



HSE Audit & Risk Committee Meeting

Minutes

A meeting of the HSE Audit & Risk Committee was held on Friday 14th July 2023 at 09:00 via videoconference.

Members Present: Brendan Whelan (Chair), Fergus Finlay, Michelle O’Sullivan and Pat Kirwan

HSE Executive Attendance: Dean Sullivan (CSO), Mairead Dolan (Asst CFO), Joseph Duggan (ND IA), Patrick Lynch (ND G&R/CRO), Jean Neary (Office of the CEO), Dara Purcell (Corporate Secretary), Patricia Perry (Office of the Board)

Apologies: Stephen Mulvany (CFO) and Trevor O’Callaghan (CEO Dublin Midlands Hospital Group)

Joined the Meeting: Elaine Kilroe (AND Risk)(Item 3), Colum Maddox (Asst CFO)(Item 4.1 & 4.2), John Swords (ND Procurement)(Item 4), Ian Nelson (Lead Partner KPMG) and Orla Gormley (Risk Consulting Manager KPMG)(Item 4.3), David Langton (GM Internal Audit Operations)(Item 5), Paul de Freine, (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 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. Mr Joseph Duggan ND IA joined for part of the private session.

2. Governance and Administration

2.1 Conflicts of Interest

In relation to Item 4.4 Committee member Michelle O’Sullivan advised the Committee of a family member working in a Service Provider and the ND IA advised that one Service Provider provides services to a family member, but that there were no conflicts of interest.

No further conflicts of interest were declared.

2.2 Minutes

The Chair noted that late amendments to the draft minutes were received from the COO, and the Committee agreed to review and will respond by email to the Secretariat if amendments accepted.



2.3 Terms of Reference

The Chair noted that the ARC Terms of Reference were extensive, being sixteen pages long and members needed to be clear on their key responsibilities. It was agreed that each Committee member review the Terms of Reference and respond back to the Secretariat with comments. It was agreed that a final review be brought back to the next meeting scheduled for September 2023 for approval.

2.4 Action Log

The Chair agreed to review the Action Log with the Corporate Secretary and send to ARC members for approval and that actions would be reviewed at each meeting going forward.

3. Risk Management

Elaine Kilroe, AND Enterprise Risk Management joined the meeting.

3.1 Corporate Risk Review Update – verbal update

The CRO gave a verbal update to the Committee in relation to the Corporate Risk Review. He advised that the final report is close to being concluded. The Committee were advised that the dedicated EMT Risk Workshop to consider the final draft report has been deferred until early September. The CRO is meeting with the CEO in the coming week to brief him on the status of the review. The Committee welcomed the update and agreed that a further update will be brought to the meeting in September.

3.2 Update of Moody Risk Review Recommendations

The CRO presented to the Committee an update in relation to the implementation of recommendations of the Moody Risk Review. This Review was commissioned by the EMT and the Audit & Risk Committee in 2021. The Report made recommendations in relation to risk governance, building risk capability and capacity, and the risk management process.

The Committee noted the status of the implementation of the 50 recommendations contained in the Moody Report, and focussed in particular on the 12 Critical Path recommendations in the Report. It was noted that most recommendations have been completed or are in progress and that the HSE's Enterprise Risk Management (ERM) Policy 2023 also addressed many of the recommendations in the report.

The CRO advised the Committee that the recommendation with regard to the requirement to undertake risk assessments when taking critical decisions and for major change projects, is now a requirement under the HSE's ERM Policy 2023. The Committee discussed these requirements, and identified the need for briefing papers brought to the HSE Board and Committees, where decisions are required, should identify risks and how these will be mitigated. The Chair agreed to discuss this at Board level.



The Committee noted the recommendation relating to a joint approach between the HSE and the Department of Health (DoH) in identifying key strategic risks and were advised that there have been a number of discussions with the DoH but no formal arrangements are in place as of yet.

The Committee noted the recommendation, which is now superseded, relating to the HSE embracing an “Invest to Save” process to identify and address the causal factors that give rise to patient and staff claims. The CRO and Committee member P Kirwan advised that the HSE have had extensive engagement with the State Claims Agency and their actuaries, and it has been determined that this approach is not suitable for the HSE given the complexities in the Irish Health Sector when compared to international examples.

The Committee thanked the CRO for the update and emphasised their support in ensuring that the Report’s recommendations are implemented across the HSE. The CRO advised the Committee that progress continues to be made in implementing the recommendations and this work continues to be central to the activities of the ERM Team.

AND Enterprise Risk Management left the meeting.

4. Accounting, Governance and Financial Reporting

Colum Maddox, Asst CFO joined the meeting

4.1 YTD Expenditure

The Asst CFO provided a briefing to the Committee on the YTD Financial Position as at May 2023. The Committee noted that the 2023 I&E forecast to year end based on the January to March results, had been further revised as more detailed information became available. The revised forecast is showing that the revenue I&E outlook, excluding first charge of €185.0m, may be in the range of €1,568.6m High - €1,312.4 Low. The draft revenue I&E financial position at the end of May 2023 shows a YTD deficit of €520.0m or 5.8%, of this €64.6m is driven by the impact of COVID-19 with the remaining €455.4m relating to core activity. This core variance includes a net deficit of €392.3m in Acute Operations, €2.1m in Community and €120.0m in pension and demand led areas which is slightly offset by a surplus of (€59.1m) in Other Operations / Support Services. Energy costs have risen significantly and this is mainly evident in three major voluntary hospitals, with the Committee highlighting the new electricity HSE/Office of Government Procurement national contract which has not been signed to date and noted that hospitals are currently on a floating market rate.

4.2 Health Budget Oversight Group (HBOG)

The Asst CFO advised the Committee that no draft minutes had been received from Department of Public Expenditure, NDP Delivery and Reform.



4.3 KPMG - PPE Audit

John Swords, ND Procurement and Ian Nelson & Orla Gormley (KPMG) joined the meeting.

The Committee welcomed KPMG officials Ian Nelson, Lead Partner and Orla Gormley, Risk Consulting Manager to the meeting.

The Committee noted that KPMG had been engaged by the HSE to complete an audit in February 2021, and issued their report on HSE Personal Protective Equipment (PPE) in June 2021. The report included 41 findings and 17 recommendations, and a designated team in the HSE was established to address the findings and recommendations.

KPMG were subsequently retained in February 2022 to give assurance that all 17 recommendations were implemented by the HSE and Mr Nelson now presented to the Committee the HSE Personal Protective Equipment (PPE) Phase 2 Report & Assurance paper.

The Committee noted that as of July 2023, KPMG received documentation from management relating to 15 recommendations to which KPMG reviewed, which gave assurance that they had been implemented. 2 recommendations which were due to be implemented by November 2022, had not been implemented, which the Committee reviewed. It was noted however they relate to the creation of a new National Emergency Framework which is currently under way. The Committee thanked the KPMG officials for the update.

Ian Nelson and Orla Gormley (KPMG) left the meeting.

4.4 Contract Approval Requests (CARs)

The Asst CFO and ND Procurement presented to the Committee the following Contract Approval Requests (CARs).

i. Authorisation Scheme for the Provision of Home Support Services for Older People

The Committee were advised that a new scheme, which is due to be implemented on 14 August 2023, for the Provision of Home Support Services for Older People, is being established which will provide a living wage of €31 per hour to employees of private sector providers and will standardise rates across them all. The Committee reviewed the Contract and outlined their concerns with regard to the reduction of home help hours from 23.9mn to 22.0mn hours, and queried whether this was a service reduction resulting from the increased costs. The Committee agreed that as it was not clear why the service was reducing, approval was withheld and the approval sought will be brought to the July Board meeting with an explanation for the lower levels of service planned.



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

- ii. National Contract for the provision of RT-PCR Testing of Covid (and pandemic) Specimen Samples
- iii. Mini-Competition for Contact Management and Related Administrative Services for HSE Live and PCRS

The Committee discussed and requested that a paper be brought to a future meeting with regard to internal versus external outsourcing for HSE Live and PCRS helpdesk, to which the Asst CFO agreed to do.

ND Procurement left the meeting.

5. Internal Audit

David Langton, GM Internal Audit Operations joined the meeting

5.1 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 welcomed the update provided by the ND IA noting that Internal Audit undertook a review to assess whether actions to resolve audit findings were implemented as reported by management and to review Internal Audit's tracking processes.

The Committee discussed the findings of the review, noting that 756 (78%) of 971 outstanding recommendations, as at 18 January 2023, had passed their agreed implementation dates. 234 (30%) of these were overdue longer than 270 days, and 166 (22%) of outstanding recommendations were assigned a high priority rating. It was also noted that the longest outstanding high rated recommendation was 1,848 days past its agreed implementation date, and engagement with the tracking process is below requirements with a 60% response rate to update requests in Q4 2022.

The ND IA advised the Committee that incomplete reporting of the full status of open recommendations were previously presented to the Committee. Those papers only included those of current year reports, and the previous two years, which meant that the Q4 Committee papers omitted 55 pre 2020 outstanding recommendations. It was also noted that there are issues with the tracking process itself,



specifically the degree of follow-up communication, resolution reporting, escalation procedures, and the absence of a tracking system/software.

The ND IA recommended to the Committee that the Internal Audit function reviews and updates its current tracking process to address the findings of their report and align to the Institute of Internal Auditors best practice in this area.

The Committee held a discussion stating that the number of outstanding recommendations was very unsatisfactory and queried what was the level of oversight in the individual areas for the implementation of the recommendations and reiterated that if there is no improvement, managers will be required to attend a Committee meeting to account for non-implementation of actions. The ND IA advised the Committee that he has advised the CEO and EMT that a workstream will be commenced to address open recommendations, and a further update will be given at the next EMT and ARC meetings. The Asst CFO agreed to work with ND IA and team to action and close out on any outstanding recommendations relating to the finance area.

David Langton, GM Internal Audit Operations left the meeting

6. Capital & Estates

CSO and Paul de Freine, ND Capital & Estates joined the meeting.

6.1 Capital Plan 2023 Reallocation

The Committee reviewed with the CSO and ND Capital & Estates the paper seeking approval for the re-allocation of funding in the Capital Plan 2023. The CSO advised that this was recommended to ensure appropriate budgetary management and utilise the full Capital Plan allocation. The Committee noted management had recently completed a Quarter 2 analysis of the Capital Plan spend profile which had identified slippage, and approval was being sought to re-allocate €135m to €164m to address the slippage to date and projected to year end.

The CSO outlined to the Committee that the Capital Plan has May YTD expenditure of €184.5m against a YTD budget profile of €269.6m, leading to a positive variance against profile of €85.1m or 31.6%. The main driver is an underspend of €68.8m as a result of the slower than expected progress with the new National Children's Hospital project. Other main factors identified as the main reasons for delays and underspend encountered included current market conditions, availability of resources, labour and materials in the construction sector, competing work priorities within Capital and Estates, and the ability to deliver on all of these within available resources.



He advised that it was now being proposed to increase existing allocations across categories within the Capital Plan as listed in the briefing paper as well as making provision for a number of strategic property purchases.

The Committee noted that the proposed re-allocation follows the process adopted in 2022.

The Committee discussed the possibility to direct some or all of the potential capital underspend towards the HSE's revenue budget. As previously discussed the draft revenue I&E financial position at the end of May 2023 shows a YTD deficit of €520.0m. The Committee were advised that any proposal to transfer capital to revenue would be subject to formal approval by both Department of Health and Department of Public Expenditure, NDP Delivery and Reform which would be problematic from an approval perspective and in terms of capital needs.

The Committee agreed to bring the proposal to the Board, along with guidance from the CFO on the Capital vs Revenue question, for the Board to decide on approval of the proposed Capital Plan 2023 Re-allocation.

The Committee also requested an update be brought back to a future meeting in relation to the CHI and NMH, to which the CSO agreed.

6.2 Quarterly Report on delegated authority for property transactions under market value

The CSO presented to the Committee the Quarterly Report on relevant Property Transactions delegated to the Executive. The Committee noted that the report was being presented due to the delegation of the Board on 31 March 2023 to the CEO / ND Capital & Estates, the authority to approve property transactions up to €10m, from the previous level of €2m, and for certain property disposals (freehold and leasehold) at nominal value to charities, approved housing bodies or local authorities on the requirement that such transactions relate to the objectives of the HSE and the delivery of Health and Social Care.

A summary report on these transactions approved between €2m & €10m and low value/nominal CAT 3a transactions for the period of 1 April – 30 June 2023 was noted by the Committee.

6.3 Properties & Contracts

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



- i. Disposal of GP residence and former clinic, Inis Mór, Aran Islands, Co Galway
CSO gave update.
- ii. Proposed lease of Surgical Hub in North Dublin

CSO and ND Capital & Estates left the meeting.

The CIO joined the meeting and advised that due to the Technology & Transformation Committee not meeting in July, he was presenting the following proposed contract for the Committee's review.

- iii. Renewal of Dedalus Support and Maintenance contract

The Committee agreed to recommend the contract to the HSE Board for approval, and requested that it be forwarded to the Chair of the Technology & Transformation Committee for information.

CIO left the meeting

7. A.O.B

There was no further business. The Chair thanked Committee and EMT members. The meeting ended at 12.50

Committee members held a private discussion.

Signed: _____

Brendan Whelan
Chairperson

Date: