

MENTAL HEALTH COMMISSION
COIMISIÚN MEABHAIR-SHLÁINTE

FINANCIAL STATEMENTS

for the year ended 31 December 2017

MENTAL HEALTH COMMISSION

Financial Statements
For the year ended 31 December 2017

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MENTAL HEALTH COMMISSION

General Information
For the year ended 31 December 2017

Senior Management Team

Mr John Farrelly	– Chief Executive (Appointed 30 October 2018)
Ms Patricia Gilheaney	– Chief Executive (Resigned 16 April 2018)
Ms Rosemary Smyth	– Interim Chief Executive (17 April 2018 to 26 October 2018) Director – Standards and Quality Assurance/Training and Development
Vacant	– Director – Corporate Services
Dr. Susan Finnerty	– Inspector of Mental Health Services
Ms Orla Keane	– Head of Legal Affairs
Ms Áine Flynn	– Director – Decision Support Service

Members of the Commission

Mr John Saunders (Chair)	- Reappointed 05/04/2017
Dr. Francis Xavier Flanagan	- Reappointed 05/04/2017
Ms. Catherine O'Rorke	- Reappointed 05/04/2017
Ms. Colette Nolan	- Reappointed 05/04/2017
Dr. Jim Lucey	- Appointed 05/04/2017
Dr. Margo Wrigley	- Appointed 05/04/2017
Dr. Michael Drumm	- Appointed 05/04/2017
Aaron Galbraith	- Appointed 05/04/2017
Ned Kelly	- Appointed 29/09/2017
Niamh Cahill	- Appointed 31/10/2017
Nicola Byrne	- Appointed 05/04/2017
Patrick Lynch	- Appointed 05/04/2017
Rowena Mulcahy	- Appointed 26/09/2017
Dr. Mary O'Hanlon	- Term ended 04/04/2017
Dr. Maeve Doyle	- Term ended 04/04/2017
Dr. Mary Keys	- Term ended 04/04/2017
Dr. Michael Byrne	- Term ended 04/04/2017
John Redican	- Term ended 04/04/2017
Yvonne O'Neil	- Term ended 04/04/2017
Patricia O'Sullivan Lacy	- Term ended 04/04/2017
Pauline Gill	- Term ended 04/04/2017

Head Office
Waterloo Exchange
Waterloo Road
Dublin 4

Web Site: www.mhcirl.ie

Bankers
Allied Irish Bank
52 Upper Baggot Street
Dublin 4

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

Solicitor
Arthur Cox
Earlsfort Centre,
Earlsfort Terrace
Dublin 2

Accountants
Crowleys DFK
16/17 College Green
Dublin 2

Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Mental Health Commission

Qualified opinion on financial statements

I have audited the financial statements of the Mental Health Commission for the year ending 31 December 2017 as required under the provisions of section 47 of the Mental Health Act 2001. The financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland* and comprise

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

In my opinion, except for the non-compliance with the requirements of FRS102 in relation to retirement benefit entitlements referred to below, the financial statements give a true and fair view of the assets, liabilities and financial position of the Mental Health Commission at 31 December 2017 and of its income and expenditure for 2017 in accordance with FRS 102.

Basis for qualified opinion on financial statements

In compliance with the directions of the Minister for Health, the Mental Health Commission accounts for the costs of retirement benefit entitlements only as they become payable. This does not comply with FRS 102 which requires that the financial statements recognise the full cost of retirement benefit entitlements earned in the period. The effect of the non-compliance on the Mental Health Commission's financial statements for 2017 has not been quantified.

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

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

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

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

I have nothing to report in that regard.

Patricia Sheehan

Patricia Sheehan
For and on behalf of the
Comptroller and Auditor General
19 **December 2018**

Governance Statement and Commission Members' Report

Governance

The Commission was established under the Mental Health Act 2001 (the 2001 Act). The functions of the Commission are set out in section 33 of this Act. The Commission is accountable to the Minister for Health and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of the Mental Health Commission are the responsibility of the Chief Executive (CE) and the senior management team (SMT). The CE and the senior management team must follow the broad strategic direction set by the Commission, and must ensure that all Commission members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise.

The Commission acts through, and its functions are performed in the name of the Commission, by the CE. The CE mandates and controls generally the administration and business of the Commission and such other (if any) functions as may be determined by the Commission.

The Commission's statutory functions were expanded on 30 December 2015 with the enactment of the Assisted Decision-Making (Capacity) Act 2015 (the 2015 Act). The Commission is responsible for the establishment of the Decision Support Service and for the appointment of the Director of the Decision Support Service.

The 2015 Act provides for the establishment of the Decision Support Service (DSS) within the Mental Health Commission. The DSS will support decision-making by and for adults with capacity difficulties and will regulate individuals who are providing support to people with capacity difficulties. The 2015 Act reforms Ireland's capacity legislation which has been in place since the 19th century. It will establish a modern statutory framework to support decision making.

Commission Responsibilities

The work and responsibilities of the Commission are set out in Mental Health Commission's Corporate Governance manual, which also contains the matters specifically reserved for the Commission's decisions. Matters specifically reserved to members of the Commission are:-

- To define the vision and strategic direction of the organisation;
- To ensure the organisation fulfils its statutory duties;
- To define the internal control mechanisms for the organisation to safeguard public resources;
- To monitor the overall management of the organisation;
- Adoption of the Commission's Strategic Plan, Annual Business Plan and Annual Budget;
- Approval of significant acquisitions, disposals and retirement of assets of the organisation;
- Approval of any borrowings by the Commission, subject to the approval of the Minister for Expenditure and Public Reform (Section 41 of the 2001 Act);
- Approval of annual report and other reports requested by the Minister (Section 42 of the 2001 Act);
- Approval of annual financial statements;
- Appointment of the Audit and Risk Committee;
- Review of the organisation's system of internal controls;
- Appointment, remuneration and assessment of and succession planning for the Chief Executive;
- Significant amendments to the pension benefits of the Chief Executive and Staff.

Section 47 of the 2001 Act requires the Commission to keep, in such form as may be approved by the Minister for Health with consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it.

Governance Statement and Commission Members Report' (continued)

In preparing these financial statements, the Commission of the Mental Health Commission 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 Commission 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 47 of the Mental Health Act 2001. The maintenance and integrity of the corporate and financial information on the Mental Health Commission's website is the responsibility of the Commission.

The Commission is responsible for approving the annual plan and budget. The 2017 plan and budget were approved on 9 December 2016.

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

The Commission considers that the financial statements of the Mental Health Commission give a true and fair view of the financial performance and the financial position of the Mental Health Commission at 31 December 2017.

Commission Structure

The Commission consists of a Chairperson, and 12 ordinary members, all of whom are appointed by the Minister for Department of Health. The members of the Commission were appointed for a period of five years and meet at least 8 times a year. The table below details the appointment period for current members:

Commission Member	Role	Date Appointed
John Saunders	Chairman	Reappointed 05/04/2017
Jim Lucey	Member	Appointed 05/04/2017
Catherine O'Rorke	Member	Reappointed 05/04/2017
Ned Kelly	Member	Reappointed 29/09/2017
Rowena Mulcahy	Member	Appointed 26/09/2017
Dr. Michael Drumm	Member	Appointed 05/04/2017
Nicola Byrne	Member	Appointed 05/04/2017
Dr. Margo Wrigley	Member	Appointed 05/04/2017
Patrick Lynch	Member	Appointed 05/04/2017
Dr. Xavier Flanagan	Member	Reappointed 05/04/2017
Colette Nolan	Member	Reappointed 05/04/2017
Niamh Cahill	Member	Appointed 31/10/2017
Aaron Galbraith	Member	Appointed 05/04/2017

The Commission conducted an internal self-assessment of effectiveness and evaluation for the year ending 31 December 2017. The Commission intends to undertake an external review in respect of 2018 as guided by the Code of Practice for the Governance of State Bodies (2016).

Governance Statement and Commission Members' Report (continued)

The Commission has established two committees, as follows:

1. **Audit and Risk Committee**: comprises four Commission members and three independent members. The role of the Audit and Risk Committee (ARC) is to support the Commission in relation to its responsibilities for issues of risk, control and governance and associated assurance. The ARC is independent from the financial management of the organisation. In particular, the Committee ensures that the internal control systems including audit activities are monitored actively and independently. The ARC reports to the Commission after each meeting, and formally in writing annually.
   The members of the Commission on the Audit and Risk Committee are: Patrick Lynch (Chairperson), Catherine O'Rorke, Jim Lucey, Joseph Campbell, Moling Ryan, Ciara Lynch and Nicola Byrne. There were four meetings of the ARC in 2017. The Chairman is an ex officio member of Commission Committees. Ned Kelly was on the previous iteration of the ARC along with Pauline Gill and Patricia O'Sullivan Lacy. John Saunders is an ex officio member of the ARC and attended two meetings.

2. **Legislation Committee**: comprises three Commission members and one independent member. The members of this committee are: Rowena Mulcahy (Chairperson), Ned Kelly, Michael Drumm and Mary Donnelly. There were two meetings of the Legislation Committee in 2017.

Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Commission and Committee meetings for 2017 is set out below including the fees and expenses received by each member:

	Commission 1 Jan – 4 April	Commission 5 April – 31 Dec	Audit & Risk Committee	Legislation Committee	Fees 2017 €	Expenses 2017 €
Number of meetings	**3**	**7**	**4**	**2**		
John Saunders	2	7	2/4	1/2	11,924	4,815
Jim Lucey		5	2/3		-	-
Catherine O'Rorke	2	7	3/4		-	114
Ned Kelly	3	4	1/1	2/2	-	2,377
Rowena Mulcahy		2		0/1	2,024	-
Dr. Michael Drumm		6		1/1	-	-
Nicola Byrne[1]		7	1/1		-	-
Dr. Margo Wrigley		5			5,692	-
Patrick Lynch		6	3/3		-	-
Dr. Xavier Flanagan	2	5			5,692	114
Colette Nolan[2]	2	3			5,692	118
Niamh Cahill		3			1,286	-
Aaron Galbraith		3			5,772	-
Mary Keys	3			1/1	-	2,865
Patricia O'Sullivan Lacy	3		1/1	1/1	-	164
Dr. Mary O'Hanlon	2				-	114
Dr. Maeve Doyle	2			0/1	-	114
Dr. Michael Byrne	3				-	114
John Redican	-		-		-	-
Yvonne O'Neill	3				-	-
Pauline Gill	3		1/1	1/1	-	114
Joseph Campbell			3/4		-	-
Ciara Lynch			4/4		-	-
Moling Ryan			1/3		-	-
Mary Donnelly				0/1	-	-
					38,082	**11,023**

[1] Nicola Byrne was appointed to ARC at the November 2017 Commission Meeting.
[2] Colette Nolan was originally appointed to the ARC but subsequently stepped down.

Five of the Commission members did not receive a Commission fee under the One Person One Salary (OPOS) principle. One member is not entitled to a fee.

Governance Statement and Commission Members' Report (continued)

Key Personnel Changes

Terms of office for thirteen members of the Commission expired on 4 April 2017. In accordance with the Mental Health Act 2001 the Minister appointed seven new members and reappointed five members.

The Director of Corporate services, retired from his position with effect from 1 October 2017. This role is currently vacant.

A Head of Legal Affairs was appointed to a new position on 24 May 2017.

A Director of the Decision Support Service was appointed to a new position on 2 October 2017.

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

The Commission is responsible for ensuring that the Mental Health Commission has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016 and updated in November 2017. The following disclosures are required by the Code.

Employee Short-Term Benefits Breakdown

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

Range From		To	Number of employees 2017	2016
€ 60,000	-	€ 69,999	1	-
€ 70,000	-	€ 79,999	3	2
€ 80,000	-	€ 89,999	-	-
€ 90,000	-	€ 99,999	1	1
€ 100,000	-	€ 109,999	-	-
€ 110,000	-	€ 119,999	-	-
€ 120,000	-	€ 129,999	-	-
€ 130,000	-	€ 139,999	-	1
€ 140,000	-	€ 149,999	1	1
€ 150,000	-	€ 159,999	-	-
€ 160,000	-	€ 169,999	-	-
€ 170,000	-	€ 179,999	-	-
€ 180,000	-	€ 189,999	-	-
€ 190,000	-	€ 199,999	-	-
€ 200,000	-	€ 209,999	-	-
€ 210,000	-	€ 219,999	-	1
€ 220,000	-	€ 229,999	-	-
€ 230,000	-	€ 239,999	1	-

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

Governance Statement and Commission Members' Report (continued)

Consultancy Costs

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

	2017	2016
	€	€
Legal advice	**77,581**	205,467
Research	**50,970**	-
Business improvement	**8,524**	172,390
Pension advice	-	2,239
Total consultancy costs	**137,075**	380,096

Legal Costs and Settlements

The table below provides a breakdown of amounts recognised as expenditure in the reporting period in relation to legal costs, settlements and conciliation and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by the Mental Health Commission which is disclosed in Consultancy costs above.

	2017	2016
	€	€
Legal fees - legal proceedings	**495,250**	595,800
Legal fees – legal aid scheme	**2,739,923**	2,879,729
Conciliation and arbitration payments	-	-
Settlements	-	-
Total	**3,235,173**	3,475,529

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2017	2016
	€	€
Domestic		
- Commission*	**11,023**	10,040
- Employees	**149,916**	66,359
International		
- Commission	-	-
- Employees	**2,504**	397
Total	**163,443**	76,796

* includes travel and subsistence of €10,001 paid directly to Commission members in 2017 (2016: €10,040). The balance of €1,022 (2016: €Nil) relates to expenditure paid by Mental Health Commission on behalf of the Commission members.

Governance Statement and Commission Members' Report (continued)

Hospitality Expenditure

The Income and Expenditure Account includes the following hospitality expenditure:

	2017	2016
	€	€
Commission / Staff hospitality	4,284	1,083
Client hospitality	-	-
Total	4,284	1,083

Statement of Compliance

The Commission has adopted the Code of Practice for the Governance of State Bodies (revised 2016) and has put procedures in place to ensure compliance with the provisions of the Code.

Except for a small number of provisions that are work in progress at year end, such as a corporate procurement plan and customer action plan, the Mental Health Commission is significantly compliant with the Code.

.....
John Saunders
Chairperson
13/12/2018

.....
John Farrelly
Chief Executive
13/12/2018

MENTAL HEALTH COMMISSION

Statement on Internal Control

Scope of Responsibility

As Chairperson, I acknowledge the Commission is responsible for the system of internal control. The Commission has delegated responsibility to the Chief Executive to deal with management and operational issues and to report to the Commission regularly.

Purpose of the System of Internal Control

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 and Risk Committee of the Commission has been established. The Committee's Terms of Reference are in accordance with the Code to include oversight on financial reporting, external and internal audits, risk management and internal controls.
- Management responsibilities are assigned, with corresponding accountability.

Risk and Control Framework

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.

Statement on Internal Control (continued)

Ongoing Monitoring and Review

The system of internal 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.
- The Commission has an internal audit function which reports to the Audit and Risk 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 control is informed by the work of the outsourced internal auditor and the Audit and Risk Committee.

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.

The Mental Health Commission has a properly constituted internal audit function which reports to the Audit and Risk Committee. The internal audit function operates in accordance with the Code. The Commission's monitoring and review of effectiveness of the systems of internal control is informed by the work of the outsourced internal auditor and the Audit and Risk Committee. The following internal audits were carried out in 2017, as part of a 3 year internal audit plan :-

- Internal financial control
- Review of Mental Health Tribunal processes
- Review of Mental Health Tribunal costs

Statement on Internal Control (continued)

Procurement

I confirm that Mental Health Commission has procedures in place to ensure compliance with current procurement rules and guidelines. Matters arising regarding controls over procurement are highlighted below.

Review of Effectiveness

The Statement of Internal Control has been reviewed by the Audit and Risk Committee and the Commission to ensure it accurately reflects the control system in operation during the reporting period.

A review of Internal Controls in 2017 was carried out by an outsourced internal auditor and signed off by the Commission in 2018.

The Commission is of the opinion that reasonable assurance can be placed on the effectiveness of the system of internal controls instituted and implemented for the financial year ended 31 December 2017.

Internal Control Issues

Details of breaches	Mitigating actions
1. Non-compliant procurement The Commission has procedures in place to ensure compliance with current procurement rules and guidelines. However, during 2017, the Commission incurred expenditure of €885,000 where the procurement procedures employed did not comply with procurement rules as follows: • Expenditure of € 780,783 in relation to agency staff. The agency fee was approximately €73,028 with the balance relating to salary payments to agency staff. • Expenditure of €17,000 relating to two contracts where a competitive process had not been undertaken. • Expenditure of €88,000 on two IT contracts which had been rolled over.	A tender process for agency staff was completed in Q1 2018 and a new firm was appointed. The Commission updated its procurement policy to include a specific reference to the need for compliance with OJEU procurement rules. The procurement policy was approved by the Audit and Risk Committee in November 2017 and communicated to all relevant staff.

Statement on Internal Control (continued)

Details of breaches	Mitigating actions
2. Data Protection Controls In 2017, the Commission reported 3 incidences of breaches of data protection guidelines to the Data Protection Commissioner. Details of the breaches are set out below: • Patient files were sent to a legal representative and a consultant psychiatrist in error. These individuals should not have received patient files as they were not properly registered on the Commission's panels. • A consultant psychiatrist's handbag that was stolen in December 2017 contained patient data.	The following action were taken to prevent recurrence of such issues: • The Commission has put procedures in place to ensure that all documentation on the Commission's panels are checked twice a year and individuals are removed from the panel where required documentation has not been provided. • The Commission sent a notification to all Mental Health Tribunal panel members regrading security in December and subsequently. • A specific privacy policy for panel members relating to their obligations was created. • The Mental Health Tribunals team has a designated Data Protection representative. Data protection is discussed at team meetings on a weekly and monthly basis.
3. Tribunal Costs and Controls Processes During 2017, reviews conducted by Internal audit identified a number of weaknesses in relation to the administration relating to tribunals. These included instances of inadequate evidence to support claims submitted by legal representatives, weaknesses in process to detect duplicate claims from consultant psychiatrists and gaps in the procedures for monitoring panel members.	• The Commission has implemented all of the recommendations made by Internal Audit and is satisfied that the identified weaknesses have been addressed. • For legal representatives a work completed form was put in place in August 2018. • No fees are paid without these forms being received and checked. • These forms were reviewed in September 2018 but held due to changes in emergency legislation.

Signed .....

John Saunders
Chairperson
13/12/2018

MENTAL HEALTH COMMISSION

Statement of Income and Expenditure and Retained Revenue Reserves
For the year ended 31 December 2017

	Notes	2017 €	2016 €
Income			
Grant income	2	**13,000,000**	13,250,000
Superannuation contributions	3	**58,327**	90,215
Other Income	4	**264**	1,341
		13,058,591	13,341,556
Expenditure			
Commission Costs	5	**54,856**	28,880
Staff Costs	6	**3,270,330**	2,900,916
Mental Health Tribunals	8	**7,797,980**	8,157,008
Upkeep and Overheads	9	**625,019**	298,095
General Expenses	10	**1,336,114**	1,663,359
Depreciation	11	**107,264**	107,576
		13,191,563	13,155,834
(Deficit)/Surplus for the year before appropriations		**(132,972)**	185,722
Transfer (to)/from capital account	14	**(21,262)**	61,335
(Deficit) /Surplus for the year after appropriations		**(154,234)**	247,057
Balance brought forward 1 January		**143,507**	(103,550)
Balance carried forward at 31 December		**(10,727)**	143,507

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

The Statement of Cash Flows and notes 1-20 form part of these financial statements.

On behalf of the Commission

.....
John Saunders
Chairperson
2018

.....
John Farrelly
Chief Executive
2018

MENTAL HEALTH COMMISSION

Statement of Financial Position
As at 31 December 2017

	Notes	2017	2016
		€	€
Fixed Assets			
Property, Plant and Equipment	11	**253,787**	232,525
Current assets			
Cash on hand and at bank		**730,460**	996,302
Receivables and prepayments	12	**280,528**	172,267
		1,010,988	1,168,569
Current Liabilities			
Amounts Falling Due Within 1 Year			
Payables and accruals	13	**(1,021,715)**	(1,025,062)
Net Current (Liabilities) / Assets		**(10,727)**	143,507
Total Assets less current liabilities		**243,060**	376,032
Net Assets		**243,060**	376,032
Reserves			
Statement of Income and Expenditure		**(10,727)**	143,507
Capital Account	14	**253,787**	232,525
		243,060	376,032

The Statement of Cash Flows and notes 1-20 form part of these financial statements.

On behalf of the Commission

.....
John Saunders
Chairperson
13/12/ 2018

.....
John Farrelly
Chief Executive
13/12/ 2018

MENTAL HEALTH COMMISSION

Statement of Cash Flows
For the year ended 31 December 2017

	Note	2017	2016
		€	€
Net Cash Flow from Operating Activities			
Excess (expenditure over income) / income over expenditure		**(132,972)**	185,722
Depreciation charge	11	**107,264**	107,576
(Increase) / decrease in receivables		**(108,261)**	(3,647)
(Decrease) / increase in payables		**(3,347)**	17,601
(Gain) on disposal of fixed assets		**(480)**	-
Net Cash Inflow from Operating Activities		**(137,796)**	307,252
Net Cash flows from investing activities			
Amounted allocated to fund asset additions	14	**(128,526)**	(46,241)
Disposal of assets		**480**	-
Net Cash Flow from Investing Activities		**(128,046)**	(46,241)
(Decrease) / increase in Cash and Cash Equivalents		**(265,842)**	261,011
Cash at bank 1 January		**996,302**	735,291
Cash at bank 31 December		**730,460**	996,302

On behalf of the Commission

.....
John Saunders
Chairperson
13/12/ 2018

.....
John Farrelly
Chief Executive
13/12/ 2018

Notes to the financial statements
For the year ended 31 December 2017

1. Accounting Policies

a) General

The Mental Health Commission was established by the Minister for Health on 5 April 2002 under Section 32 of the Mental Health Act 2001 with a head office at Waterloo Exchange, Waterloo Road, Dublin 4.

The principal functions of the Commission, as specified in the Act, are to promote, encourage and foster the establishment and maintenance of high standards and good practices in the delivery of mental health services and to take all reasonable steps to protect the interests of persons detained in approved centres.

The Commission undertakes the following activities:

- Appointing persons to mental health to review the detention of involuntary service users and appointing a legal representative for each service user;
- Establishing and maintaining a Register of Approved Centres;
- Inspecting approved centres and other mental health services;
- Making rules regulating the use of specific treatments and interventions as specified in the Mental Health Act 2001;
- Developing codes of practice to guide people working in mental health services; and
- Assisted Decision Making (Capacity) Act 2015 was enacted on the 30 December 2015. When commenced in full, the legislation will confer additional statutory functions on the Mental Health Commission. €300,000 was received in relation to the legislation in 2017.

The Commission is also empowered to undertake such activities, as it deems appropriate to foster and promote these standard and practices.

b) Statement of Compliance

The financial statements of the Mental Health Commission for the year ended 31 December 2017 have been prepared in accordance with FRS 102 (the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council, as promulgated by Chartered Accountants Ireland) with the exception of Section 28 Employee Benefits - (See Accounting Policy H).

c) Basis of Preparation

The financial statements are prepared under the historical cost convention, except as indicated below. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Mental Health Commission's financial statements.

The financial statements are prepared in Euro which is the functional currency of the Commission.

d) Period of Account

The financial statements relate to the year ended 31 December 2017.

Notes to the financial statements
For the year ended 31 December 2017

Accounting Policies (continued)

e) Income

State Grant
Income shown in the financial statements under State Grants represents the amount received in the period.

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

f) Tangible Assets and Depreciation

Tangible assets are stated at their historical cost less accumulated depreciation. Depreciation is charged to the Statement of Income and Expenditure 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
Leasehold Improvements	Straight-line over 8 years

The residual value and useful lives of fixed assets are considered annually for indicators that these may have changed. Where such indicators are present, a review will be carried out of the residual value, depreciation methods and useful lives, and these will be amended if necessary. Changes in depreciation rates arising from this review are accounted for prospectively over the remaining useful lives of the assets.

g) Capital Account

The capital account balance represents the unamortised value of funds used for the purchase of fixed assets.

Accounting Policies (continued)

h) Employee Benefits

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

Retirement Benefits
The Commission had 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 2017 the scheme was approved. In 2016, pending finalisation of the Commission's Scheme, the Model Superannuation Scheme had been operated on an administrative basis.

The Public Service (Single Scheme and Other Provisions) Act 2012 became law on 28th July 2012 and introduced the new Single Public Service Pension Scheme ("Single Scheme") which commenced with effect from 1st January 2013. All new staff members to the Mental Health Commission, who are new entrants to the Public Sector, on or after 1st January 2013 are members of the Single Scheme.

In accordance with direction of the Minister of Health, pensions are accounted for on a 'pay as-you go' basis. The provisions of FRS 102 'Section 28: Employee Benefits' are not applied and the liability for future pension benefits accrued in the year has not been recognised in the financial statements.

i) Receivables

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

j) Payables

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

k) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Commission's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow or resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

l) Critical Accounting Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There were no judgements required that had a significant effect on amounts recognised in the financial statements for 2017.

m) Operating Lease

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves over the life of the lease. Expenditure is recognised on a straight-line basis over the lease period, except where there are rental increases linked to the expected rate of inflation, in which case these increases are recognised when incurred. Any lease incentives received are recognised over the life of the lease.

2. State Grant

	2017	2016
	€	€
Department of Health (Vote 38 Subhead E1)	**12,700,000**	13,250,000
Department of Health – Decision Support Service (Vote 38 Subhead E1)	**300,000**	-
	13,000,000	13,250,000

3. Superannuation Contributions

By agreement with the Department of Health, the Commission retains superannuation contributions payable by staff. This is recognised as income in the financial statements. The amounts payable in the year are recognised as income in that year.

The €58,327 brought to account in 2017 is in respect of deductions made in the accounting year. The €90,215 brought to account in 2016 is in respect of deductions made in 2016.

4. Other Income

	2017	2016
	€	€
Conference income and FOI requests	**264**	1,341
	264	1,341

5. Commission Costs

	2017	2016
	€	€
Chairperson's stipend	**11,924**	11,970
Commission member fees	**26,158**	-
Commission meetings and conference costs	**5,751**	6,870
Travel and Subsistence	**11,023**	10,040
	54,856	28,880

6. Staff Costs

	2017	2016
	€	€
Salaries and wages	**2,273,206**	2,285,392
Agency Personnel	**798,816**	498,295
Travel and Subsistence - Domestic	**149,916**	66,359
Travel and Subsistence - Foreign	**2,504**	397
Staff training and CPD	**45,888**	50,473
	3,270,330	2,900,916
Average number of employees	**34**	34

Pension levy was deducted in line with statutory requirements. €97,817 of pension levy has been deducted in 2017 and paid over to the Department of Health (2016: €86,941).

Employee benefits breakdown

Range of total employee benefits			**Number of Employees**	
From		**To**	**2017**	**2016**
€60,000	-	€69,999	1	-
€70,000	-	€79,999	3	2
€80,000	-	€89,999	-	-
€90,000	-	€90,999	1	1
€100,000	-	€109,999	-	-
€110,000	-	€119,999	-	-
€120,000	-	€129,999	-	-
€130,000	-	€139,999	-	1
€140,000	-	€149,999	1	1
€150,000	-	€159,999	-	-
€160,000	-	€169,999	-	-
€170,000	-	€179,999	-	-
€180,000	-	€189,999	-	-
€190,000	-	€199,999	-	-
€200,000	-	€209,999	-	-
€210,000	-	€219,999	-	1
€220,000	-	€229,999	-	-
€230,000	-	€239,999	1	-
Total			**7**	**6**

7. Chief Executive's Remuneration	2017	2016
	€	€
Chief Executive's annual basic salary	**142,347**	148,565
All-in cost of the Chief Executives' total remuneration (incl superannuation)	**142,347**	148,565

On foot of sanctions received from the Department of Health in July 2016 and in line with requirements under the Haddington Road Agreement, the Commission processed pay increments due to relevant staff in 2016. Subsequently in 2017, the Department of Health notified the Mental Health Commission that the effective date for the increment of the Chief Executive's pay had been wrongly advised. As a result, included in the Chief Executive's 2016 pay is an overpayment of €3,272. This refund was immediately rectified when notified by the Department of Health and was fully recovered in 2017.

8. Mental Health Tribunals	2017	2016
	€	€
Fees to Panel Members		
Chairpersons' Fees	**1,262,054**	1,380,690
Lay Members' Fees	**635,321**	668,815
Consultant Psychiatrists' Fees - Tribunal	**857,551**	904,422
Consultant Psychiatrists' Fees – Independent	**1,362,861**	1,359,908
Legal Representatives' Fees – MHTs	**2,739,923**	2,879,729
Legal Representatives' Fees - Circuit court appeals *	**389,286**	420,921
Other Costs		
Travel and subsistence	**537,521**	500,720
Other costs	**10,504**	33,132
Training associated with the Mental Health Act	**2,959**	8,671
	7,797,980	8,157,008

*These include fees paid to the patients' legal representative and the Mental Health Commission's legal advisors.

Notes to the financial statements
For the year ended 31 December 2017

9. Upkeep and Overheads

	2017	2016
	€	€
Repairs and maintenance	**13,342**	13,536
Rent and rates and service charges	**608,243**	282,586
Insurance	**3,434**	1,973
	625,019	298,095

10. General Expenses

	2017	2016
	€	€
Telephone	**49,955**	45,062
Light and heat	**20,526**	17,162
Printing, postage, stationary and storage	**79,484**	83,940
Taxi and courier	**2,731**	2,859
Recruitment costs	**76,644**	213,901
Accountancy and internal audit	**202,846**	153,201
Audit fees	**15,500**	10,700
Bank charges	**1,239**	1,126
IT technical support	**179,274**	244,193
IT development costs	**126,844**	23,804
Advertising to include recruitment	**38,579**	10,626
Library publications and reference material	**20,761**	18,965
Subscriptions	**13,070**	17,791
Cleaning	**14,714**	13,152
Pension and human resources	**70,271**	72,456
Strategic plan, business plan and performance metrics	**-**	42,005
Independent organisational review	**-**	94,053
Legal fees general	**77,581**	205,467
High Court – Solicitor	**86,810**	165,442
High Court - Counsel	**19,154**	9,437
Publications expenses	**16,321**	15,767
Conference, room hire and seminar expenses	**8,694**	3,600
Hospitality expenses	**4,284**	1,083
Research projects	**50,970**	-
Licenses	**66,185**	61,718
Business process improvements	**-**	38,958
Communications and media	**62,270**	66,233
Insurance	**16,873**	17,133
General office expenses	**15,014**	13,525
Gain on disposal of fixed assets	**(480)**	-
	1,336,114	1,663,359

11. Property, Plant and Equipment

	Furniture and Fittings	Office Equipment	IT Equipment	Leasehold Improvements	Total
	€	€	€	€	€
Cost					
At 1 January 2017	367,132	191,100	762,648	207,456	1,528,336
Additions	629	-	127,897	-	128,526
Disposals	-	(5,492)	(15,963)	-	(21,455)
At 31 December 2017	367,761	185,608	874,582	207,456	1,635,407
Depreciation					
At 1 January 2017	332,524	188,920	722,501	51,866	1,295,811
Charge for the period	4,387	1,774	75,171	25,932	107,264
Disposals		(5,492)	(15,963)	-	(21,455)
At 31 December 2017	336,911	185,202	781,709	77,798	1,381,620
Net Book Value					
At 31 December 2017	**30,850**	**406**	**92,873**	**129,658**	**253,787**
At 31 December 2016	34,608	2,180	40,147	155,590	232,525
In respect of prior year:					
Cost					
At 1 January 2016	343,705	191,100	740,742	207,456	1,483,003
Additions	23,427	-	22,814	-	46,241
Disposals	-	-	(908)	-	(908)
At 31 December 2016	367,132	191,100	762,648	207,456	1,528,336
Depreciation					
At 1 January 2016	308,541	186,798	667,870	25,934	1,189,143
Charge for the period	23,983	2,122	55,539	25,932	107,576
Disposals	-	-	(908)	-	(908)
At 31 December 2016	332,524	188,920	722,501	51,866	1,295,811
Net Book Value					
At 31 December 2016	**34,608**	**2,180**	**40,147**	**155,590**	**232,525**
At 31 December 2015	35,164	4,302	72,872	181,522	293,860

12. Receivables and Prepayments

	2017	2016
	€	€
Prepayments	**280,528**	171,988
Other debtors	**-**	279
	280,528	172,267

The fair value of debtors and prepayments approximate to their carrying amounts. All debtors are due within one year. Debtors are shown net of impairment in respect of doubtful debts.

13. Payables and Accruals

	2017	2016
	€	€
Creditors	**2,231**	21,685
PAYE/PRSI	**195,872**	227,896
Accruals	**689,629**	631,254
Withholding tax	**120,818**	144,044
Other creditors	**11,793**	-
VAT	**1,372**	183
	1,021,715	1,025,062

Tax and social insurance are subject to the terms of the relevant legislation. Interest accrues on late payment. No interest was due at the financial year end. The terms of accruals are based on the underlying contracts. Other amounts included within creditors not covered by specific note disclosures are unsecured, interest free and repayable on demand.

14. Capital Account

	2017	2016
	€	€
As at 1st January	**232,525**	293,860
Funds allocated to acquire fixed assets	**128,526**	46,241
Amount amortised in line with asset depreciation	**(107,264)**	(107,576)
Amount released on disposal of assets	**-**	-
Amount released from/(to) income and expenditure account	**21,262**	(61,335)
As at 31st December	**253,787**	232,525

In accordance with accounting policy, Government grants are recognised based on actual receipts. The element of these grants which are for the purchase of tangible assets are recognised over the useful life of the assets. There are no unfulfilled conditions or contingencies attaching to these grants.

15. Operating Lease

The Mental Health Commission has commitments in respect of a lease on office accommodation at Waterloo Exchange, Waterloo Road. This lease is held by the Office of Public Works for a period of 25 years which commenced in 1997. The annual rent payable is €636,300 and annual service charges payable are €90,077.

The Mental Health Commission began renting additional office space within the Waterloo Exchange as of 1 January 2017 which resulted in an additional rent charge. The Mental Health Commission was also subject to a rent increase as of May 2017 as a result of a rent review. As a result of these events, the annual rent payable increased from €338,500 to €636,300.

Lease Commitments
Commitments in respect of this lease including service charges are as follows:

	As at 31 December 2017	As at 31 December 2016
	€	€
Under 1 year	**726,377**	344,330
Between 2 – 5 years	**2,905,508**	1,721,652
Over 5 years	**-**	-
	3,631,885	2,065,982

Notes to the financial statements
For the year ended 31 December 2017

16. Related Party Disclosures

Key management personnel in the Mental Health Commission consist of the Chief Executive, senior management and members of the Commission. Total compensation paid to key management personnel, including commission members' fees and expenses and total CE remuneration, amounted to €673,302 (2016: €604,565). For a breakdown of the remuneration and benefits paid to key management personnel please refer to Notes 5 and 7.

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.

17. Capital Commitments

There were no capital commitments at 31st December 2017.

18. Contingent Liabilities

The Commission are involved in a number of legal cases at the financial year end. The Commission is unable to reliably estimate the potential financial impact of these cases.

19. Comparative Figures

Some changes have been made to the presentation of items in the financial statements and the comparative figures have been reclassified where necessary on a basis consistent with the current year presentation.

20. Approval of financial statements

The financial statements were approved by the Commission at its meeting on 13 December 2018