyber-attack did have an impact on operations in Beaumont Hospital but not to the extent as may have been experienced by other hospitals as due to the limitations in Beaumont Hospital's own ICT infrastructure a number of key processes are still operated on a manual basis. Beaumont Hospital is not aware of any direct financial loss experienced as a consequence of the HSE cyber attack but the disruption did lead to a delay in seeking to recover monies due from Permanent Health Insurers and in accordance with Beaumont Hospital's bad debt provision policy it has been necessary to increase the provision in 2021. However, Beaumont Hospital will vigorously pursue the full recovery of these balances.

Insofar as Beaumont Hospital is aware no sensitive or personal data that was originated by Beaumont Hospital and shared with the HSE's ICT National Healthcare systems was exfiltrated by the attackers or has entered the public domain as a consequence of the cyber attack on the HSE systems.

On 11 December 2021, HSE published an independent report from pwc on the Conti cyber attack on the HSE. The report makes a series of recommendations to improve the cyber security and to seek to mitigate the risks of further cyber-attacks. HSE has acknowledged that as it seeks to implement the full suite of recommendations there remains a risk of further cyber attacks which pose a

threat to the HSE and users of the National Healthcare Systems operated by HSE including Beaumont Hospital.

Separately, Beaumont Hospital is also conscious that its own IT systems may be the subject of a cyber attack and has taken steps to seek to mitigate the threat of such an attack including regular training updates to staff on risks posed by personal actions which may facilitate an attack.

Beaumont Hospital is also conscious that as a result of the Covid 19 Pandemic the number and range of staff who now work remotely (and indeed, at various stages of the pandemic to date were directed to do so) has increased dramatically and in many instances due to the limitation in the available number of Beaumont Hospital laptop computers, needed to be given access to Beaumont IT systems on personal computers at home. The increase in remote working and the use of personal laptops, notwithstanding the various mitigation steps introduced including duo factor authentication of users, is believed to increase the risk of a cyber attack that may be facilitated by human error.

Beaumont Hospital is also aware that in a post pandemic environment a hybrid working model in the public service may see a permanent increase in the number of employees who will wish to adopt a hybrid working model where possible and will need to review and assess the need for additional control features to seek to mitigate the potential increase in risk to cyber attacks.

34. Security

The hospital's bank overdraft is accessed by the HSE providing security to under-write the debt.

35. Approval of Financial Statements

The financial statements were approved by the Board on 21st October 2022.