



MHC
Coimisiún | Mental Health
Meabhair-Shláinte | Commission



MENTAL HEALTH COMMISSION

COIMISIÚN MEABHAIR-SHLÁINTE

FINANCIAL STATEMENTS
for the year ended 31 December 2012

MENTAL HEALTH COMMISSION

Financial statements For the year ended 31 December 2012

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MENTAL HEALTH COMMISSION

General Information

For the year ended 31 December 2012

Senior Management Team

Ms Patricia Gilheaney – Chief Executive

Ms Patricia Gilheaney – Director - Standards and Quality Assurance (January 2012)

Ms Patricia Gilheaney – Acting Director – Mental Health Tribunals (from February 2012)

Dr Gerry Cunningham – Director – Mental Health Tribunals (retired in January 2012)

Dr Pat Devitt – Inspector of Mental Health Services

Mr Ray Mooney – Director – Corporate Services

Ms Rosemary Smyth – Director – Training and Development

Ms Rosemary Smyth – Acting Director – Standards and Quality Assurance (from February 2012)

Members of the Commission

Mr John Saunders (Chair)

Dr. Maeve Doyle

Dr. Anne Jeffers

Dr. Francis Xavier Flanagan

Ms. Catherine O'Rorke

Dr. Mary Keys

Mr. Ned Kelly

Ms. Pauline Gill

Dr. Michael Byrne

Mr. John Redican

Mr. Martin Rogan

Ms. Colette Nolan

Ms. Patricia O'Sullivan Lacy

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Bankers

Allied Irish Bank

52 Upper Baggot Street

Dublin 4

Auditors

The Comptroller and Auditor General

Dublin Castle

Dublin 2

Solicitor

Arthur Cox

Earlsfort Centre, Earlsfort Terrace

Dublin 2

Accountants

Crowleys DFK

16/17 College Green

Dublin 2



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Mental Health Commission

I have audited the financial statements of the Mental Health Commission for the year ended 31 December 2012 under the Mental Health Act 2001. The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the income and expenditure account, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared in the form prescribed under Section 47 of the Act, and in accordance with generally accepted accounting practice in Ireland as modified by the directions of the Minister for Health in relation to accounting for superannuation costs

Responsibilities of the Commission

The Commission is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the Mental Health Commission's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Commission's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the Commission's annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on the Financial Statements

In compliance with the directions of the Minister for Health, the Commission accounts for the costs of superannuation entitlements only as they become payable. This basis of accounting does not comply with Financial Reporting Standard 17 which requires such costs to be recognised in the year the entitlements are earned.

Except for the accounting treatment of the Commission's superannuation costs and liabilities, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the Commission's affairs at 31 December 2012 and of its income and expenditure for 2012.

In my opinion, proper books of account have been kept by the Commission. The financial statements are in agreement with the books of account.

Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the Commission's annual report is not consistent with the financial statements, or
- the Statement on Internal Financial Control does not reflect the Commission's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.


Patricia Sheehan

For and on behalf of the
Comptroller and Auditor General

MENTAL HEALTH COMMISSION

Certificate of the Comptroller and Auditor General

TO BE INSERTED FOLLOWING COMPLETION OF AUDIT

MENTAL HEALTH COMMISSION

Statement of Responsibilities of the Commission

The Commission is required by the Mental Health Act 2001 (section 47) to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Commission and of its income and expenditure for that period.

In preparing those financial statements, the Commission is required to:

- Select suitable accounting policies and apply them consistently
- Make judgments and estimates that are reasonable and prudent
- Disclose and explain any material departures from applicable accounting standards, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Commission will continue in operation

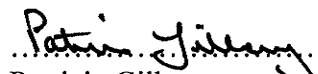
The Commission is responsible for the keeping of proper books of account which disclose with reasonable accuracy at any time its financial position and which enable it to ensure that the financial statements comply with section 47 of the Mental Health Act, 2001. The Commission is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Commission



John Saunders
Chairperson

20 September 2013



Patricia Gilheaney
Chief Executive

20 September 2013

MENTAL HEALTH COMMISSION

Statement on Internal Financial Control

Responsibility for system of Internal Financial Control

As Chairperson, I acknowledge the Commission is responsible for the system of internal financial control. The Commission has delegated responsibility to the Chief Executive to deal with management and operational issues and to report to the Commission regularly. The system can 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 would be detected in a timely manner.

Control Environment

The following steps have been taken to ensure an appropriate control environment:

- The Commission has a regular schedule of meetings (at least eight per annum) at which it is provided with regular updated reports of expenditure.
- An audit committee of the Commission has been established. Its terms of reference include ensuring systems that guarantee internal financial control.
- Management responsibilities are clearly assigned, with corresponding accountability.

Risk Management

The Mental Health Commission has established processes to identify and evaluate financial and business risks by:

- Identifying the nature and extent of financial risks and business risks facing the Commission.
- Assessing the likelihood of identified risks occurring.
- Assessing the Mental Health Commission's ability to manage and mitigate the risks that do occur.

MENTAL HEALTH COMMISSION

Statement on Internal Financial Control (continued)

Control Mechanism

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it includes:

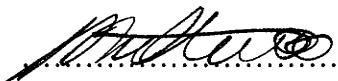
- Appropriate budgeting system with an annual budget which is reviewed regularly by senior management.
- Regular review by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- Regular senior management team meetings.

Mechanisms for ensuring the adequacy of the security of the Information and Communication Technology (ICT) systems that include the establishment of appropriate policies and control procedures have been established.

Mental Health Commission has an internal audit function which reports to the Audit Committee of the Commission. The internal audit function operates in accordance with the Code of Practice for the Governance of State Bodies. The Commission's monitoring and review of effectiveness of the systems of internal financial control is informed by the work of the outsourced internal auditor and the Audit Committee.

I confirm that the Commission conducted a review of the effectiveness of the system of internal financial control in 2012.

Signed



John Saunders
Chairperson

20 September 2013

MENTAL HEALTH COMMISSION

Statement of Accounting Policies

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

Basis of Preparation

The financial statements are prepared under the accrual method of accounting and in accordance with generally accepted accounting principles under the historical cost convention, except as indicated below. The Financial Statements are in the form approved by the Minister for Health.

Financial Reporting Standards recommended by the recognised accountancy bodies are adopted, as they become operative but subject to directions issued by the Minister for Health.

Period of Account

The financial statements relate to the year ended 31 December 2012.

Income

State Grant

Income shown in the financial statements under State Grants represents the actual receipts in the period.

Other Income

Other income shown in the financial statements under Other Income represents the actual receipts in the period.

Tangible Assets and Depreciation

Tangible assets are stated at their historical cost less accumulated depreciation. Depreciation is charged to the Income and Expenditure Account on a straight line basis, at the rates set out below, so as to write off the assets, adjusted for residual value, per their expected useful lives as follows:

IT Equipment	Straight-line over 3 years
Office Equipment	Straight-line over 5 years
Furniture and Fittings	Straight-line over 10 years

MENTAL HEALTH COMMISSION

Statement of Accounting Policies (continued)

Pensions

The Commission has submitted a superannuation scheme for approval by the Department of Health regarding pension arrangements as per Section 40 of the Mental Health Act 2001.

In accordance with directions of the Minister of Health, no provision has been made in these financial statements in respect of the staff superannuation entitlements earned during the year.

Pending finalisation of the Commission's Scheme, the Model Superannuation Scheme is being operated on an administrative basis.

Capital Account

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

MENTAL HEALTH COMMISSION

Income and Expenditure Account For the year ended 31 December 2012

	Notes	2012 €	2011 €
Income			
Grant income	3	13,165,000	13,168,329
Superannuation contributions	4	86,010	102,363
Other income	5	51	57,146
Transfer from Capital Account		88,535	27,988
		<u>13,339,596</u>	<u>13,355,826</u>
Expenditure			
Commission Costs	6	37,423	69,506
Staff Costs	7	2,353,751	2,456,117
Mental Health Tribunals	9	7,800,130	8,191,607
Upkeep and Overheads	10	665,825	664,583
General Expenses	11	2,053,111	1,893,589
Quality Framework	12	50,000	76,720
Mental Health Services Collaborative	13	41,838	132,335
Agency Payments	14	12,843	31,671
Depreciation	15	98,949	128,713
		<u>13,113,870</u>	<u>13,644,841</u>
Surplus/(Deficit) for the year		225,726	(289,015)
(Deficit)/Surplus carried forward from 1 January		(145,653)	143,362
Balance as at 31 December		<u>80,073</u>	<u>(145,653)</u>

The Statement of Accounting Policies on pages 9-10 and notes 1-25 form part of these financial statements.

The Commission has no recognised gains or losses other than those dealt with in the Income and Expenditure Account.

On behalf of the Commission



John Saunders
Chairperson

20 September 2013



Patricia Gilheaney
Chief Executive

20 September 2013

MENTAL HEALTH COMMISSION

Balance Sheet As at 31 December 2012

	Notes	2012 €	2011 €
Tangible Assets	16	142,511	231,046
Current assets			
Cash on hand and at bank		613,520	160,613
Debtors and prepayments	17	237,013	297,113
Total assets		850,533	457,726
Current liabilities			
Amounts Falling Due Within 1 Year			
Creditors	18	766,654	603,379
Provision	23	3,806	-
		770,460	603,379
Net Current Assets/(Liabilities)		80,073	(145,653)
Net Assets		222,584	85,393
Financed by:			
Capitalisation Account	19	142,511	231,046
Income and Expenditure Account		80,073	(145,653)
		222,584	85,393

The Statement of Accounting Policies on pages 9-10 and notes 1-25 form part of these financial statements.

On behalf of the Commission



John Saunders
Chairperson

20 September 2013



Patricia Gilheaney
Chief Executive

20 September 2013

MENTAL HEALTH COMMISSION

**Cash Flow Statement
For the year ended 31 December 2012**

	Note	2012 €	2011 €
Reconciliation of surplus/(deficit) to net cash inflow/(outflow) from operating activities			
Surplus/(Deficit) for the year		225,726	(289,015)
Depreciation charge	15	98,949	128,713
Decrease/(Increase) in debtors		60,100	(192,686)
Increase in creditors		167,081	21,924
Profit on disposal of assets		-	(2)
Capital Account movement		(88,535)	(27,988)
Net Cash Inflow/(Outflow) from Operating Activities		463,321	(359,054)

CASH FLOW STATEMENT

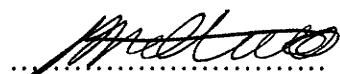
Net Cash Inflow/(Outflow) from Operating Activities		463,321	(359,054)
Return on Investments and Servicing of Finance			
Capital Expenditure	19	(10,439)	(100,816)
Disposal of assets		25	93
Management of Liquid Resources		-	-
Financing		-	-
Increase/(Decrease) in Cash in the year		452,907	(459,777)

Reconciliation of net cash flow to movement in net funds

Net increase/(decrease) in cash and cash equivalents		452,907	(459,777)
Net funds at the beginning of the year		160,613	620,390
Net funds at the end of the year		613,520	160,613

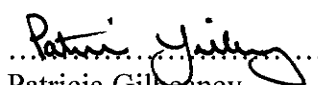
The Statement of Accounting Policies on pages 9-10 and notes 1-25 form part of these financial statements.

On behalf of the Commission



John Saunders
Chairperson

20 September 2013



Patricia Gilheaney
Chief Executive

20 September 2013

MENTAL HEALTH COMMISSION

Notes to the financial statements For the year ended 31 December 2012

1. Establishment

The Commission was established as a statutory agency by the Minister for Health and Children in 2002. The Statutory Body, Mental Health Commission was established as a legal entity by Statutory Instrument which commenced Section 32 of the Mental Health Act, 2001. The effective date of establishment was 5th April 2002.

2. Pension levy

Pension levy was deducted in line with statutory requirements. €114,648 of pension levy has been deducted in 2012 and paid over to the Department of Health.

3. State Grant

	2012	2011
	€	€
Department of Health	<u>13,165,000</u>	<u>13,168,329</u>

4. Superannuation Contributions

The Commission had sought confirmation from the Department of Health on the appropriate treatment for superannuation contributions by staff of the Mental Health Commission.

The Department of Health confirmed that superannuation contributions payable by staff should be treated as income in the accounts of the Commission.

Accordingly the Commission's State Grant allocation was reduced by the annual income derived from staff superannuation contributions.

The €86,010 brought to account in 2012 is in respect of deductions made in the accounting year. The €102,363 brought to account in 2011 is in respect of deductions made in the previous accounting year.

MENTAL HEALTH COMMISSION

Notes to the financial statements For the year ended 31 December 2012

5. Other Income

	2012	2011
	€	€
Other Income	51	8,808
Contributions to Mental Health Services Collaborative	-	16,667
Office of the Disability Appeals Officer (Note 14)	-	31,671
	<u>51</u>	<u>57,146</u>

6. Commission Costs

	2012	2011
	€	€
Chairperson's stipend	8,978	12,968
Commission meetings and conference costs	9,544	17,857
Travel and Subsistence*	18,901	38,681
	<u>37,423</u>	<u>69,506</u>

* Included in expenses for the Commission Members are claims for expenses incurred in previous accounting periods.

7. Staff Costs

	2012	2011
	€	€
Salaries and wages (Note 8)	2,270,241	2,349,669
Travel and Subsistence	48,909	45,509
Recruitment costs	-	27,726
Staff training and CPD	34,601	33,213
	<u>2,353,751</u>	<u>2,456,117</u>

The average number of employees during the year was 34 (2011:33)

MENTAL HEALTH COMMISSION

Notes to the financial statements For the year ended 31 December 2012

8. Chief Executive's Remuneration

	2012	2011
	€	€
Chief Executive's annual basic salary	140,034	133,583
Payments made under performance-related pay schemes	-	-
All-in cost of the Chief Executives' total remuneration (incl superannuation)	140,034	133,583

The Commission's Performance Related Awards Scheme was terminated in 2009 in line with the Financial Emergency Measures published in the Public Interest Act 2009. Accordingly, no awards were made to the Chief Executive Officer in 2012.

9. Mental Health Tribunals

	2012	2011
	€	€
Fees	6,656,445	6,876,243
Travel and subsistence	520,607	611,047
Salaried consultant psychiatrists	554,295	662,032
Other costs	68,783	42,285
	<u>7,800,130</u>	<u>8,191,607</u>

Fees were paid to Mental Health Tribunal's panel members, appointed on a contract for service basis. Fees were paid to panel members across six panels namely Legal Chair, Lay Members, Independent Consultant Psychiatrists, Mental Health Tribunal Consultant Psychiatrists, Legal Representatives and Clerks (up to 30th April 2012).

10. Upkeep and Overheads

	2012	2011
	€	€
Repairs and maintenance	14,016	13,395
Rent and rates and service charges	649,766	648,372
Insurance	2,043	2,816
	<u>665,825</u>	<u>664,583</u>

MENTAL HEALTH COMMISSION

Notes to the financial statements For the year ended 31 December 2012

11. General Expenses	2012	2011
	€	€
Telephone	28,707	36,375
Light and heat	18,709	20,367
Printing, postage, stationary and storage	92,345	97,899
Taxi and courier	27,519	17,137
Accountancy and internal audit	138,239	140,926
Audit fees	11,656	10,340
Bank charges	1,035	842
IT technical support	256,157	254,637
IT development costs	27,857	141,820
Advertising	8,318	10,502
Library publications and reference material	20,515	19,233
Subscriptions	12,614	13,025
Cleaning	25,578	32,474
Consultancy fees	663	5,943
Legal fees	812,448	446,443
Publications expenses	35,987	32,927
Conference and seminar expenses	14,044	11,664
Research projects	356,181	337,520
Licences	51,439	49,877
Communications and media	72,602	73,632
Training associated with Mental Health Act	10,316	111,735
Insurance	14,830	14,457
General office expenses	15,352	13,816
Gain on disposal of assets	-	(2)
	<u>2,053,111</u>	<u>1,893,589</u>
12. Quality Framework	2012	2011
	€	€
Quality Framework	<u>50,000</u>	<u>76,720</u>

Included in Quality Framework is a €50,000 (2011: €50,000) contribution towards the “See Change” programme to raise public awareness to bring about positive change in public attitudes and behaviour towards people with mental health problems.

MENTAL HEALTH COMMISSION

Notes to the financial statements For the year ended 31 December 2012

13. Mental Health Services Collaborative	2012	2011
	€	€
Mental Health Services Collaborative	<u>41,838</u>	<u>132,335</u>

The National Mental Health Services Collaborative (NMHSC) was established in November 2009. It is a quality improvement initiative between the Mental Health Commission (MHC) and Health Service Executive (HSE), in partnership with St. Patrick's University Hospital (SPUH) and St. John of God Hospital (SJOG). The aim of this project was to develop and implement individual care and treatment plans to support recovery in accordance with standard 1.1 of Quality Framework for Mental Health Services in Ireland (MHC, 2007) across 11 multi disciplinary teams over 18 months.

14. Agency Payments

In December 2009, the Mental Health Commission entered into a service level agreement with the Office of the Disability Appeals Officer for the provision of accountancy services and strategic financial support.

In December 2011 the Department of Health subsumed the Office of the Disability Appeals Officer into the Department of Health. Accordingly, the service level agreement entered into with the Commission in December 2009 was terminated in 2012 following Comptroller and Auditor General audit on the 2011 financial statements.

15. Depreciation

	2012	2011
	€	€
Furniture and fittings depreciation	38,354	38,420
Office equipment depreciation	10,151	17,454
IT equipment depreciation	50,444	72,839
	<u>98,949</u>	<u>128,713</u>

MENTAL HEALTH COMMISSION

Notes to the financial statements For the year ended 31 December 2012

16. Tangible Assets

	Furniture and Fittings	Office Equipment	IT Equipment	Total
	€	€	€	€
<u>Cost</u>				
At 1 January 2012	383,778	240,720	731,704	1,356,202
Additions	-	1,740	8,699	10,439
Disposals	(967)	-	-	(967)
At 31 December 2012	<u>382,811</u>	<u>242,460</u>	<u>740,403</u>	<u>1,365,674</u>
<u>Depreciation</u>				
At 1 January 2012	254,951	216,957	653,248	1,125,156
Charge for the period	38,354	10,151	50,444	98,949
Disposals	(942)	-	-	(942)
At 31 December 2012	<u>292,363</u>	<u>227,108</u>	<u>703,692</u>	<u>1,223,163</u>
<u>Net Book Value</u>				
At 31 December 2012	<u><u>90,448</u></u>	<u><u>15,352</u></u>	<u><u>36,711</u></u>	<u><u>142,511</u></u>
At 31 December 2011	<u><u>128,827</u></u>	<u><u>23,763</u></u>	<u><u>78,456</u></u>	<u><u>231,046</u></u>

17. Debtors and Prepayments

	2012	2011
	€	€
Prepayments	236,042	296,142
Other debtors	971	971
	<u><u>237,013</u></u>	<u><u>297,113</u></u>

18. Creditors and Accruals

	2012	2011
	€	€
Creditors	3,285	35,292
Paye/Prsi	211,042	253,962
Accruals	409,094	174,510
Withholding tax	143,233	139,615
	<u><u>766,654</u></u>	<u><u>603,379</u></u>

MENTAL HEALTH COMMISSION

Notes to the financial statements For the year ended 31 December 2012

19. Capital Account

	2012	2011
	€	€
As at 1st January	231,046	259,034
Transfer from/to Capital Income and Expenditure Account		
Funds allocated to acquire fixed assets	10,439	100,816
Amount amortised in line with asset depreciation	(98,949)	(128,713)
Amount released on disposal of assets	(25)	(91)
	<u>(98,974)</u>	<u>(128,804)</u>
As at 31 st December 2012	<u>142,511</u>	<u>231,046</u>

20. Operating Lease

The Mental Health Commission has commitments in respect of leases on office accommodation at St. Martins House, Waterloo Road. The leases are held by the Office of Public Works and by way of the following:

- i. A 25 year lease which commenced in 1997
- ii. A 15 year lease which commenced in 2007

The annual cost of the lease including service charges is €649,766 (2011: €648,372).

21. Board Member Interests

The Commission adopted procedures in accordance with the guidelines issued by the Department of Finance in relation to the disclosure of interests by Commission 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 a Commission Member had any beneficial interest.

22. Capital Commitments

There were no capital commitments at 31 December 2012.

MENTAL HEALTH COMMISSION

Notes to the financial statements For the year ended 31 December 2012

23. Provision of Costs

A provision of €3,806 in relation to a bill of costs for a Judicial Review of a Mental Health Tribunal's decision by the High Court has been provided for in the financial statements.

24. Contingent Liabilities

An appeal to the Labour Court of a Rights Commissioner's decision in favour of the Mental Health Commission in 2012, has been lodged and is due for hearing in 2013. The matter relates to the non renewal of a number of contracts for service that expired in 2012.

A case involving an application for leave to issue proceedings against the Commission and the Health Service Executive under Section 73 of the Mental Health Act 2001 is due for hearing in 2013.

As at the financial year end, the Commission is unable to reliably estimate the potential cost of these legal actions.

25. Approval of financial statements

The financial statements were approved by the Commission at its meeting on 20/09/13.