

# St. Michael's House

Services for People with Disabilities



**FINANCIAL  
STATEMENTS  
2019**

## OUR MISSION

Support individuals with intellectual disabilities to achieve their potential and live as independently as possible in ordinary places in the community connected to natural support networks.

St. Michael's House  
(a company limited by guarantee and  
not having a share capital)

Reports and Financial Statements  
for the financial year ended  
31 December 2019

**Chairperson Signed 2018/2019**



Anthony Staines  
*Director*



Martin Lyes  
*Director*



**ST. MICHAEL'S HOUSE CLG**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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## ST. MICHAEL'S HOUSE CLG

### GENERAL INFORMATION

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#### CURRENT DIRECTORS

Anthony Staines (Chairperson)  
Pat Cullen  
Ailis Quinlan  
Niamh Moran  
Liam O'Donohoe  
Martin Lyes  
Tom Casey  
Noel Beecher  
Dee Moran  
Máirtín MacAodha

#### SECRETARY AND REGISTERED OFFICE

Declan Ryan  
St Michael's House  
Administration Building  
Ballymun Road  
Dublin 9

#### AUDITORS

Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2

#### SOLICITORS

Gore & Grimes  
Cavendish House  
Arran Court  
Smithfield  
Dublin 7

#### BANKERS

Allied Irish Banks p.l.c.  
60 Clonskeagh Road  
Dublin 14

#### COMPANY REGISTRATION NUMBER

27628

#### CHARITY REGISTRATION NUMBER

CHY 5692

## ST. MICHAEL'S HOUSE CLG

### DIRECTORS' REPORT

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The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the financial year ended 31 December 2019.

#### PRINCIPAL ACTIVITY

The main sources of funding for services and supports provided by St. Michael's House are the Health Service Executive (HSE) and the Department of Education and Skills.

The principal activity of the company continued to be the provision of a comprehensive service to persons with intellectual disabilities and their families, including the operation of special schools, adult day services, vocational training, social and recreational supports, community residential houses, early services and clinical services.

#### RESULTS FOR THE YEAR

	2019 €	2018 €
(Deficit)/Surplus on ordinary activities	<b>(431,234)</b>	821,813

After the generation of a surplus for 2017 and 2018, it is disappointing to report a deficit for 2019. As we all know, the average age of the Irish population is increasing and projected to continue to grow. This is going to present challenges for our Health Services as we move forward.

The average age of the service users in St. Michaels House is also increasing and this is giving rise to the need for additional supports to be put in place to deal with their changing needs. Funding for the additional costs of these additional needs is difficult to obtain from HSE and coupled with increased costs in areas like transport, funding will continue to be an increasing challenge into the future.

Although, the need to address our accumulated deficits by long term sustainable funding from HSE has been recognised and discussions on addressing this have taken place with HSE, no meaningful progress was made in this area in 2019. Although HSE continue to fund these deficits from a cash flow viewpoint, by means of annual but repayable cash advances, this does not address the significant net current liabilities issue in the Balance Sheet.

The continued pressure on cash flow has constrained the ability of St. Michaels House to invest in new services and much needed critical infrastructure. Our Information Technology infrastructure is reaching end of life in a number of areas. A strategic plan has been developed to address this area and we would hope, with the support of HSE, to deliver significant improvements over the next 3 years.

#### BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Following extensive consultation, research and environmental analysis the 5 year Strategic Plan for St Michael's House was completed by the Chief Executive and Staff Team under the direction of the Board. The St Michael's House Strategic Plan 2017 – 2021 Building Community; Supporting Independence sets out the refreshed vision of St Michael's House as 'A world where the potential of each individual with an intellectual disability is achieved'.

St. Michael's House mission is to 'Support individuals with intellectual disabilities to achieve their potential and live as independently as possible in ordinary places in the community connected to natural support networks'. The Strategic Plan 2017 – 2021 is founded on six high level goals which are designed to carry our mission forward in a structured and measurable manner. While the scope is broad the underlying objectives feed through to every aspect of the lives of the people who St. Michael's House support. Each goal is underpinned by a set of high level key performance indicators and measures of success which ensure that there is clarity about the progress with each one.

**BUSINESS REVIEW AND FUTURE DEVELOPMENTS (CONTINUED)**

The six high level goals are:

1. Ensure that People will be supported to have services and supports that meet their needs;
2. Ensure service change, customisation and reconfiguration to make best use of allocated resources;
3. Ensure St Michael's House achieves measurable standards of excellence;
4. Ensure that individuals, families, employees and volunteers are skilled, competent and resilient;
5. Develop Strategic alliances to bridge resource and competency gaps;
6. Ensure St Michael's House achieves measurable standards of excellence.

St. Michael's House has identified the following list of key strategic challenges and opportunities which face the organisation during the period of the plan:

1. To manage, maintain and renew existing services;
2. To manage day, residential and respite service waiting lists and residential emergencies in collaboration with the HSE;
3. To manage, maintain and reconfigure existing services in accordance with the National Policy Framework and operate within allocated resources;
4. To respond to unmet need and individual emergencies in the absence of a National Disability Strategy with an accompanying multi-annual investment fund;
5. To deliver on the national policy Progressing Reconfiguration of Disability Services for Children and Young People as Lead Agency for a number of Network Teams whilst maintaining adequate clinical supports for those over 18 years;
6. To progress our decongregation programme to community life for men and women presently resident at St Mary's Baldoyle and the Glens Complex, Ballymun;
7. To be compliant with the provisions of the Health Act Regulations (2013) whilst presenting a balanced budget;
8. To reconfigure existing day services and develop new day services and supports in accordance with the Interim Standards for New Directions (HSE 2015);
9. To meet the needs of young people leaving school and training centres as they grow into adulthood and achieve their potential for independence, further education, health and occupation;
10. To redesign our services for men and women over 18 years enabling them to access leisure, education, occupation and supported living;
11. To meet the changing needs of adult service users over 50 years of age who require increased medical and behavioural supports and retirement programmes;
12. To implement a funded workforce plan including the development of a targeted volunteering programme bringing added value to individuals supported;
13. To maintain our housing and premises infrastructure ensuring it is fit for purpose and develop strategic partnerships with other housing providers and agencies. St. Michael's House Housing Association, a fellow group company, is tasked with this area;
14. To develop a robust information communications and technology infrastructure to support the delivery of real time business information including an electronic person record system making best use of time and resources;
15. To create and maintain a structured meaningful stakeholder consultation and engagement forum ensuring we are connected with the men, women and families we support;
16. To create and deliver a financially sustainable operating business model over the period 2017 – 2021.

The Strategic Plan, with its goals and tangible objectives, addresses these challenges and opportunities. The plan was drawn up following a very wide consultation process and it is designed to realise the maximum gain from the resources available. In meeting these challenges the organisation's financial resources and the built environment are critical but the skills, experience and creativity of our staff is the most valuable asset which the organisation has.

The Strategic Plan provided the framework and guidance for all the activities of the organisation in 2019. The Board approved the St. Michael's House Service Plan 2019 in February 2019 and receives six monthly progress reports.



**BUSINESS REVIEW AND FUTURE DEVELOPMENTS (CONTINUED)**

The Strategic Plan Year End Review 2019 showed a high level of completion of objectives demonstrating that the plan is built on solid foundations and is being implemented effectively by the Management Team. These achievements in particular stood out as building blocks for future developments:

1. Information and Communications Technology

The Information Technology Department made great strides in 2019 in a challenging environment and within resource limitations. The upgrade of the Server and Storage infrastructure which facilitated the centralisation and security of data and storage in a New Private Cloud was completed and the upgrade of the Coolock and Baldoyle Firewalls, to ensure greater security, was also finalised. In support of new service development, connectivity was provided for our new Day Service Hubs in Nutgrove, Coolock and Adare Green and for our new Mental Health Intellectual Disability Team. A major project to completely overhaul the Eform reporting system was implemented at the end of 2019 enabling St. Michael's House to report adverse incidents to the States Claims Agency.

2. Cosán

Cosán stands for Community Involvement, Ordinary Lives, Skill Development, Active Participation and Natural Supports. Cosán is designed to support service users to learn new skills for independence. In 2019 the pathway to progress from Cosan to QQI level 1 or level 2 programmes was developed and implemented. The first Cosán showcases took place in 2019, in which 225 service users received awards for their learning and skills development. This was the first organisation-wide official recognition of the Cosán programme and was a huge success. The showcase was attended by service users, families, staff members and clinicians.

Cosán supports the Person Centred Planning Process and is an integral part of learning what is important to and for service users to help them achieve their goals. Cosán was rebranded in 2019 with a new logo. Flyers and posters were designed and distributed throughout the organisation and sent to families. This has helped the embedding and awareness of the programme internally and externally.

3. Children & Young People's Services

The SMH Key Working Model for Children and Young People's Services Pilot Project (known as the Key Working Pilot Project) was established by SMH in May 2018 in collaboration with Dr Suzanne Guerin, SMH Research Department & UCD Centre for Disability Studies. The purpose of the pilot is to develop, implement and conduct an initial evaluation of a model of key working based on the findings of the Report on the Review of Key Working in St Michael's House (February 2018). A full report of the implementation and evaluation of the Key Working Pilot Project is being prepared presently. Once accepted a project plan will be developed to implement the recommendations of this report across the service.

**GOING CONCERN**

The Company generated a deficit for the year of €431,234 (2018: surplus of €821,813) and at the balance sheet date had net current liabilities of €8,920,720 (2018: €7,423,573).

The Company is almost entirely dependent on the HSE and Department of Education and Skills to continue to fund its operations. There is no firm commitment at this stage from the HSE regarding permanent additional funding to meet historic deficits and address the net current liability situation. The Directors are hopeful that continuing discussions with the HSE will result in the provision of necessary funding in 2020 and subsequent years.

**GOING CONCERN (CONTINUED)**

In 2020 and in previous years, increased costs relating to changing needs of services users has resulted in a potential significant funding shortfall. A breakeven plan prepared by management setting out non service and service-impacting measures and associated risks is under continuing discussion with the HSE, the outcome of which is unclear at this stage. An application for forward funding for 2020 has not been approved to date by the HSE. There is uncertainty regarding the timing, amount and nature of additional financial support from the HSE.

On the basis of Management's forecast of the Company's cash requirements and on the basis that funding will be made available to meet these cash requirements, the Directors believe they have adequate resources to continue as a going concern for the foreseeable future. The Directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

**CORPORATE GOVERNANCE**

**Board of Directors**

The Board ensures that the vision, mission and core values of St. Michael's House as expressed in its constitutional documents are upheld and realised in practice through the adoption and implementation of strategic plans and through regular oversight of their implementation. The Board is responsible for exercising all the powers of the organisation, other than those reserved to its members, and has collective responsibility for all of its operations. As an organisation with professional staff, where Directors have no role in the day-to-day running of the company, the Board of St. Michael's House operates by devolving responsibility for the conduct of its business to a CEO and in turn through her to other staff.

The members of the Board serve on a voluntary basis and understand and identify with the mission and values of St. Michael's House. The Board appointed three Directors in 2019 who were selected in line with the criteria set out in the Competency Framework of the Corporate Governance Manual. The Framework aims to create a diverse Board which includes men and women of independent mind who are familiar with and/or are sensitive to the work of St. Michael's House, understand its operating environment, and are familiar with the lived experience of service users. During 2019 the Board set a target of achieving a minimum of 40% women and 40% men as members of the Board to support achieving gender balance.

All Directors receive Induction Training on Corporate Governance. A Code of Conduct outlines the responsibility of each Director and includes procedures for dealing with any potential conflict of interest which may arise between their responsibilities as Directors and their outside interests. The Chairperson sets the agenda for each Board meeting. Executive management attend Board meetings and make regular presentations on the strategies and operations of the organisation. In 2019, the Board had nine scheduled meetings and one unscheduled one. The organisation's Corporate Governance Manual identifies those matters which are specifically reserved for decision by the Board. The Board delegates to the CEO the authority to manage the operation of the organisation and in 2019 the Board adopted a Scheme of delegation of accountability to the CEO.

The Board and Management are committed to maintaining a high standard of corporate governance in accordance with the organisation's Corporate Governance Manual, the HSE Annual Compliance Statement for Section 38 Bodies and have used the Code of Practice for the Governance of State Bodies 2016 as a guide in drawing up the Corporate Governance Manual.

**Risk Management:** The Board is committed to ensuring that managing risks is an integral part of the organisation's activities. The principal risks faced by St. Michael's House are having sufficient funding to provide on-going services and ensuring sufficient resources and personnel are available to meet service requirements. The Board established an Audit & Risk Committee, which receives regular Risk Management Reports and has developed a policy to ensure that it is advised of significant events which require its attention. In addition the Board receives regular reports on the systems, policies and procedures in place to ensure that services are delivered to a high standard and risks are anticipated and managed.

**CORPORATE GOVERNANCE (CONTINUED)**

**Internal Controls:** The Board has established structures, policies and procedures to review and report on internal controls including financial, operational and compliance controls. The operation of these controls has been delegated to the Executive Management Team. The Board approved the revised Executive Governance Structure which set out the key committees and team members who are charged with responsibility for undertaking, completing and monitoring the work necessary to ensure good governance of all services and supports provided by St Michael's House. The Board of Directors has appointed an external provider of internal audit services in support of the internal control processes.

**Quality Assurance:** Services provided by St. Michael's House are developed, planned and delivered based on the needs and goals of people with intellectual disabilities and their families. Service users' life choices and wishes are at the core of service delivery and development. Providing services in this way ensures that St. Michael's House is focused on delivering services to best international standards. The Health Information and Quality Authority (HIQA) is responsible for the registration and inspection of all residential services for children and adults with disabilities, including respite services, run by the HSE and private and voluntary services. St. Michael's House has appointed a Director of Quality Development and Risk Improvement and a Quality and Safety Department was established in 2019 with expertise in occupational health, fire safety, quality and standards of service delivery.

As of the 31st of December 2019 the organisation had registered the 78 residential services it operates in 76 designated centres.

**Health and Safety:** St. Michael's House is committed to ensuring the health and safety of service users, their families, staff and members of the public. The organisation takes account of legislative obligations under the Safety, Health and Welfare at Work Act 2005; General Applications Regulations 2007 and all associated legislation; the organisation's Safety Statement describes the management system and details of its structure and how it is resourced. In addition it provides a framework for the development of site-specific safety arrangements in all centres. The organisation's Safety Statement details the responsibilities that staff at all levels have in relation to safety matters. In addition, Safety Representatives form an active part of the organisation's consultation arrangements, bringing employee representations on staff health and safety matters through the forum of the Safety Committee. The organisation's Annual Health and Safety Audit Programme monitors compliance with safety standards across the organisation. The Health and Safety Manager makes an annual report to the Quality and Safety Committee on the Health and Safety Programme for St. Michael's House. This report is provided to the Board as an addendum to the Quality and Safety Report.

**Board of Directors & Sub-Committees:**

**Board of Directors:** St. Michael's House is governed by a voluntary Board of Directors two of whom are parents of a person with an intellectual disability. Board members work on a voluntary basis and do not receive any remuneration.

**Board Members (2019):** Martin Lyes (Chairperson), Dermot O'Beirne, James Cuddy, David Hughes, Raymond Brett, Eilis Hennessy, Michael O'Farrell, Pat Cullen, Ailis Quinlan, Niamh Moran, Liam O'Donohoe, Tom Casey, Anthony Staines, Noel Beecher, Dee Moran and Máirtín MacAodha.

The Board would like to express its sincere appreciation of the commitment and dedication of management and staff to maintaining the quality of existing services and for developing new services for people with an intellectual disability and their families. The Directors are satisfied with the operational performance of the organisation in what is a very challenging economic climate with increasing demands and constrained funding.

The terms of reference of the four Board Sub-committees are set out in the Corporate Governance Manual. Each Committee adopted a schedule of meetings and workplan for 2019 and made regular reports to the Board on their work. The Committees kept their terms of reference under review and brought any recommendations for changes to the terms of reference forward to the Board for approval.

**CORPORATE GOVERNANCE (CONTINUED)**

**Finance Committee:** The Finance Committee monitors and reviews all aspects of the financial performance of St. Michael's House. The Committee reviews and recommends for approval the annual overall operating budget for the company and keeps under review the management accounts including the cash flow position of the Company.

**Current Committee Members:** Pat Cullen (Chairperson), Michael O'Farrell, Laura Beausang and Dee Moran.

**Audit & Risk Committee:** The Audit & Risk Committee keeps under review the scope and effectiveness of the Company's internal financial controls and risk management systems and the process for monitoring compliance with legislation and regulations associated with financial reporting. The Committee considers and recommends the appointment, re-appointment and removal of the External Auditor and the agreement of the audit fee. The Committee ensures that risks are properly identified, assessed, reported and controlled. It receives reports on the implementation of the organisation's Procurement Policy and reviews the policy on an annual basis.

**Current Committee Members:** Noel Beecher (Chairperson), Jim Cuddy, Martin Lyes, Rosemary Ryan.

**Quality & Safety Committee:** The Quality & Safety Committee provides assurance to the Board that there are appropriate and effective systems, structures and processes in place that cover all aspects of clinical, social care and occupational safety, and sets and monitors the delivery of key performance indicators for the quality and safety function at executive and local levels. The Committee ensures that St. Michael's House is operating within the provisions and standards set out in the legislation or regulation which is material to the work of the company.

**Current Committee Members:** Ailis Quinlan (Chairperson), Liam O'Donohoe, Regina McQuillan.

**Governance Committee:** the Governance Committee maintains the constitution of the company under regular review and provides recommendations to the Board as appropriate. It keeps under review the Competency Framework and ensures that the identification and nomination of candidates for approval by the Board for appointment as Directors is carried out in line with the Framework. The Committee acts as a support to the Chairperson in making decisions in emergency circumstances and takes responsibility for the process of recruiting and agreeing contract terms with the Chief Executive Officer for approval by the Board. It acts as the Remuneration Committee ensuring compliance with requirements of regulation.

**Current Committee Members:** Martin Lyes (Chairperson), Anthony Staines, Tom Casey, Niamh Moran and Gerry Fallon.

## ST. MICHAEL'S HOUSE CLG

### DIRECTORS' REPORT (CONTINUED)

#### Board Attendance:

Attendance of Directors at SMH Board Meetings and Committees 2019

Name	SMH Board		Finance		Quality & Safety		Audit & Risk		Governance	
	A	B	A	B	A	B	A	B	A	B
Martin Lyes	10	10							3	3
Dermot O'Beirne	2	2					2	2		
Michael O'Farrell	7	7	10	9					3	3
David Hughes	6	6	5	2						
Prof. Eilis Hennessy	7	6			5	5				
Jim Cuddy	6	4							2	1
Raymond Brett	6	4			4	1				
Dr Ailis Quinlan	10	6			8	6				
Pat Cullen	10	9	10	10						
Niamh Moran	10	7							3	3
Liam O'Donohoe	10	9			8	5				
Tom Casey	10	10							3	3
Prof. Anthony Staines	10	8								
Noel Beecher	7	7					6	6		
Dee Moran	3	3	3	3						

Table of attendance at Board of Director and Board Sub Committee meetings of St. Michaels House held in 2019.

A Represents the number of meetings held during the period the Director was a member of the Board/Committee

B Represents the number of meetings attended during the period.

No fees or expenses are paid to Directors.

#### DIRECTORS AND SECRETARY OF THE COMPANY

The directors, and secretary, who served at any time during the financial year as directors of the Company except as noted, were as follows:

Martin Lyes (retired as Chairperson on 1 October 2019 but remains a Director)

James Cuddy (retired 18 June 2019)

Dermot O'Beirne (retired 12 March 2019)

Michael O'Farrell (retired 3 September 2019)

Eilis Hennessy (retired 3 September 2019)

Raymond Brett (retired 18 June 2019)

David Hughes (retired 18 June 2019)

Pat Cullen

Ailis Quinlan

Niamh Moran

Liam O'Donohoe

Anthony Staines (appointed Chairperson 1 October 2019)

Tom Casey

Noel Beecher (appointed 9 April 2019)

## **ST. MICHAEL'S HOUSE CLG**

### **DIRECTORS' REPORT (CONTINUED)**

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#### **DIRECTORS AND SECRETARY OF THE COMPANY (CONTINUED)**

Dee Moran (appointed 3 September 2019)  
Máirtín MacAodha (appointed 10 December 2019)

##### **Secretary:**

Declan Ryan

The current directors and secretary are listed on page 2.

#### **DIRECTORS COMPLIANCE STATEMENT**

The directors acknowledge that they are responsible for securing the Company's compliance with the Company's "relevant obligations" within the meaning of section 225 of the Companies Act 2014 (described below as the "Relevant Obligations").

The directors confirm that they have:

- drawn up a compliance policy statement setting out the Company's policies (that are, in the opinion of the directors, appropriate to the Company) in respect of the Company's compliance with its Relevant Obligations;
- put in place appropriate arrangements or structures that, in the opinion of the directors, provide a reasonable assurance of compliance in all material respects with the Company's Relevant Obligations; and
- during the financial year to which this report relates, conducted a review of the arrangements or structures that the directors have put in place to ensure material compliance with the Company's Relevant Obligations.

#### **POLITICAL CONTRIBUTIONS**

St. Michael's House Group does not make contributions to political parties. The Directors have satisfied themselves that there were no political contributions during the year, which require disclosure under the Electoral Act, 1997

#### **COMPLIANCE WITH PUBLIC PAY POLICY**

As a publicly funded body, St. Michael's House is required to comply with Public Pay Policy. Except as noted to the HSE the Directors have satisfied themselves that St. Michael's House is in compliance with this policy.

#### **EVENTS AFTER THE BALANCE SHEET DATE**

The COVID-19 outbreak occurred subsequent to the balance sheet date. As the situation is evolving it is difficult to quantify its final outcome on the organisation, The directors, Chief Executive Officer, management team and staff are continually evaluating the situation and taking necessary actions to ensure the safety of the service users and staff and minimise any potential risk exposure to St. Michaels House.

There were no other significant events after the balance sheet date.

#### **ACCOUNTING RECORDS**

The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the engagement of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at St. Michael's House, Administration Building, Ballymun, Dublin 9.



**ST. MICHAEL'S HOUSE CLG**

**DIRECTORS' REPORT (CONTINUED)**

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**APPROVAL OF REDUCED DISCLOSURES**

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The company's ultimate parent company has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

**DISCLOSURE OF INFORMATION TO AUDITORS**

In the case of each of the persons who are directors at the time the directors' report and financial statements are approved:


- a) So far as the director is aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- b) each director has taken all steps that ought to have been taken by the director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

**AUDITORS**

The auditors, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 383(2) of the Companies Act 2014.

Approved by the Board on 12 May 2020 and signed on its behalf by:



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Anthony Staines  
Director

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Noel Beecher  
Director

Date: \_\_\_\_\_

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council* ("relevant financial reporting framework"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

## **ST. MICHAEL'S HOUSE CLG**

### **STATEMENT ON INTERNAL CONTROL**

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#### **SCOPE OF RESPONSIBILITY**

The Board of St. Michael's House acknowledge its responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies.

#### **PURPOSE OF SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in St. Michael's House for the year ended 31 December 2019 and up to the date of approval of the financial statements.

#### **CAPACITY TO MANAGE RISK**

St. Michael's House has an Audit and Risk Committee (ARC) comprising two Board members, one of whom is the Chairperson, and two external members with relevant experience. The ARC met six times in 2019.

St. Michael's House has also established an internal audit function using a third party audit firm which is adequately resourced and conducts a programme of work agreed with the ARC.

St. Michael's House has developed a risk management framework, defined related policies and procedures, and also set out its risk appetite. The risk management procedures includes details on the roles and responsibilities of staff in relation to risk management. The appropriate elements of the risk management policies and procedures have been issued to all personnel in St. Michael's House. This is to alert everyone and management in particular, about emerging risk and control weaknesses, highlighting the requirement for them to take ownership within their own areas of work. St. Michael's House has a (insert Elaine Teague title?) with operational responsibility for administering the risk management framework.

#### **RISK AND CONTROL FRAMEWORK**

St. Michael's House has implemented a risk management system which identifies and reports key risks and management actions being taken to address and, to the extent possible and appropriate mitigate those risks.

Risk management processes have identified key risks facing St. Michael's House and there are risk registers in place which record these risks. The risks have been evaluated and graded according to their significance. The registers are reviewed and updated by the Board and the ARC at each of their meetings. The outcome of these assessments is used to plan and allocate resources to ensure, insofar as in practicable, that risks are managed to an acceptable level.

The Board confirms that a control environment containing the following elements is in place:

- Procedures for all key business processes have been documented;
  - Financial responsibilities have been assigned at management level with corresponding accountability;
  - There is an appropriate budgeting system with an annual budget which is kept under review by senior management and the Board;
  - There are systems aimed at ensuring the security of the information and communication technology systems;
  - There are systems in place to safeguard the assets; and
- Control procedures over expenditure to ensure adequate control, approval, monitoring and review and that the expenditure has been applied for the purpose intended.

## **ST. MICHAEL'S HOUSE CLG**

### **STATEMENT ON INTERNAL CONTROL (CONTINUED)**

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#### **ON-GOING MONITORING AND REVIEW**

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board. The Board confirms that the following on-going monitoring systems are in place;

- Key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies;
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned; and
- There are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

#### **PROCUREMENT**

The Board confirms that there are procedures in place to ensure compliance with current procurement rules and guidelines and that during 2019 St. Michael's House complied with those procedures.

#### **SERVICE USERS**

St. Michael's House provided a comprehensive range of necessary services to its service users in 2019. Controls in delivery of services include the following:

- Enhancing the quality of life for service users and in particular assisting them in achieving their full potential;
- Comprehensive identification of needs of service users on an individual basis;
- Communicating closely with service users and their families to ensure that service provision matches expectations
- Monitoring service provision against recognised best practice:
- Identifying lessons learned and incorporating in future service provision;
- Suitable administrative processes and systems.

#### **RESOURCES**

St. Michael's House employed 1528 people in 2019. Controls over resources include the following:

- Delivering a robust recruitment process to ensure the recruitment of staff with appropriate qualifications and with a strong affinity with the aims and ethos of St. Michael's House;
- Efficient and effective processes and systems;
- Supporting staff through implementation of Training programmes and continued professional development;
- Delivery of effective performance management:
- Making best use of resources;
- Promoting and supporting high levels of morale.

#### **STRATEGIC PLANS AND FINANCE**

Controls in relation to the Strategic Plan and finance include the following:

- Continued implementation and monitoring of progress to ensure the delivery of St. Michael's House Five – Year Strategic Plan 2017-2021;
- Endeavouring to ensure adequate funding is made available to carry out the programme of work;
- Work closely with the HSE and various agencies and institutions to ensure that there is a clear understanding of St. Michael's House's goals and support for the agency's strategies to achieve those goals;
- Management and on-going development of relationships with third parties;
- Exploring other possible funding opportunities and increasing the level of funding from current sources.

## STATEMENT ON INTERNAL CONTROL (CONTINUED)

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### STRATEGIC PLANS AND FINANCE (CONTINUED)

- Ensuring value for money in all expenditure incurred
- Ensuring efficient and effective processes and systems are in place including the procurement process.
- Continual management monitoring and review.

### REVIEW OF EFFECTIVENESS


The Board confirms that St. Michael's House has procedures to monitor the effectiveness of its risk management and control procedures. St. Michael's House monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the ARC which oversees their work and the senior management within St. Michael's House responsible for the development and maintenance of the internal control framework.

The Board conducted an annual review of the effectiveness of the internal controls for 2019 in May 2020.

### INTERNAL CONTROL ISSUES

No weaknesses in internal control were identified in relation to 2019 that require disclosure in the financial statements.

Approved by the Board and signed on its behalf by:



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Anthony Staines

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Noel Beecher

Date: \_\_\_\_\_

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. MICHAELS HOUSE CLG

### Report on the audit of the financial statements

#### Opinion on the financial statements of St. Michael's House CLG (the 'company')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2019 and of the deficit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Income Statement;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the related notes 1 to 23, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council ("the relevant financial reporting framework").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going concern

We draw attention to note 1 to the financial statements concerning the company's ability to continue as a going concern. As at the balance sheet date the company had net current liabilities of €8,920,720. The company is dependent on the HSE and Department of Education and Skills to continue to fund its operations. As at the date of approval of the financial statements, the company has not received any commitments to fund a reduction in its net current liabilities at the balance sheet date. As stated in note 1, these events or conditions, including the impact of Covid-19, along with other matters as set forth in note 1 indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. While the HSE has provided additional funding in 2020, there is no firm commitment received by the Directors at this stage from the HSE regarding additional funding to meet historic deficits. On the basis of additional funding being received, the directors have prepared the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. Our opinion is not modified in respect of this matter.

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. MICHAELS HOUSE CLG**

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements for the financial year ended 31 December 2019, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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 ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 our 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.
- 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. MICHAELS HOUSE CLG**

### **Auditor's responsibilities for the audit of the financial statements (Continued)**

We 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 the auditor identifies during the audit.

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Report on other legal and regulatory requirements**

#### **Opinion on other matters prescribed by the Companies Act 2014**

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

#### **Matters on which we are required to report by exception**

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Under the Code of Practice for the Governance of State Bodies (August 2016) (the "Code of Practice"), we are required to report to you if the statement regarding the system of internal control required under the Code of Practice as included in the Corporate Governance Statement in the Statement on System on Internal Control does not reflect the company's compliance with paragraph 1.9(iv) of the Code of Practice or if it is not consistent with the information of which we are aware from our audit work on the financial statements. We have nothing to report in this respect.

For and on behalf of Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: \_\_\_\_\_

**ST. MICHAEL'S HOUSE CLG**

**INCOME STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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	<i>Notes</i>	<b>2019 €</b>	2018 €
<b>INCOME</b>	3	<b>105,897,175</b>	101,629,166
<b>EXPENDITURE</b>		<b>(106,328,409)</b>	(100,807,353)
<b>(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES</b>	6	<b>(431,234)</b>	821,813

**ST. MICHAEL'S HOUSE CLG**

**BALANCE SHEET  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	<i>Notes</i>	<b>2019</b> €	2018 €
<b>FIXED ASSETS</b>			
Tangible Assets	10	<b>48,137,801</b>	49,714,464
		<b>48,137,801</b>	49,714,464
<b>CURRENT ASSETS</b>			
Receivables and prepayments	11	<b>6,032,778</b>	6,682,529
		<b>6,032,778</b>	6,682,529
<b>CREDITORS:</b> Amounts falling due within one year			
Creditors and accruals	12	<b>(13,819,496)</b>	(10,291,247)
Bank Overdraft	14	<b>(800,919)</b>	(3,486,950)
Term Loan	15	<b>(333,083)</b>	(327,905)
		<b>(14,953,498)</b>	(14,106,102)
<b>NET CURRENT LIABILITIES</b>		<b>(8,920,720)</b>	(7,423,573)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>39,217,081</b>	42,290,891
<b>CREDITORS:</b> (Amounts falling due after more than one year)			
Term Loan	15	<b>(2,480,709)</b>	(2,850,336)
<b>NET ASSETS</b>		<b>36,736,372</b>	39,440,555
<b>CAPITAL AND RESERVES</b>			
Capital reserves	16	<b>44,521,136</b>	46,503,687
Revenue deficit		<b>(7,784,764)</b>	(7,063,132)
		<b>36,736,372</b>	39,440,555

The financial statements were approved and authorised for issue by the Board of Directors on and signed on its behalf by:

  
 \_\_\_\_\_  
 Anthony Staines  
 Director

\_\_\_\_\_  
 Noel Beecher  
 Director

## ST. MICHAEL'S HOUSE CLG

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

<i>Note</i>	<i>Notes</i>	<b>Capital Reserve</b>	<b>Revenue Deficit</b>	<b>Total</b>
		€	€	€
Balance at 1 January 2018		47,898,176	(7,497,033)	40,401,143
Surplus for the financial year		-	821,813	821,813
Grants amortised in the year	16	(2,293,351)	-	(2,293,351)
Grants received in the year	16	510,950	-	510,950
Transfers between reserves	17	387,912	(387,912)	-
At 31 December 2018		46,503,687	(7,063,132)	39,440,555
Deficit for the financial year		-	(431,234)	(431,234)
Grants amortised in the year	16	(2,312,949)	-	(2,312,949)
Grants received in the year	16	40,000	-	40,000
Transfers between reserves	17	290,398	(290,398)	-
<b>At 31 December 2019</b>		<b>44,521,136</b>	<b>(7,784,764)</b>	<b>36,736,372</b>

**ST. MICHAEL'S HOUSE CLG**

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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	<i>Notes</i>	<b>2019 €</b>	2018 €
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<i>13</i>	<b>4,008,285</b>	2,013,650
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
Payments to acquire tangible fixed assets	<i>10</i>	<b>(886,425)</b>	(1,601,732)
Net interest payable		<b>(71,380)</b>	(68,981)
<b>Net cash flows from investing activities</b>		<b>(957,805)</b>	(1,670,713)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Term loan repaid		<b>(364,449)</b>	(362,658)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,686,031</b>	(19,721)
<b>Overdraft at beginning of financial year</b>		<b>(3,486,950)</b>	(3,467,229)
<b>Overdraft at end of financial year</b>		<b>(800,919)</b>	(3,486,950)



**1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year and to the preceding year.

**General Information and Basis of Accounting**

St. Michael's House is a company incorporated in Ireland under the Companies Act 2014. The address of the registered office is St. Michael's House, Administration Building, Ballymun Road, Ballymun, Dublin 9. The nature of the company's operations and its principal activities are set out in the directors' report.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with the Companies Act 2014 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. Where appropriate, comparative balances have been reclassified in line with current year classifications.

The functional currency of St. Michael's House is the euro (€).

These financial statements are separate financial statements.

St Michael's House meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. St Michael's House is consolidated in the financial statements of its ultimate parent, St Michael's House Group. Exemptions have been taken in these separate company financial statements in relation to related party transactions, financial instruments and remuneration of key management personnel.

**Going Concern**

The Company generated a deficit for the year of €431,234 (2018: surplus of €821,813) and at the balance sheet date had net current liabilities of €8,920,720 (2018: €7,423,573).

The Company is almost entirely dependent on the HSE and Department of Education and Skills to continue to fund its operations. There is no firm commitment at this stage from the HSE regarding permanent additional funding to meet historic deficits and address the net current liability situation. There have also been significant financial implications of the COVID-19 pandemic, the Company is operating on the assumption that all COVID-19 related costs will be funded by the HSE. The Directors are hopeful that continuing discussions with the HSE will result in the provision of necessary funding in 2020 and subsequent years.

In 2020 and in previous years, increased costs relating to changing needs of services users has resulted in a potential significant funding shortfall. A breakeven plan prepared by management setting out non service and service-impacting measures and associated risks is under continuing discussion with the HSE, the outcome of which is unclear at this stage. An application for forward funding for 2020 has not been approved to date by the HSE. There is uncertainty regarding the timing, amount and nature of additional financial support from the HSE.

On the basis of Management's forecast of the Company's cash requirements and on the basis that funding will be made available to meet these cash requirements, the Directors believe they have adequate resources to continue as a going concern for the foreseeable future. The Directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Financial Instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

*Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

**Taxation**

There is no charge to taxation as the company has been granted charitable status by the Revenue Commissioners.

**Government Grants**

Government grants specifically received for capital purposes are credited to the capital grants reserve. This reserve is amortised over the expected useful life of the asset to which it relates.

**Revenue Grants**

Revenue grants received and amounts receivable within one year of the balance sheet date are taken to the income and expenditure account.

**Income - Sales**

Sales are accounted for using the accruals basis of accounting.

**Income - Fund Raising**

Fund raising and donations income are accounted for on a cash receipts basis and are stated net of costs incurred in raising that income. A significant proportion of fund raising and donations income, determined by the Board, is designated for capital purposes and is credited to a capital expenditure reserve. Funds raised for specific capital projects and not spent at year end are deferred to match the related expenditure in the following year. Where fund raising income is designated for specific revenue based expenditure, the income is credited to the income and expenditure account and matched with the related revenue expenditure.

**Capital Grants Reserve**

Government grants specifically received for capital purposes are credited to the capital grants reserve. This reserve is amortised over the expected useful lives of the assets to which it relates.

**1. ACCOUNTING POLICIES (CONTINUED)**

**Capital Expenditure Reserve/European Social Fund Grant Reserve**

Income and grants designated for capital purposes, excluding Government Grants dealt with above, are credited to the Capital Expenditure Reserve. The Capital Expenditure Reserve is amortised over a period of 20 years and the European Social Fund grant reserve is amortised over a period of 40 or 10 years, as appropriate.

**Fixed Assets and Depreciation**

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and in the case of assets donated in kind, at the best estimate of cost at the date of receipt less accumulated depreciation.

Depreciation is calculated to write off the cost of tangible fixed assets over their expected useful lives, where all assets have a residual value of nil, as follows:

Freehold and long leasehold property	40 years
Furniture, equipment and computers	5 - 10 years
Motor vehicles	5 years

A half year's charge for depreciation is made in the year of acquisition and year of disposal.

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, which is equivalent to the net realisable value. Cost includes all expenditure that has been incurred in the normal course of business in bringing them to their present location and condition.

**Leasing**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**Pensions**

Nominated Health Agencies and Voluntary Hospitals Superannuation Schemes are in operation for the employees of St. Michael's House and St. Mary's Hospital, Baldoyle. No provision has been made in respect of the benefits payable under the scheme as the liability is underwritten by the Minister for Health and Children.

Contributions from the 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 and expenditure account when paid.

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the company's accounting policies, which are described in Note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimates that the Directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- The depreciation rates are based on expected useful lives of the relevant assets. The estimates and underlying assumptions are reviewed on an ongoing basis and could have a material impact on both result for the year and financial position if altered
- Certain accruals are subject to estimate and judgement and the final cash outflow may not equate to the existing carrying value of the accrual
- The Directors have prepared the financial statements on a going concern basis of accounting. This assumption is subject to judgement and the company being able to meet its liabilities as they fall due.

## ST MICHAEL'S HOUSE CLG

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. INCOME	2019 €	2018 €
HSE Allocation for service provision (S38 Health Act funding)	<b>89,422,033</b>	84,589,201
HSE Allocation Superannuation Funding (S38 Health Act funding)	<b>2,133,158</b>	1,898,295
HSE Meath for service provision (S38 Health Act funding)	<b>679,289</b>	633,335
HSE Dublin North East Invoiced services (S38 Health Act funding)	<b>3,613,655</b>	2,500,135
HSE Training and Travel Grant	<b>22,427</b>	34,712
Superannuation Contributions to NHASS / VHASS	<b>2,194,520</b>	2,165,489
Public Service Pension Levy (Section 38 Health Act funding)	<b>1,972,088</b>	2,521,567
Department of Education & Skills - Schools Capitation Grants	<b>170,451</b>	327,208
Department of Education & Skills - Schools Vocational Training Grants	<b>85,046</b>	109,883
Department of Education & Skills - Minor Grants	<b>26,882</b>	84,558
Department of Education & Skills - Capital Grants	<b>49,864</b>	-
Department of Education & Skills - Secretaries Grants	<b>153,097</b>	391,081
Department of Education & Skills - Rents	<b>354,712</b>	374,712
Department of Education & Skills - Escort Grants	<b>398,703</b>	471,568
Department of Education & Skills - CIE School Transport Grants	<b>(1,015)</b>	17,220
Department of Education & Skills - Teaching Aids	<b>4,589</b>	5,190
Department of Education & Skills - Other Grants	<b>76,553</b>	25,088
Dublin City Council - School Meals in Special National Schools	<b>42,056</b>	45,739
<b>Sub Total State Funding</b>	<b>101,398,108</b>	96,194,981
Rent & Long Stay Charges	<b>331,869</b>	356,445
Open Training College Course Fee Income	<b>1,180,139</b>	968,765
Grants from fellow Group Companies	-	1,112,196
Sundry	<b>130,384</b>	150,065
<b>Sub Total Income</b>	<b>103,040,500</b>	98,782,452
Fundraising Income	<b>543,726</b>	553,363
Capital Reserve Amortisation	<b>2,312,949</b>	2,293,351
<b>Total Available for Revenue Expenditure</b>	<b>105,897,175</b>	101,629,166

#### 4. STAFF NUMBERS, COSTS AND BANDS

The whole time equivalent of all staffing employed in providing the services of St. Michael's House including overtime, additional hours and agency at 31 December was 1,583 (2018: 1,517).

The average number in whole-time equivalents of persons employed by the company during the year, analysed by category is as follows:

	2019 Number	2018 Number
Management and administrative	<b>104</b>	94
Medical	<b>11</b>	10
Nursing	<b>320</b>	314
Clinical	<b>661</b>	614
Support services	<b>432</b>	418
	<b>1,528</b>	1,450

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**
**4. STAFF NUMBERS, COSTS AND BANDS (CONTINUED)**

The aggregate payroll costs of these employees were as follows:

	<b>2019</b>	2018
	<b>€</b>	<b>€</b>
Wages and salaries	<b>73,884,539</b>	69,108,049
Social welfare costs	<b>7,613,007</b>	6,960,008
Retirement benefit costs (Note 20)	<b>4,277,564</b>	3,904,534
	<b>85,775,110</b>	79,972,951
Agency payroll	<b>3,816,610</b>	3,470,696
	<b>89,591,720</b>	83,443,287

Bands of wages and salaries over €60,000

To ensure complete transparency in relation to salary bands and staff numbers the following information on staff aggregate remuneration is presented. Staff salaries inclusive of overtime, additional hours as per their individual P35, expressed in bands of €10,000 are as follows:

	<b>2019</b>	2018
	<b>Number</b>	<b>Number</b>
€60,000 - €70,000	<b>156</b>	125
€70,001 - €80,000	<b>60</b>	55
€80,001 - €90,000	<b>20</b>	17
€90,001 - €100,000	<b>12</b>	9
€100,001 - €110,000	<b>3</b>	2
€110,001 - €120,000	<b>1</b>	3
€120,001 - €130,000	<b>2</b>	1
€130,001 - €140,000	<b>1</b>	2
€140,001 - €150,000	<b>1</b>	-
€150,001 - €160,000	-	-
€160,001 - €170,000	-	-
€170,001 - €180,000	-	1
€180,001 - €190,000	-	-
€190,001 - €200,000	-	-
€200,001 - €210,000	<b>1</b>	1
€210,001 - €220,000	<b>1</b>	-
Total number of staff	<b>258</b>	216

The salary of the Chief Executive is determined by the HSE and is currently €110,566 (2018: €117,856).

**Management Team Salaries**

The St Michael's House management team comprises the ten staff as follows: the Chief Executive, the Directors of Operations, Finance and Human Resources, the Service Directors, Director of Clinical Services, College Director, Director of Psychiatry and Director of Quality Improvement and Safety Development. The annual cost of the management team salaries in 2019 was €1,049,193 (2018, €1,017,435).



## ST MICHAEL'S HOUSE CLG

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

<b>5. SUMMARY PAY ANALYSIS</b>	<b>2019</b>	2018
	€	€
Management Administration	<b>5,985,875</b>	5,900,382
Medical Dental (Consultants)	<b>2,272,651</b>	1,693,155
Nursing	<b>16,888,083</b>	16,127,138
Paramedical	<b>5,805,197</b>	5,695,198
Catering, Housekeeping and Support Services	<b>54,362,350</b>	50,122,880
Pensions	<b>3,315,494</b>	2,754,740
Lump Sums	<b>962,070</b>	1,149,794
	<b>89,591,720</b>	83,443,287

This includes salaries attributable to agency staff totalling €3,816,610 (2018: €3,470,696)

<b>6. SURPLUS ON ORDINARY ACTIVITIES</b>	<b>2019</b>	2018
	€	€
The surplus on ordinary activities is stated after charging:		
- Depreciation: Owned assets	<b>2,447,883</b>	2,456,239
- Directors' emoluments	-	-
- Interest payable:		
- On bank loans and overdrafts repayable within five years	<b>51,048</b>	45,272
- On long-term loans	<b>20,332</b>	23,709
- Hire and rentals payable under operating leases	<b>746,134</b>	746,804
- Loss on disposal of assets	<b>15,205</b>	12,803
and after crediting:		
- Grants amortised	<b>2,312,949</b>	2,293,351

## 7. DIRECTORS' REMUNERATION AND TRANSACTIONS

The directors of St. Michael's House undertake their roles in a voluntary capacity. They do not receive any benefit from the holding of the post.

## 8. LEGAL, CONSULTANCY AND PROFESSIONAL FEES, TRAVEL AND HOSPITALITY

	<b>2019</b>	2018
	€	€
PR and Advertising	<b>362</b>	200
Legal	<b>1,039</b>	32,155
Other (e.g. IT, architects, investigations)	<b>600,351</b>	713,412
Travel and subsistence – staff mileage	<b>306,311</b>	326,007
Travel and subsistence – staff travel*	<b>14,288</b>	12,173
Hospitality	-	-
	<b>922,351</b>	1,083,947

\*No expenditure on international travel was incurred.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**
**9. TAX ON PROFIT ON ORDINARY ACTIVITIES**

St. Michael's House is a registered charity and is exempt from Corporation tax.

**10. TANGIBLE ASSETS**

	<b>Freehold &amp; Long Leasehold Property €</b>	<b>Motor Vehicles €</b>	<b>Furniture, Equipment &amp; Computers €</b>	<b>Total €</b>
<b>Cost:</b>				
1 January 2019	76,246,346	5,436,743	10,055,912	91,739,001
Additions	166,070	283,340	437,015	886,425
Disposals	-	-	(385,262)	(385,262)
<b>31 December 2019</b>	<b>76,412,416</b>	<b>5,720,083</b>	<b>10,107,665</b>	<b>92,240,164</b>
<b>Depreciation:</b>				
1 January 2019	28,779,089	4,997,957	8,247,491	42,024,537
Charge for year	1,898,404	161,672	387,807	2,447,883
Disposals	-	-	(370,057)	(370,057)
<b>31 December 2019</b>	<b>30,677,493</b>	<b>5,159,629</b>	<b>8,265,241</b>	<b>44,102,363</b>
<b>Net book value: 31 December 2019</b>	<b>45,734,923</b>	<b>560,454</b>	<b>1,842,424</b>	<b>48,137,801</b>
Net book value: 31 December 2018	47,467,257	438,786	1,808,421	49,714,464

Certain buildings included under property above, are built on land owned by the State or its related agencies. Such buildings may not be sold or used other than for their current purpose.

Mortgages have been registered or title deeds have been deposited with lenders in respect of certain properties costing approximately €7,874,172 (2018: €7,874,172) as security for long term loans. The current value of these loans is €2,813,792 (2018: €3,178,241) of which €333,083 (2018: €327,905) is payable within one year. The balance of these will be payable within the next 10 years with an approximate interest rate of 1.11% (2018: 1.11%)

In respect of certain properties costing approximately €32,059,326 (2018: €32,059,326) for which grants have been received from the Department of the Environment via the relevant public authority, there is a contingency to repay those amounts if the properties are sold. The related contingency is disclosed in Note 22.

ST MICHAEL'S HOUSE CLG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. RECEIVABLES AND PREPAYMENTS	2019 €	2018 €
Other prepayments and receivables	1,665,011	2,195,023
Amounts due from group companies	4,367,767	4,487,506
	<u>6,032,778</u>	<u>6,682,529</u>

12. CREDITORS: Amounts falling due within one year	2019 €	2018 €
Health Service Executive advance	4,028,270	1,425,874
PAYE and PRSI	2,318,712	1,994,364
Trade and other creditors	1,221,564	1,383,509
Accruals	3,621,936	3,158,863
Deferred income	2,629,014	2,328,637
	<u>13,819,496</u>	<u>10,291,247</u>

Included in deferred income is an amount of €1,813,260 (2018: €1,708,597) which arises on fundraising for capital expenditure where the fundraising is not yet complete or the asset has not yet been purchased.

13. CASH FLOW STATEMENT

*Reconciliation of surplus to cash generated by operations*

	2019 €	2018 €
<b>(Deficit)/surplus for financial year</b>	<b>(431,234)</b>	821,813
<b>Adjustment for:</b>		
Depreciation	2,447,883	2,456,239
Loss on disposal of fixed assets	15,205	12,803
Interest paid	71,380	68,981
Grants amortised	(2,312,949)	(2,293,351)
Capital grants received	40,000	510,950
	<u>(169,715)</u>	<u>1,577,435</u>
<b>Operating cash flows before movement in working capital:</b>		
Decrease in debtors	649,751	2,750,687
Increase/(decrease)/ in creditors	3,528,249	(2,314,472)
<b>Cash generated by operations</b>	<u><b>4,008,285</b></u>	<u>2,013,650</u>

**ST. MICHAEL'S HOUSE CLG**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**14. BANK OVERDRAFT**

The bank overdraft facility of the parent company is secured by a registered deposit of leasehold interests in a number of properties. This deposit of title deeds is separate from those outlined in Note 10.

**15. TERM LOANS**

	<b>2019</b> €	2018 €
Loans wholly repayable	<b>2,813,792</b>	3,178,241
Included in current liabilities	<b>333,083</b>	327,905
Included in long term liabilities	<b>2,480,709</b>	2,850,336

Bank loans amounting to €2,813,792 (2018: €3,178,241) are repayable as follows:

	<b>2019</b> €	2018 €
Within one year	<b>333,083</b>	327,905
From two to five years	<b>1,332,333</b>	1,311,621
Over five years	<b>1,148,376</b>	1,538,715
	<b>2,813,792</b>	3,178,241

**16. CAPITAL RESERVES**

	<b>Capital Expenditure Reserve €</b>	<b>E.S.F. Grant Reserve €</b>	<b>Capital Grants Reserve €</b>	<b>Total €</b>
Balance at 1 January 2019	4,317,606	1,427,461	40,758,620	46,503,687
Transfer from Income and Expenditure Account	290,398	-	-	290,398
Grants amortised during year	(449,840)	(152,969)	(1,710,140)	(2,312,949)
Grants received during year	-	-	40,000	40,000
<b>Balance at 31 December 2019</b>	<b>4,158,164</b>	<b>1,274,492</b>	<b>39,088,480</b>	<b>44,521,136</b>

The transfer from income to reserves of €290,338 (2018: €387,912) is made up of fundraising income.

In the financial statements all fundraising monies are reflected in income; however the amount of monies raised in respect of capital projects is transferred separately to the capital expenditure reserve fund.

## ST. MICHAEL'S HOUSE CLG

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

<b>17. FUND RAISING INCOME</b>	<b>2019</b>	<b>2018</b>
	<b>€</b>	<b>€</b>
Fund raising income comprises:		
- Unit and central fund raising	<b>629,879</b>	677,993
- Bequests and donations	<b>5,000</b>	29,631
- Parents' subscriptions	<b>13,330</b>	15,023
Total fundraising income for year	<b>648,209</b>	722,647
Net increase in deferred expenditure	<b>(104,483)</b>	(169,284)
Total fundraising income recognised in year	<b>543,726</b>	553,363
Fundraising used for revenue related expenditure	<b>(253,328)</b>	(165,451)
Fundraising transferred to capital expenditure reserve	<b>290,398</b>	387,912

<b>18. LEASE COMMITMENTS</b>	<b>2019</b>	<b>2018</b>
	<b>€</b>	<b>€</b>
Analysis of lease commitments in respect of:		
<b>Operating leases:</b>		
Amounts payable during the next twelve months in respect of operating leases which expire:		
- within one year	<b>713,459</b>	723,634
- between two and five years	<b>2,112,911</b>	2,349,427
- after five years	<b>2,981,418</b>	3,458,361
	<b>5,807,788</b>	6,531,422

The leases in respect of land and buildings are both cancellable and non-cancellable lease agreements and are for a period of 3 to 25 years with the final agreement expiring in 2033.

### **19. CAPITAL COMMITMENTS**

There were no capital commitments at the year end 31 December 2019 (2018: €Nil).

## 20. RETIREMENT BENEFIT SCHEMES

The company operates the following pension schemes:

### *Nominated Health Agencies and Voluntary Hospitals Superannuation Schemes*

The employees of St. Michael's House are members of the Nominated Health Agencies and Voluntary Hospitals Superannuation Schemes. No provision has been made in respect of the benefits payable under the scheme as the liability is administered and underwritten by the Minister for Health. The scheme is a contributory scheme and is non-funded in common with other public sector schemes. 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 and expenditure account when paid.

In the year ending 31 December 2019, €2,194,520 (2018: €2,165,489) was retained and treated as income and €4,277,564 (2018: €3,904,534) to be paid to pensioners. The company has credited €2,133,158 (2018: €1,898,295) of HSE allocation income as funding received to fund the superannuation deficit.

### *Single Public Service Pension Scheme*

The Single Public Service Pension Scheme (SPSPS) applies to all employees who are joining the public sector as new entrants after January 2013. In line with the guidance of this scheme, all employee contributions are paid over to the state pension account and not included in the income and expenditure account. The Department of Public Expenditure and Reform ('DPER') is responsible for the SPSPS and under the Public Service Pensions (Single Scheme and Other Provisions) Act 2012, Section 44(1) (b), payments arising under this Single Scheme to retiring employees shall be paid from funds provided by the Oireachtas for that purpose.

## 21. RELATED PARTY TRANSACTIONS

The directors have availed of the exemption available under Section 33 FRS 102 "Related Party Disclosures", which permits subsidiaries 100% of whose voting rights are controlled within the group, not to disclose transactions with other wholly owned entities of the group.

## 22. CONTINGENT LIABILITY

There is a contingent liability to repay capital grants amounting to €57,270,503 (2018: €57,230,503) if the company does not adhere to the terms and conditions of the grant agreements, which include provision for the use of the assets as originally intended.

## 23. EVENTS AFTER THE BALANCE SHEET DATE

The COVID-19 outbreak occurred subsequent to the balance sheet date. As the situation is evolving it is difficult to quantify its final outcome on the organisation, The directors, Chief Executive Officers, management team and staff are continually evaluating the situation and taking necessary actions to ensure the safety of the service users and staff and minimise any potential risk exposure to the Company.





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## CHILDREN'S SERVICES



## ADULT SERVICES

