



## **HSE Audit & Risk Committee Meeting**

### **Minutes**

A meeting of the HSE Audit & Risk Committee was held on Friday 7<sup>th</sup> June 2024 at 09:00, Boardroom, Dr Steevens' Hospital.

**Members Present:** Brendan Whelan (Chair), Michelle O'Sullivan, John Moody, Éimear Fisher and Sharon Keogh

**Remotely:** Pat Kirwan

**Apologies:** Fergus Finlay

**HSE Executive Attendance:** Stephen Mulvany (CFO), Mairead Dolan (Asst CFO), Joseph Duggan (CIA), Joe Ryan (Chief Risk Officer), Trevor O'Callaghan (CEO Dublin Midlands Hospital Group), Dara Purcell (Corporate Secretary), Niamh Drew (Deputy Corporate Secretary), Patricia Perry (Office of the Board)

**Joined the Meeting:** Colum Maddox (Asst CFO)(Item 3), Patrick Lynch (A/Chief Strategy Officer)(Item 6), Brian O'Connell (Interim ND Capital & Estates)(Item 6)

Minutes reflect the order in which items were considered and are numbered in accordance with the original agenda. All performance/activity data used in this document refers to the latest information available at the time.

#### **1. Committee Members Private Discussion**

The Chairman held a private session to consider the agenda, papers and the approach to conducting the meeting.

#### **2. Governance and Administration**

##### **2.1 Conflicts of Interest**

No conflicts of interest were declared.

##### **2.2 Minutes**

The Committee approved the minutes of 10 May 2024, subject to an amendment being made.

##### **2.3 Action Log and Follow Up Items**

The ARC Action Log and Follow Up Items were noted. The Committee requested that outstanding responses be made available to members.



## **2.4 Brief of Board Meeting – 29 May 2024**

The Chair provided the Committee with an update of discussions held at the HSE Board Meeting of 29 May 2024.

## **3. Accounting, Governance and Financial Reporting**

### **3.1 Final Draft Annual Financial Statements 2023**

The Committee reviewed with the Asst CFO the Final Draft Annual Financial Statements (AFS) 2023, notes and appendices to the accounts, amended Statement of Internal Control (SIC), Operating and Finance Review (OFR) and Letter of Representation 2023, which had been circulated in advance of the meeting.

The Asst CFO provided the Committee with an update on the material changes to the final draft AFS 2023 since the adoption by the Board on 27 March 2024. The Committee noted that the material changes were in respect of the revised Supplementary to Voluntary Agencies and the revised Letter of Determination from the Department of Health (DoH).

The Committee discussed the draft SIC, noting that arising from audit feedback the SIC had been revised in a number of areas, which were highlighted by the Asst CFO. These included additional findings re Grants; enhanced wording re work to rule and impact on financial reporting; Fixed Asset issues identified; High Earners; and Private Patient Income.

The Committee noted that it is not expected that there will be any further material issues arising from the Comptroller & Auditor General (C&AG) audit fieldwork, and that the draft audit certificate is not available as yet.

The Committee agreed to recommend the final draft AFS including SIC, pending the completion of the C&AG audit of same, for onward submission to the Board for consideration, adoption and re-signing by the Board Chairperson and CEO.

The Committee thanked the Asst CFO and team for the excellent work in relation to the AFS, given the difficulties relating to the IFMS and Fórsa Industrial relations this year.

### **3.2 YTD Expenditure including Q1 2024 Projection – Summary Overview**

The CFO provided a briefing to the Committee on the Year to Date (YTD) Financial Position as at April 2024. The draft revenue Income and Expenditure (I&E) financial position shows a YTD deficit of €809.2m or 10.7%, which includes a net deficit of €669.2m in Acute Operations, €158.4m in



Community and €68.8m in Pension and Demand Led areas which is slightly offset by a surplus of (€87.1m) in Other Operations / Support Services.

The CFO advised the Committee that adjusting the YTD deficit for the timing of funding including funding held by Acutes in December of €392.2m and the accrued cost of the 2024 pay award within the YTD results of €55.1m where funding has not yet been applied, the YTD deficit would reduce from €809.2m to €623.4m. Funding deficits within the Waiting List Action Plan as well as increments and the Financial Emergency Measures in the Public Interest (FEMPI) unwind are contributing a further €115.1m to the YTD deficit, which would reduce from €623.4m to €508.3m for a 4-month period.

The CFO presented to the Committee for review and consideration, the Q1 2024 forecast based on YTD March I&E and YTD May Cash figures, and noted that this first forecast of the year is draft pending the outcome of engagement with the DoH which is ongoing, so figures may change. He advised that the focus of the overview presented relates to DoH funded services.

The Committee noted that there was a noticeably different experience compared to forecasts over recent years in that the level of growth being forecast outside Q1 run rate, particularly in hospitals, was very low other than the pay awards, which may reflect that clear messages are being heard with regard to the need for control, particularly around staffing numbers. It was also noted that with one or two exceptions, there was no visible inclusion of savings amounts in either pay or non-pay projections.

The Committee noted that the cash forecast for 2024 after savings regarding DoH is €1,473m to €1,706m, which aligns with the pre-budget minimum €1,500m cash shortfall referenced publicly by the CEO and Minister for Health, which is also consistent with the figure presented to the Committee and Board in May 2024.

The Committee discussed the Productivity Unit which has been set up by the CEO and requested that the Unit attend and report to the Committee at a future meeting on the planned improvement plan.

### **3.3 Health Budget Oversight Group (HBOG)**

The Committee noted that there was no meeting of HBOG since April 2024, and the most recent planned meeting was deferred.

*CFO left the meeting, and advised the Committee that he was available to return if required.*



## **4. Governance & Risk**

### **4.1 Introduction of Joe Ryan, Chief Risk Officer (CRO)**

The Chair introduced Mr Joe Ryan who is now responsible for Governance & Risk and has taken up the role of Chief Risk Officer and welcomed him to the Committee. He noted the important relationship between the Committee and the CRO, highlighting the Committee's responsibility for oversight and advice relating to the scope and effectiveness of the systems and processes related to the identification, measurement, assessment and management of risk in the HSE, and the promotion and embedding of a risk management culture throughout the health system.

The CRO thanked the Committee and provided an update of his previous experience in the health services. He briefed the Committee on the key functions of his role as National Director of Public Involvement, Culture and Risk Management, which includes Patient & Service User Engagement; Organisational Culture, formerly part of Human Resources; and Governance & Risk, which includes the Centre Compliance Unit, Enterprise Risk Management and Protected Disclosures.

The Committee welcomed that Elaine Kilroe, AND Enterprise Risk Management (ERM) will be present at future Committee meetings.

The Chair advised the CRO that a meeting had been held with the AND ERM, Board member Tim Hynes and Committee member Sharon Keogh to discuss operations resilience, and that further work is to be done.

The CRO advised the Committee that the Q2 2024 Corporate Risk Register will not be available for the July meeting, and will be brought to the September meeting, which the Committee accepted.

## **5. Internal Audit**

### **5.1 Monthly Report including Mid-Year IA Plan Review – verbal update**

The Chief Internal Auditor (CIA) provided an update to the Committee in relation to the strategic considerations and direction of the Internal Audit Division, which had been discussed with the Committee Chair and which would be discussed with the CEO in due course. He outlined Internal Audit's mission critical objectives which were to deliver valued assurance on HSE wide control issues; embed risk-based planning aligned to principal HSE risks and objectives; adopt an agile audit approach to enable responsiveness to changing organisational priorities; and foster a partnership approach in providing support and advice to the newly established Health Regions. The Committee discussed the timeline of a divisional strategy and it was agreed that the CIA's strategic considerations would be circulated to the Committee.



The CIA provided an update to the Committee in relation to the Internal Audit Industrial Relations matter, and advised that the next stage would be a hearing at the Labour Court.

The Committee highlighted that the ongoing non-cooperation of some auditors is impacting the timely delivery of the Internal Audit Plan, and on the Committee's ability to provide assurance to the Board. The Chairman will report this matter to the Board at its next Board meeting on 28 June 2024.

## **5.2 IA Charter Review**

The Chief Internal Auditor (CIA) advised the Committee that the current HSE Internal Audit Charter, which was approved by the Committee on 9 April 2021, is being revised in light of the new Global Internal Audit Standards. The Committee noted the revisions that are required to the current Charter, and agreed that the draft revision will be presented to the Committee for consideration at the July meeting.

## **5.3 Quality Assurance and Improvement Programme**

The CIA advised the Committee that Internal Audit is required by the International Professional Practices Framework (IPPF) to have a Quality Assurance and Improvement Program (QAIP) in place. He advised that the QAIP is required to include ongoing Internal Quality Assessments (IQA) and External Quality Assessments (EQA) by a qualified Independent Assessor.

The CIA presented to the Committee a report which set out the scope of the IQA, noting the audit activity in the period Q2 2023 to Q1 2024 including the structure by which the IQA was examined; the positioning and purpose of internal audit, its structure and resources; the execution of audit work, along with the overall assessment, detailed results of the assessment and improvement action plan.

The Committee noted that the overall assessment was evaluated as Generally Conforms to the IPPF and that no area of non-conformance with the Institute of Internal Auditors (IIA) Standards were identified. Improvements were recommended in certain areas in order to achieve full conformance, and recommendations of the IQA have been accepted and implementation plans agreed. The Committee welcomed that the CIA will provide updates on the implementation of recommendations at future Committee meetings.

Under the Assessment Framework and Approach, the Committee questioned had the internal audit service had a positive impact on the governance, risk and control environment with the organisation, and were advised that this is measured through the results of the post-audit client



surveys. The Committee requested that additional outcomes are considered for the next IQA as part of measuring the impact of Internal Audit.

## **6. Capital & Estates**

*Brian O'Connell, Interim ND Capital & Estates joined the meeting*

### **6.1 Review of Capital Plan 2024**

The Interim ND Capital & Estates provided an update to the Committee on the Capital Plan 2024, noting that the overall expenditure compared with the profile position at the end of April 2024 is €35.33m below profile, which is impacted by the National Children's Hospital expenditure below profile. He advised the Committee that there is a possibility that a major determination from a conciliation process could result in an overspend on planned expenditure for the hospital in 2024, and could impact on the Capital Plan. Monthly engagement is taking place with the National Paediatric Hospital Board to monitor progress.

He advised that all other projects/programmes on the Capital Plan remain on target to date, and that Capital & Estates are currently carrying out a Quarter 2 review of all projects to establish the projected out-turn in 2024, as well as the required allocation per project in 2025 and beyond.

The Committee requested that Capital & Estates provide quarterly updates to the Committee in relation to any material adjustments to the Capital Plan.

### **6.2 National Children's Hospital (NCH) Project and Programme Update**

The Acting Chief Strategy Officer provided an update to the Committee in relation to the National Children's Hospital – Operational Readiness Review. He advised that given the increased focus in 2024 on the Children Hospital Ireland (CHI) commissioning and operational readiness programme, in advance of the anticipated opening of the hospital in 2025, the HSE commissioned an external assurance review which was undertaken by an international expert, Professor Melvin Samsom.

The Committee noted that the Review found that while CHI is doing a lot of good work in the individual commissioning, digital and transformation programmes, there is a risk that the required activities will not be completed in an aligned manner and the Committee were provided with an outline of the issues and the steps that are required to be taken. A draft implementation Plan to give effect to the Review's recommendations is being finalised and once approved by the CHI Board will be put into action immediately. The Committee welcomed that it will be monitored by the CHI Board and by Patrick Lynch, through the HSE Lead Director process.



The Committee discussed the external assurance review and Implementation Plan, noting that the Committee nor the Board has had sight as yet. In relation to the programme management and programme oversight arrangements, in which the HSE has responsibility for programme funding and assurance, the Committee highlighted that the Board will need consider how it wishes to enhance its oversight, as the HSE will be accountable. It was agreed that a further update would be brought to the Committee at the July meeting.

### **6.3 Building Contracts and Properties**

The A/CSO and Interim ND Capital & Estates presented the following contract and property proposals to the Committee.

- i. Proposed acquisition of a building in North County Dublin
- ii. Award of contract Electrical Infrastructure Upgrade Acute Hospital

In relation to the proposed strategic acquisition of the building in North County Dublin, the Committee queried the price comparison of a new build versus acquiring the site and fit out costs; who the HSE are bidding against, if it is another State Body; and if savings will be accrued with the acquisition. The Interim ND Capital & Estates advised the Committee savings would be made in that leases in other areas in the locality would be surrendered; that the other bidders were not a State Body, so there would be no increased price to the State. The Interim ND Capital & Estates also advised that further contracts for fit out costs etc. would be brought to the Board for approval in the normal way.

The Committee considered with close scrutiny the details of the proposed acquisition and contract, and agreed to recommend to the Board for approval.

*Interim ND Capital & Estates left the meeting*

## **7. A.O.B**

There was no further business.

The Chair thanked the Committee and EMT members. The meeting ended at 12.55pm

Signed:

**Brendan Whelan**  
**Chairperson**

Date: 12<sup>th</sup> July 2024