



HSE Audit & Risk Committee Meeting

Minutes

A meeting of the HSE Audit & Risk Committee was held on Friday 12th May at 13:00 via videoconference.

Members Present: Brendan Whelan (Chair), Michelle O’Sullivan & Pat Kirwan

Apologies: Fergus Finlay & Colm Campbell

HSE Executive Attendance: Stephen Mulvany (CFO), Dean Sullivan (CSO), Joseph Duggan (ND IA), Patrick Lynch (ND G&R/CRO), Mairead Dolan (Asst CFO), Trevor O’Callaghan (CEO Dublin Midlands Hospital Group), Jean Neary (Office of the CEO), Dara Purcell (Corporate Secretary), Patricia Perry (Office of the Board)

Joined the Meeting: Paul de Freine, (ND Capital & Estates)(Item 3), John Crean (Deputy Director of Audit) & Olivia Somers (Audit Manager)(C&AG)(Item 4.1), Colum Maddox (Asst. CFO)(Item 4.3 – 4.5), Kevin Cleary (AND Compliance)(Item 5), Veronica Swan (Quality Assurance & Improvement Programme Manager)(Item 7).

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 welcomed the Committee members to the meeting and held a private session to consider the agenda and papers and the approach to conducting the meeting.

2. Governance and Administration

2.1 Conflicts of Interest

The Chair advised the Committee of his role as Chair of St Catherine’s Association, a Section 39 social care organisation, but that there were no conflicts of interest.

2.2 Minutes

The Committee approved the minutes of 24 March 2023.



2.3 Action Log

The Chair agreed to review the Action Log with the Corporate Secretary.

The Chair welcomed and introduced Trevor O'Callaghan, CEO Dublin Midlands Hospital Group and Jean Neary, Office of the CEO who will now attend meetings of the Audit & Risk Committee, at the request of the CEO.

3 Capital and Estates

Paul de Freine, ND Capital & Estates joined the meeting

3.1 National Maternity Hospital Programme Governance Structure

The CSO presented to the Committee an update on the National Maternity Hospital Programme Governance Structure and the proposed programme for the governance structure for the delivery of the project, which will manage and assure the programme of work required to build, commission and open the new hospital.

The CSO advised that as the programme moves to the next stage of development it is important that the appropriate governance structures are in place to support its delivery.

The Committee noted and discussed the current project governance structure, the proposed interim governance structure to support the delivery of the project which reflect discussions and liaison with colleagues in the Department of Health (DoH) and HSE EMT, and the final governance structure for the commissioning and operation of the new Hospital, and requested to be kept updated going forward as the proposed interim arrangements are finalised, in advance of consideration by the HSE Board.

3.2 Properties & Contracts

The Committee considered the detail for the proposed property transactions, and the Committee agreed to recommend the following to the HSE Board for approval.

- i. Proposed Acquisition of building at Cork Business & Technology Park, Model Farm Road, Cork
- ii. Award of Additional Hospital Infrastructure Works at University Hospital Limerick



4. Accounting, Governance and Financial Reporting

Officials of the C&AG in attendance (John Crean, Deputy Director of Audit & Olivia Somers, Audit Manager)

4.1 C&AG Audit Progress Memorandum

The Chair welcomed John Crean, Deputy Director of Audit and Olivia Somers, Audit Manager from the Comptroller & Auditor General (C&AG) to the meeting.

The Deputy Director of Audit C&AG presented to the Committee the update on the progress to date and communicated the findings of the audit for the year ended 31 December 2022, which is conducted in accordance with the International Standards on Auditing (ISA's).

The Committee noted and discussed the matters that may be included in the audit certificate, which were outlined by the Deputy Director of Audit:

- Vaccine write-off
- Nugatory expenditure on storage costs of obsolete PPE
- Non-compliant procurement
- Monitoring of section 38/39 SLA's

The Committee were advised that the Capital Income & Expenditure reflects income of €104m higher than the amount of the determination advised by the Minister, and that the C&AG have advised that the legislation requires that the Letter of Determination (LOD) ties to the income reported. The DoH have agreed to amend the LOD in advance of the approval of the final AFS by the HSE Board, and the Asst CFO has been following up with the DoH in relation to this.

The Deputy Director of Audit C&AG advised that the final decision on the audit opinion rests with the C&AG and therefore the matters to be included in the audit certificate will depend on his final review, but that the aim to have the audit file cleared for certification by the C&AG by Friday 19 May 2023.

C&AG officials left the meeting.

4.2 Final Annual Financial Statements 2022

The Committee reviewed with the CFO and Asst CFO the Draft Final Annual Financial Statements (AFS) 2022, notes to the accounts, Statement of Internal Control (SIC), Operating and Finance Review (OFR), Letter of Representation 2022 and Chair's Comprehensive Report, which had been circulated in advance.



The Committee noted it had previously received earlier drafts of the AFS, notes to the accounts, SIC and DPER disclosure statement but did not have an opportunity to review the Operating and Financial Review (OFR), Letter of Representation and Chair's Comprehensive Report.

The Committee expressed its concerns relating to the findings in the Internal Audit Report High Earners Review - Consultants and requested that the Committee be kept informed on progress with implementation of the recommendations in the Internal Audit Report.

It was agreed that an update on the Action Plan in response to Internal Audit Reports High Earners Review - Consultants will be brought to the Committee at the June meeting.

Following the review of the documents the Committee agreed that the re-approval of the draft final Annual Financial Statements was in order and recommended them for final approval to the Board. The Chair agreed to speak to the Board Chairman with regard to the holding of a Special HSE Board meeting.

4.3 YTD Expenditure

Colum Maddox, Asst CFO joined the meeting.

The Committee noted that the first 2023 forecast based on Quarter 1 results is expected to be available by the end of May 2023, which will incorporate a CHO / HG / National service 'bottom up' outlook for 2023 as well as a top-down review completed by Finance teams with the assistance of services to gain a shared understanding of the 2023 Financial Outlook.

The CFO advised the Committee that in advance of the availability of the Quarter 1 results, an initial analysis had been undertaken based on current expenditure levels and cash utilisation within services. Based on this, initial indications are an I&E 2023 deficit in the region of circa €1.6billion with a cash shortfall of circa €1.1billion, which compares to the €2.2billion (10.2%) flagged in the National Service Plan 2023. The Committee noted that this assessment should be strongly caveated and only used as an initial indicator of the current trends in expenditure for 2023.

The CFO advised the Committee that ongoing engagement with external stakeholders including the DoH, via the Health Budget Oversight Group process, is continuing, and that critical focus on the challenging financial position remains.



The Committee discussed the impact that the financial challenge will have on available resources and delivery of services, and emphasized the need for significant monitoring and engagement through internal governance structures.

4.4 Health Budget Oversight Group (HBOG) draft minutes

The draft minutes of the HBOG meeting of 4 April 2023, as circulated were noted.

4.5 Financial Control Framework

The Committee were advised in relation to the approach and key principles of the Financial Framework which are to provide services with realistic budgets, to report and monitor any deviation in deficits arising under the relevant spend categories and the mitigation actions and expenditure management programme that are in place, and will be updated as necessary in light of experience and engagement as the year progresses.

4.6 Contract Approval Requests (CARs)

The CFO presented to the Committee the following Contract Approval Requests (CARs), which had been approved by the EMT at their meeting of 2 April 2023.

The Committee considered the detail of the proposed CARs and agreed to recommend the following to the HSE Board for approval.

- i. CAR 19974 - GP Access to Diagnostic Services
- ii. CAR 214531 - Intermediate Managed Laundry Service CHO Area
- iii. CAR 17466 - Agency Nurses and Midwives Panel Agreement
- iv. CAR 17156 - Provision of Assisted Admissions for Mental Health Services
- v. CAR 17737 - Provision of Diabetic Retinopathy Screening Services for NSS
- vi. CAR 19953 - Ambulance Services to Transfer Low and Medium Acuity Patients

The Committee noted that a number of contracts expiry dates had passed, and requested that internal processes be reviewed to ensure contract renewals are timelier.

The CFO left the meeting.



5. Governance & Compliance

Kevin Cleary, AND Compliance Unit, HSE joined the meeting

5.1 Role of the Compliance Unit re Reporting Process for Funded Agencies

The Chair welcomed the AND Compliance Unit to the meeting, who provided the Committee with an update on the role of the Compliance Unit with regard to the reporting processes for Funded Agencies (Section 38 and 39 Agencies).

The Committee noted the different reporting processes which involve the provision of reports in respect of the completion of Service Arrangements and Grant Aid Agreements; the receipt and Review of Agencies' Annual Financial Accounts (AFS); the management of the Annual Compliance Statement process and the External Reviews of Section 38 Agencies.

The Committee queried if there would be a change in reporting arrangements with the planned Regional Health Areas (RHAs). The AND Compliance Unit advised the Committee that he plans to submit a report to Liam Woods, National Director, RHAs to promote the amalgamation of the Contract Management Support Units (CMSUs), which were established in each of the HSE's nine CHOs and which are a key dedicated resource in terms of enhancing the level of management and oversight of Agencies funded by their respective CHOs. Both the ND IA and Asst. CFO agreed that the CMSUs are an important resource, as audits for Section 39 Agencies have decreased due to the CMSUs being now in place.

AND Compliance left the meeting.

6. Risk Management

Elaine Kilroe, AND Enterprise Risk Management joined the meeting.

6.1 Q1 2023 CRR Report including Proposal Risk Appetite Statement

The CRO presented to the Committee the HSE Q1 2023 CRR Report and proposal in relation to the Risk Appetite Statement for consideration.

The CRO advised the Committee that an ongoing assessment of each of the corporate risks is expected to result in significant changes being proposed to the risks recorded on the CRR, and it is expected that once concluded will lead to a more succinct report. The Committee noted that these recommended changes will be brought to the EMT for approval once complete.

The Committee noted that there are currently 21 risks on the Register, of which 15 have residual risk rating of Red and 6 as Amber. The Committee were updated on the movement in residual risk



ratings between Q4 2022 and Q1 2023 and noted that in relation to CRR 002 Future trajectory of COVID the reduced risk rating of 12 from 16 reflects the reduction in infection rates experienced over the multi-pathogenic winter.

In relation to CRR 013 Internal controls and financial management, the Committee noted that the residual likelihood rating increased to '4' from '3', due to the known budget deficit in 2023, and pending consideration of cost mitigation measures and ongoing engagement with Department of Health in respect of funding.

The CRO advised the Committee in relation to the review of the Risk Appetite Statement [RAS] which commenced at the end of 2022 and is being informed by discussions with the Committee, members of the EMT, practice in other jurisdictions and the outcome of the current review of corporate risks. The CRO recommended to the Committee that the Maximum Risk Score component of the RAS be suspended temporarily until an appropriate alternative approach is developed and approved, to which the Committee agreed.

The Committee discussed the oversight role of the ARC in relation to the CRR, noting that the Committee have 10 out of the 21 risks on the CRR, and it was agreed that the Chair would discuss this with the CRO, and bring back to the Committee at the June meeting.

6.2 Corporate Risk Register Review

The CRO presented to the Committee, in line with the Moody Review's recommendation, the approach that is being used to undertake the systematic examination of each of the HSE's corporate risks and advised that the approach has been designed specifically for this purpose. The Committee noted the explanatory guide, as circulated to assist them in understanding the approach being taken to examining corporate risks.

The Committee noted that the assessment process has two objectives which are, to formulate a set of recommendations in relation to the current corporate risks resulting in a revised Corporate Risk Register (CRR); and to work through the systematic review process to provide a practical way to improve the understanding of risk for everyone involved, including the EMT and Board committee members.



The CRO advised the Committee that the process is ongoing with the Risk Management Leads from each EMT member's team, and that a series of meetings have been arranged with each of the EMT corporate risk owners, their Corporate Risk Support Team member and Risk Management Lead. The Committee noted that the CRO will in the course of his monthly engagement with each Board Committee, go through the corporate risks they have oversight responsibility for.

The Committee requested an update on the completion of the Moody Report recommendations, which will be brought back at a future meeting.

7. Internal Audit

7.1 Internal Audit Monthly Report

In accordance with the Committee's Terms of Reference, the ND IA provided a report to the Committee regarding Internal Audit activity, which assists the Committee in discharging its responsibilities to oversee and advise on matters relating to the operation and development of the HSE's Internal Audit division.

The Committee noted the update in relation to staff deployment constraints to which the ND IA advised that he will be attending a conciliation meeting at the Workplace Relations Commission on 18 May 2023. The ND IA provided an update to the Committee in relation to the follow up audit to assess the implementation of agreed actions in relation to the Medical Consultants High Earners Review (2022 audit). The Committee noted that the draft audit report was issued for management comment on 12 April 2023 and that a formal management response is expected by the end of May. Once management has gathered and analysed data sets from Acutes and Community Operations, a further update will be brought back to the Committee in June.

7.2 Internal Audit - Quality Assurance & Improvement Programme

Veronica Swan, Quality Assurance & Improvement Programme Manager joined the meeting.

The ND IA 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 and introduced the Quality Assurance & Improvement Programme Manager who presented to the Committee a report on those results.



Internal Quality Assessment

The Committee noted that an internal quality assessment was conducted to self-evaluate conformance to the IPPF and standards, and found that HSE Internal Audit “generally conforms” with the IPPF. Improvements were recommended in certain areas in order to achieve full conformance, and recommendations of the internal quality assessment have been accepted and implementation plans agreed. The Committee welcomed that the ND IA will provide updates on the implementation of recommendations at future Committee meetings, and that a review of the Internal Audit Charter is taking place and will be presented to the Committee for approval in the coming months.

Pilot Audit File Peer Review

The Committee noted that a process was piloted for the formal peer review of the quality of audit files to assess conformance with standards and the HSE’s internal audit manual in terms of file structure, documentation and management review. The audit file peer review pilot also noted areas for improvement, based on a sample of audit files, and that the peer review of audit files will now form part of the QAIP’s ongoing review process.

8. A.O.B

There was no further business. The Chair thanked Committee and EMT members. The meeting ended at 17.22.

Committee members held a private discussion.

Signed: _____
Brendan Whelan
Chairperson

Date: 16th June 2023