



**Xx June 2024**

**HSE Board Ref: HB00294**

Mr Stephen Donnelly TD  
Minister for Health  
Department of Health  
Block1, Miesian Plaza  
50-58 Lower Baggot Street  
D02 XW14

Dear Minister,

The *Code of Practice for the Governance of State Bodies 2016* (the “DPER Code”) requires the Chairperson to furnish a comprehensive report covering the State body in conjunction with the annual report and financial statements of the State body. Set out below, in the format required by paragraph 1.9 of the Business and Financial Reporting Requirements, is my report as Chairperson of the Health Service Executive Board in relation to the HSE for 2023.

### **1. Commercially Significant Developments**

No commercially significant developments affecting the HSE occurred in 2023. No establishment of subsidiaries or joint ventures and shared acquisitions, and major issues likely to arise in the short to medium term have occurred. There are no significant commercially sensitive developments since the year-end and there are no likely developments for the remainder of the year. The Minister is aware of the ongoing challenges in relation to the National Children’s Hospital.

### **2. Off-Balance Sheet Financial Transactions**

I can confirm that there were no off-balance sheet financial transactions of the HSE which are not already disclosed in the HSE Annual Report and Financial Statements 2023.

### **3. Procedures for Financial Reporting, Internal Audit, Travel, Procurement and Asset Disposals**

I can confirm that, other than as disclosed in the HSE Annual Report and Financial Statements 2023, all appropriate procedures for financial reporting, internal audit, travel, procurement and asset disposals are being carried out.



### **Compliance with Procurement Rules**

The HSE has procedures and policies in place to ensure compliance with procurement rules and guidelines. In procuring goods and services, all areas within the HSE must comply with the relevant procurement procedures which are set out in detail in the HSE's National Financial Regulations.

As in previous years, compliance with procurement rules continues to be an issue for the HSE particularly in relation to the requirements for market testing, tendering and competitive processes. This is again reflected in the HSE's Statement on Internal Control (SIC) for 2023.

Since 2020, the HSE has carried out an annual comprehensive self-assessment of non-compliance which is a requirement of the DPER Code. From 2022 the HSE has extended the self-assessment exercise from an annual to a quarterly process in line with one of the stated objectives of the corporate procurement plan. This self-assessment focuses on all expenditure greater than €25k and the results are reported annually in the HSE's SIC.

The C&AG has noted in prior year's HSE audit certificates that the self-assessed level of non-compliance may not be representative as only expenditure greater than €25k is assessed. The HSE has acknowledged the limitations of its review in the SIC 2023.

The 2023 overall self-assessment review included the examination of 25,081 invoices representing an 87% return of 28,996 invoices. Of this, 88% were deemed compliant and within the remaining 12%, 76% of the issues causing non-compliance are being addressed under the corporate plan.

The scale and complexity of the HSE's overall procurement activity is such that it will take a sustained focus over several years in order to ensure high levels of adherence to procurement rules. This is an important objective for the HSE, which the Board has endorsed, given the need to deliver and demonstrate value for taxpayers' money invested in the health service. In this context the HSE is continuing to progress a programme of reform of its procurement function as outlined in the SIC in the HSE Annual Report and Financial Statements 2023.



#### **4. Statement on Internal Control**

The SIC is included in the Annual Report and Financial Statements of 2023 in accordance with the requirements of the DPER Code. The C&AG does not provide any assurance on this but does review its contents and has not noted any discrepancies.

Where internal control weaknesses have been identified, an outline of the steps that will be taken to guard against such control weaknesses occurring in future is set out in the SIC. Work continued in 2023 with the progression of the Internal Controls Improvement Programme intended to further improve awareness and strengthen the HSE's current internal framework. Full details are noted in the SIC.

The 2023 SIC indicates a number of Internal Control issues as outlined below:

- a. Lack of an Integrated Financial Management and Procurement System (IFMS)
- b. Compliance with procurement rules
- c. Payroll and HR Controls
- d. Governance of grants to outside agencies
- e. Information Communication Technology (ICT)
- f. Risk Management

Regular updates on the progress of action plans are provided to the HSE Audit & Risk Committee and to the Department of Health.

#### **5. Codes of Conduct for the HSE Board and Employees**

I can confirm that that Codes of Conduct for the Board, Executive Management Team and Employees are in place and are adhered to.

#### **6. Government Guidelines on the Pay of CEOs and all State Body Employees**

The Government policy on the pay of the Chief Executive Officer and all employees is being complied with, other than as disclosed in the HSE Annual Report and Financial Statements 2023.

#### **7. Guidelines on the Payment of Board Members' Fees**

I can certify that Government guidelines on the payment of Board Members fees are being complied with in all respects.



## **8. Failure to Comply**

Other than as set out in the SIC, there are no significant matters outlined above with which the HSE is not in compliance.

## **9. Significant Post Balance Sheet Events (None)**

## **10. Public Spending Code**

The appropriate requirements of the Public Spending Code are being complied with.

## **11. Protected Disclosures**

The HSE has in place procedures for dealing with protected disclosures as required under Section 55h of the Health Act 2004 (as amended in 2007) and under Section 21(1) of the Protected Disclosures Act 2014 (as amended in 2022).

Both Acts and procedures make provision for disclosures to be made by employees and workers respectively in relation to matters pertaining to the misuse or substantial waste of public funds or resources or other matters.

The HSE actively encourages its employees and other workers to speak up where they have concerns. We are committed to establishing a culture where by individuals feel safe when doing so and are confident that their concerns will be taken seriously. In many cases, when employees do raise concerns, potential issues and risks are identified that the HSE needs to address.

Information in relation to protected disclosures is provided in the HSE's Annual Report and is also published in the Statutory Annual Report required under section 22(1) of the Protected Disclosures Act 2014.

## **12. Government Travel Policy Requirements**

I can certify that Government travel policy requirements are being complied with in all respects.

## **13. Obligations Under Tax Law**

The HSE performs an annual detailed self-review of tax compliance which is managed by a dedicated in-house tax team working with external tax advisors. I confirm that the HSE



has complied with its obligations under tax law other than as disclosed in Note 24 of the Annual Financial Statements 2023.

#### **14. Legal Disputes involving other State Bodies**

The HSE is not in any legal disputes against other State bodies.

#### **15. Adoption of Code of Practice for the Governance of State Bodies (2016)**

The DPER Code has been adopted by the Board and is being complied with and the additional Business and Financial Reporting Disclosure requirements have been included in the Governance Statement and Board Members Report in the HSE Annual Report for 2023.

Under the Health Act 2004 (as amended), the HSE is required to have a Code of Governance in place setting out the principles and practices associated with good governance. The HSE Code of Governance was drafted in line with the DPER Code. It was approved by the Minister for Health in September 2021 and is currently under review. The SIC in Part II Financial Governance of the HSE Annual Financial Statements also reflects our compliance with the requirements of the DPER Code.

#### **Business and Financial Reporting Requirements**

Additional Financial Disclosure's in the Governance Statement and Board Members Report 2023.

#### **Legal Costs and Settlements**

A breakdown of the total legal costs and settlements exceeding €50,000 in the reporting period have been disclosed for 2023.

#### **Consultancy Costs**

Details of payments made in respect of consultancy costs in the reporting period are disclosed. Consultancy is considered to be the provision of expert analysis and advice which contributes to decision making or policy direction.

#### **Travel and Subsistence**

Details are disclosed in respect of total costs incurred in relation to travel and subsistence broken down between national and international travel.



### **Hospitality Expenditure**

A disclosure regarding hospitality expenditure is included. (This would include Christmas parties, retirement parties, expenditure on staff wellbeing, contribution to sports and social clubs, One4all vouchers, retirement/leaving gifts, flowers, etc).

All financial details are disclosed in the HSEs Annual Financial Statements for 2023 and are detailed where appropriate in Note 8.

In making this statement I have relied on the Health Service Executive's Annual Report and Financial Statements for 2023. The Annual Report was adopted by the Board on 26 April 2024 in accordance with Section 37(3) of the Health Act 2004 and the audit of the Annual Financial Statements 2023 was concluded on **x June 2024** in accordance with Section 36(7) of the Health Act 2004. Arrangements for implementing and maintaining adherence to the HSE Code of Governance are set out in the Annual Report and Financial Statements 2023 and the SIC therein reflects our compliance with the requirements of DPER Code.

Yours sincerely

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**Ciarán Devane**  
**Chairperson**