

27 May 2022

HSE Board Ref HBXXX

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

Dear Minister Donnelly,

The Code of Practice for the Governance of State Bodies (2016) 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, is my report as Chairperson of the Health Service Executive Board in relation to the HSE for 2021.

1. Commercially Significant Developments

No commercially significant developments affecting the HSE occurred in 2021. 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 2021.

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 2021, 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.

Since 2020 the HSE has carried out a comprehensive self-assessment of non-compliance which is a requirement of the DPER Code and which up to 2020 the HSE was unable to comply with which has been noted in recent years audit certificates by the C&AG. While this is a self-assessment activity, the HSE has also engaged the services of a firm who have reviewed an appropriate sample of the responses which has provided additional comfort around the veracity of the outcome.

The 2020 self-assessment exercise looked at all expenditure in excess of €25k and resulted in a non-compliance rate of 10%. The C&AG noted in the 2020 HSE audit certificate that the self-assessed level of non-compliance may not be representative given the impact of COVID19 expenditure and the fact that the HSE did not review all expenditure.

For the purposes of 2021 the HSE has extended the self-assessment exercise to all expenditure over €20k which has identified that non-compliant procurement is in the region of 9% and non-competitive procurement is in the order of 19%.

The HSE has noted this in the Statement of Internal Control which forms part of the HSE Annual Report and Financial Statements 2021.

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 Statement on Internal Control in the HSE Annual Report and Financial Statements 2021.

4. Statement on Internal Control

The Statement on Internal Control (SIC) is included in the Annual Report and Financial Statements of 2021 in accordance with the requirements of the DPER Code of Practice for the Governance of State Bodies 2016. The 2021 SIC has been prepared taking into account the impact of COVID-19 and the additional control challenges arising. 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. The HSE has commenced a 3-year controls improvement programme intended to improve the HSE's current internal control framework which will focus on the internal control weaknesses as identified in the 2021 SIC:

- a) Lack of an Integrated Financial Management and Procurement System (IFMS)
- b) Compliance with procurement rules
- c) Governance of grants to outside agencies
- d) ICT weaknesses inc. Cyber Attack May 21
- e) Risk Management
- f) Local payroll controls

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 2021.

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 Statement on Internal Control, 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 22(1) of the Protected Disclosures Act 2014.

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 is committed to a culture of openness and accountability and to dealing in an appropriate and meaningful way with disclosures made to it in relation to the wrongdoings as outlined in both sets of legislation.

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.

The HSE is also actively planning for the enactment of the Protected Disclosures [Amendment] Bill 2022 which will further strengthen our protected disclosures regime.

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 2021.

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 Code of Practice for the Governance of State Bodies 2016 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 (with 2020 comparatives) in the HSE Annual Report for 2021.

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. A revised Code of Governance was approved on 09 September 2021. The Statement on Internal Control in Part II Financial Governance of the HSE Annual Financial Statements reflects our compliance with the requirements of the Code of Practice for the Governance of State Bodies (2016).

The Health Service Executive (Governance) Act 2019 strengthens independent oversight and performance of the HSE. The Chair and the Board are working closely with the CEO and EMT to ensure the organisation works effectively as well as responding efficiently and productively to a range of new governance requirements stemming from these new arrangements.

Business and Financial Reporting Requirements

Additional Financial Disclosure's in the Governance Statement and Board Members Report 2021.

Legal Costs and Settlements

A breakdown of the total legal costs and settlements exceeding €50,000 in the reporting period have been disclosed for 2021.

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.

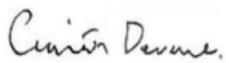
Hospitality Expenditure

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 2021 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 2021. The Annual Report was adopted by the Board on 27 April 2022 in accordance with Section 37 (3) of the Health Act 2004 and the audit of the Annual Financial statements 2021 was concluded on 27 May 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 2020 and the Statement on Internal Control therein reflects our compliance with the requirements of the Code of Practice for the Governance of State Bodies (2016).

Yours sincerely,



Ciarán Devane,
Chairperson