



## HSE Audit & Risk Committee Meeting

### Minutes

A meeting of the HSE Audit & Risk Committee was held on Friday 24<sup>th</sup> March at 08:30am via videoconference.

**Members Present:** Brendan Lenihan (Chair), Fergus Finlay, Michelle O'Sullivan, Ann Markey, Colm Campbell & Pat Kirwan

**Apologies:** Martin Pitt,

**HSE Executive Attendance:** Mairead Dolan (Interim CFO), Dean Sullivan (CSO), Mr Joseph Duggan, (ND IA), Patrick Lynch (ND G&R/CRO), Dara Purcell (Corporate Secretary)

**Joined the Meeting:** Bernard Gloster, CEO (Item 3.1 & 4.1), Stephen Mulvany (CFO) and Board members Dr Sarah McLoughlin and Tim Hynes (Item 3.1), Colum Maddox (Item 6.2 & 6.7), Monica Percy (Interim A/CFO)(Item 6.4), John Swords (ND Procurement)(Item 6.5 & 6.6), Elaine Kilroe, AND Enterprise Risk Management (Item 5.1), Rosemary Grey (AND Compliance) and Gary Russell (GM Protected Disclosures)(Item 4.1), Dera McLoughlin and Alex Burnham (Mazars)(Item 7.4), Paul de Freine, (ND Capital & Estates)(Item 8), Alan O'Connell (AND Capital & Estates)(8.2 & 8.3), Mark Kane AND (8.3)

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

No conflicts of interest were declared.

##### 2.2 Minutes

The Committee approved the minutes of 10 February 2023.



### **2.3 Action Log**

The Committee reviewed the Action Log.

### **2.4 Briefing Papers for noting**

The Committee noted the following briefing papers presented to them. Cost of Care of Publicly Managed Beds; Ethics Disclosures (management assurance re compliance with SIPO Returns and related matters) and Memorandum of Understanding with the Charities Regulator, which had all been considered previously by the Committee.

#### **i. Cost of Care of Publicly Managed Beds**

The Chair advised that the Executive is required to develop and submit to the Department by the end of Q1 2023, a plan to address the public cost of care that builds on the results of the Executive's 2022 review of public bed capacity and is aimed at reducing the variance between the actual and published costs of public residential care funded through the NHSS. The Committee welcomed the update outlined in the briefing paper and noted that a specific working group is being stood up under the already existing Residential Services Steering Group.

#### **ii. Ethics Disclosures (management assurance re compliance with SIPO Returns and related matters)**

The Committee noted the paper presented which stated that the recommendations from the Internal Audit Report Ethics in Public Office Compliance are accepted and are being or will be implemented, and that the HSE's Annual Statement of Interest Review Process is fit for purpose.

#### **iii. Memorandum of Understanding with the Charities Regulator**

The draft Memorandum of Understanding (MOU) with the Charities Regulator was previously reviewed by the Committee, and had requested that the provisions in relation to the role of the Committee in the MOU be amended to include a power to refer matters directly to the Charities Regulator to reflect its role in the HSE's governance structure, including, to refer matters to the Charities Regulator without necessarily seeking consent of HSE.

The Committee noted that an updated draft MOU was forwarded to the Legal Advisor in the Charity Regulatory Authority on 28 February and a response is awaited, and will be updated as soon as it is fully finalised. The Committee noted the revised wording.



### 3 National Service Plan 2023

*Bernard Gloster, CEO, Stephen Mulvany CFO, and Board members Dr Sarah McLoughlin and Tim Hynes joined the meeting*

**3.1 NSP 2023 – discussion of potential advices by ARC to Board re NSP funding including budgeting and performance reporting 2023** – verbal update from management on text, issues and risks and also management approach to budgetary control systems and reporting.

(Financial Management Framework section from NSP 2023 included).

Mr Bernard Gloster CEO joined the meeting and the Chair formally welcomed the CEO to the Committee and each member of the Committee introduced themselves.

The CEO provided an update to Committee members on his background in the health services and on his plans for reporting processes and engagement between the Executive and the Committee going forward.

The Committee were also joined by Stephen Mulvany and Board members Tim Hynes & Dr Sarah McLoughlin for the discussion of potential advices by ARC to the Board re NSP funding including budgeting and performance reporting 2023 on the NSP 2023.

The Chair advised that the Committee members had received a copy of NSP 2023, including the financial management chapter. The Committee expressed their concern on the number of financial risks and issues of up to 10.1% (€2.2bn) for 2023, and highlighted the Committee's statutory role with regard to advising the Board on all financial matters.

The Committee members then held a private session to consider the discussion, and the advices from the Committee will be forwarded to the Board for noting at the meeting on 31 March 2023.

*Stephen Mulvany, Tim Hynes and Dr Sarah McLoughlin left the meeting*

### 4. Governance & Compliance

*Rosemary Grey, AND Compliance and Gary Russell, General Manager, Protected Disclosures joined the meeting.*

#### 4.1 Protected Disclosures

Annual Report 2022 and Notifications to the ARC

The ND GR presented to the Committee the draft Protected Disclosures Annual Report 2022 which had previously been considered at the Committee meeting in February 2023, and following the



Committee's feedback, the ND GR outlined the additional information that was included in the Report presented today, which once approved would be published by the statutory deadline of the 31 March 2023 and included in the HSE's Annual Report 2022.

The Committee noted that there were 56 reports submitted to the HSE in 2022 and all were assessed, with 47 being Protected Disclosures within the meaning of the Act, and for the remaining 9 reports received, which were assessed as not being a protected disclosure, were referred to the relevant senior accountable person for review and appropriate action. The Committee also noted the further detail provided on the protected disclosures received during 2022, including analysis of the disclosures by relevant alleged wrongdoing.

The Committee discussed the Protected disclosures that remain open as of 31 December 2022, noting that 366 reports under the protected disclosures framework were received between 2017 and 2022, with 117 remaining open at the end of 2022.

The ND GR advised the Committee of the priorities for 2023, and with the establishment of the National Office of Protected Disclosures, a systematic review of all open cases is underway, resulting in a further 26 cases being closed between the 1 January and the 28 February 2023.

The Committee noted that this central and specialised office will deal with the receipt and management of protected disclosures with the further development of effective monitoring, recording and reporting systems for Protected Disclosures, and to gather information on outcome and look at steps to be put in place to share relevant learning from the disclosures received. The office will also develop processes for properly investigating relevant wrongdoings and communicating with reporting persons, and strengthen its monitoring of any potential penalisation of a reporting person.

The CEO highlighted to the Committee that he intends to focus on safeguarding the relationship for staff who make Protected Disclosures, and had spoken at the Joint Committee on Health on 22 March on this subject, stating that the HSE as an organisation should be confident to face up to hearing a complaint, assessing it and making a decision and conclude on time.

The Committee thanked the ND GR for his update and approved the draft Protected Disclosures Annual Report 2022, and noted under the protected disclosures reporting protocol to the Committee, two notifications made by the ND GR.



The CEO left the meeting and the Committee members held a private session to consider the earlier discussion with regard to the NSP 2023 and the Committee's potential advices to the Board.

*AND Compliance and General Manager, Protected Disclosures left the meeting.*

## **5. Risk Management**

*Elaine Kilroe, AND Enterprise Risk Management joined the meeting.*

### **5.1 Approval of Corporate Risks 2022 & Review of HSE Corporate Risks 2023**

#### **i. Approval of Corporate Risks 2022**

The Committee had considered the HSE Corporate Risk Register (CRR) Q4 2022 End of Year Report at its February meeting. The CRO presented the draft Briefing Note recommending Board approval of the Q4 2022 CRR.

The Committee agreed to recommend the Q4 2022 CRR to the Board for their approval at the March 2023 meeting.

#### **ii. Review of HSE Corporate Risks 2023**

The Committee noted the briefing provided by the CRO in relation to the 2023 assessment of the HSE's Corporate Risks. He advised the Committee of the rationale for assessing corporate risks and actions to improve the quality and nature of corporate risk information and reporting. The CRO advised that once the review of the current corporate risks has been completed, he will present a set of findings and recommendations to the EMT and ARC for consideration and approval.

### **5.2 Risk section – HSE Annual Report 2022**

The Committee reviewed the draft Risk Section of the Annual Report 2022 and noted that the focus is on presenting a clear picture of the risks themselves, rather than on the risk process, and is based on the HSE's corporate risks at the end of December 2022. The CRO advised that the Risk Section provided additional analysis, highlighting key changes in the risk profile during 2022.

The Committee welcomed the draft Risk Section and noted that the final Annual Report will be brought to the Board meeting in April 2023.

### **5.3 HSE Enterprise Risk Management Policy 2023 - Final draft prior to submission to HSE Board**

The CRO presented to the Committee for their consideration, the final draft of the revised HSE Enterprise Risk Management [ERM] Policy and Procedures 2023, which includes a number of changes following the advices of the Committee, EMT and members of the Quality Assurance Panel.



The CRO outlined the changes that have been made and which are included in the final draft of the Policy.

The Committee welcomed the update and requested that the language in parts of the Policy be strengthened, particularly in relation to engaging with external partners where the ability to reduce the risk lies outside of the HSE's control.

The Committee considered the revised Policy, and once their suggestion was included, which the CRO agreed to undertake, the Committee agreed to recommend the final draft of the HSE Enterprise Risk Management Policy and Procedures 2023 to the Board for approval at the March meeting.

The Committee outlined their thanks to Elaine Kilroe AND Carol Clarke General Manager for all their work in the revision of the policy.

*AND Enterprise Risk Management left the meeting.*

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

*Colum Maddox, AND Finance joined the meeting.*

### **6.7 Banking Arrangements**

The Interim CFO (I/CFO) provided a briefing to the Committee in relation to the following banking arrangements, as set out in the briefing papers circulated to the Committee prior to the meeting.

#### **i. Update to existing Bank Mandate**

The I/CFO advised the Committee that a Composite Bank Mandate for the Danske Bank accounts were approved on 26 October 2022, and that the Committee were requested to consider and recommend to the Board for approval to update the HSE Bank Mandate to include the Chief Executive Officer, Bernard Gloster as a main signatory to the HSE Bank Mandate.

#### **ii. New bank account re HSE In-House Cash (IHC) bank strategy**

The I/CFO asked the Committee to consider and approve to the Board the opening of four bank accounts in line with the existing HSE Danske mandate, which are required for the effective operation of the IFMS In-House Cash banking solution, and that the designated signatories set out the paper be added as designated signatories on the requested new accounts.

#### **iii. Patient Private Property**



The I/CFO advised the Committee that Ulster Bank Care Centre Patients Private Property Bank Accounts are not suitable to the Danske Banking Contract and presented to the Committee for recommendation the following:

- Transfer of the PPP Central Unit Ulster Bank Account to Danske
- Transfer of c57 local Ulster Bank PPP accounts to either BOI or AIB as appropriate locally
- Approval of 4 main signatories, 2 of which are sufficient to sign new bank opening forms
- Approval for one main signatory to approve changes to local changes to signatories subject to recommendation from Manager of PPP Central Unit.

The Committee considered the three papers presented, and agreed to recommend to the Board for approval.

## **6.2 Health Budget Oversight Group (HBOG) draft minutes**

The draft minutes of the HBOG meeting of 30 January 2023 as circulated were noted.

The Committee emphasised the need to ensure that an agreed reporting mechanism between the HSE, DoH and DPER is operating for 2023, and outlined their strong view that another reporting season without such an agreed and documented approach should not take place. The I/CFO agreed that it should be a more collaborative approach and that discussions had already taken place at HBOG which would be further discussed at HBOG in the coming weeks. It was noted that a new Chair had been appointed to HBOG, and the Committee would be made aware of who it was by the CFO.

The Committee Chair advised the Committee that the HBOG meeting of February had been cancelled at short notice stating that information was not supplied to the DoH from the HSE on time, and referred to a letter from the Minister for Health dated 28 February 2023, which implied that 2022 HBOG meetings were cancelled for the same reasons. The I/CFO accepted that there was a delay in the December data due to the NSP 2023 and supplementary budget, but it was not the case in relation to the 2022 meetings, and that there has been ongoing engagement with the DoH in relation to same. Additionally a detailed response has been provided to allow the Chair of the HSE Board to respond appropriately on this matter.

The Committee queried if there was a Terms of Reference for HBOG, and were advised that a paper was being considered between the DoH and DPER, which included feedback from the HSE, but was



not finalised. The I/CFO agreed to follow up on this at the next HBOG meeting and update the Committee at the next meeting.

### **6.1 YTD Expenditure**

The I/CFO provided a briefing to the Committee on the financial position noting that the draft revenue I&E financial position at the end of January 2023 shows a YTD deficit of €33.3m or 1.9%, of this €10.4m is driven by the impact of COVID-19 with the remaining €22.9m relating to core activity. This core variance includes a net deficit of €71.3m in Acute Operations, offset by surplus of (€17.0m) in Community and (€16.0m) in Other Operations / Support Services.

The Committee were advised that the cash position at the end of January is over the vote profile by €120k and by the same amount at the end of February, which was due to Hepatitis C funding paid directly from DoH to the areas which usually occurs in December, but this year the payment was made in January 2023.

The I/CFO advised that a significant amount of work has been completed to assess the level of financial issues (i.e. financial pressures where there is a significant degree of certainty as to the outlook for the year) and financial risk (i.e. financial pressures where there is a greater degree of uncertainty) to be managed within services in 2023. An operational and financial framework for the management and monitoring of these risks and issues is currently being constructed in addition to an overall value programme for 2023.

### **6.3 Draft AFS (including draft SIC) / Significant Accounting judgement areas / Management update on C&AG Audit progress**

The I/CFO presented to the Committee the 1<sup>st</sup> draft of the Annual Financial Statements (AFS) for review. The Committee noted that the draft AFS has been submitted in line with the DPER Code of Practice for the Governance of State Bodies 2016 to the C&AG and to the DoH on 28 February 2023 and will be presented to the Board for adoption at its meeting on 31 March 2023. The Committee were advised that the audit is on-going and is expected to conclude no later than 17 May 2023.

The Committee noted that the Draft AFS 2022 reports the Revenue I/E Deficit of €178.1m and Capital I/E Surplus of €47.5m.

The Committee considered parts of the AFS's and highlighted the need to strengthen the wording regarding the Going Concern to state that the NSP calls out a significant financial challenge in relation to funding arrangements in 2023 which had been discussed previously by the Board and





Committee, and that despite the financial challenges anticipated it is however considered reasonable that the HSE's financial statements will continue to be prepared on the going concern basis.

The Committee also provided feedback to the I/CFO in relation to the Employment Note for management to address the high earners and the administrative staff pay costs v agency administrative pay costs.

The Committee agreed to endorse the draft Annual Financial Statements including SIC, subject to their recommendations and comments being appropriately reflected, for onward submission to the HSE Board for consideration and adoption.

*Pat Kirwan left the meeting.*

#### **6.4 CARP Controls Assurance process – final deliverable**

*Monica Percy, Interim A/CFO joined the meeting.*

An update was brought to the Committee in respect of the key findings and draft report of the Effectiveness of the system of Internal Controls for 2022, and the draft Statement of Internal Control (SIC) which had also been informed by the findings and outcome of the review.

The Interim A/CFO advised the Committee that the 2022 Controls Assurance Review Process (CARP) and external verification process had been completed for all staff and the Statement of Internal Controls report was completed and provided to the C&AG as part of the DPER Code requirement. The review of effectiveness report forms a substantial part of the SIC and has been provided to the C&AG on that basis.

She advised that the key findings of the CARP showed a 16% increase in participation across all areas on 2021 levels, reflecting the prioritisation and focus on improving the awareness of the controls framework. The Committee noted that the review identified similar findings to 2021, which included six high priority findings in the areas of ICT Control Environment; Payroll; Absence of a National Financial System; Procurement; Grants to Outside Agencies and Local Control & Environment Issues – stock management, and that all management responses to key findings and recommendations included in the review have been received and authorised by the relevant National Directors and/or their delegates.



The Committee noted the report and requested that in relation to the risk management process highlighted around awareness concerning Children First, the need for this be strengthened, which the I/CFO agreed to review.

### **6.5 Corporate Procurement Plan June 22 – oversight of progress against deliverables**

*ND Procurement joined the meeting.*

The ND Procurement presented to the Committee a briefing paper which provided a status update regarding the key priorities to be delivered as part of the HSE Corporate Procurement Plan 2022-2024, which sets out the key priorities to be delivered over the next three years to improve and enhance procurement activities within the health service.

The Committee noted the 31 agreed priorities to be delivered across four key areas by the end of 2024, which were Multi Annual Procurement Planning; Systems Developments; Logistics and Inventory Development and Organisational Development.

He advised that with the exception of two priorities, actions on all the other 29 priorities have commenced, four priorities have been completed and a further 15 are in progress and on track for completion. Eight priorities are In Progress but behind schedule at this point and a further priority is paused and is now behind schedule. One priority is not complete and as a result is behind schedule. A further two priorities have not yet commenced and are flagged as red as they will not be completed within the required timeframe.

The Committee noted the update and requested that a fair and reasonable assessment is required and a plan for the priorities that are behind schedule by more than a month be actioned and brought back to the Committee at a future meeting.

### **6.6 Update on Progress of self- assessment of non- compliant procurement 2022**

Further to an update received by the Committee at the February 2023 meeting with regard to the Procurement Compliance Self- Assessment returns and analysis for Q1 – Q3 2022, the CFO presented to the Committee a status update for the full year 2022 returns based on the closing extract of data from the Procurement Assessment Compliance Tool (PACT) taken on the 20 February 2023. She advised that the data is subject to an independent external validation by Grant Thornton, a process which commenced on 21 February with an initial draft report expected to be provided at the end of March 2023.



It was outlined that circa 29,000 invoices were assessed which exceeded the €25k threshold; 91% invoices were returned and 93% declared compliant.

The Committee were briefed on the steps taken to enhance the 2022 Procurement Compliance Self-Assessment Declaration Process such as training, Procurement Compliance Assessment Tool, and the establishment of two Communities of Interest (CoI), one for CHOs and one for HGs.

The Committee highlighted the 7% non-compliance figure and that the identification and reporting with regard to non-compliance is a priority for the Committee. It was agreed that the Chair, CFO and ND Procurement would discuss a plan to ensure overall compliance.

*AND Finance, I/Asst CFO and ND Procurement left the meeting.*

## **7. Internal Audit**

### **7.1 National Director Internal Audit update**

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, recruitment, training and development, the Internal Audit Manual and Charter, the undertaking of a software solution for audit management software and the External Quality Assessment draft report which will be presented to the Committee once finalised.

### **7.2 2022 Post audit client surveys results**

The Committee welcomed the report presented by the ND IA, which described the survey method and the summary results of the five post audit client survey rounds completed, covering the period from January 2020 to December 2022, and the detailed responses to the latest survey round, for reports issued in the six months July-December 2022. The Committee noted that the survey process is a valuable opportunity for clients to give feedback on their experience of the audit and for Internal Audit to gain insights to help maintain and improve the quality of the audit service.

### **7.3 Funded agencies audit approach – status of IA function review re the above and next steps to advance to HSE position. – verbal update**

The ND IA provided an update to the Committee and advised that he had met with Section 39



representatives, and that a further update would be provided at a future meeting of the Committee.

#### **7.4 IT Audit Presentation**

*Officials from Mazars, Dera McLoughlin, Partner & Alex Burnham, IT Audit & Security Manager joined the meeting*

The ND IA introduced Dera McLoughlin and Alex Burnham from Mazars who presented an Annual ICT Audit activity briefing to the Committee, and noted that Mazars had been appointed to support the HSE with regard to IT audits in March 2022, with 5 audits completed to date and 2 at planning stage.

The Committee were provided with an overview of the work completed by Mazars to date, the regulatory environment pertaining to IT Audit and IT Audit trends and risks.

It was agreed that Mazars would return to the Committee at a future date to present to the Committee a further update.

*Dera McLoughlin and Alex Burnham left the meeting.*

## **8 Capital and Estates**

*Paul de Freine, ND Capital & Estates joined the meeting*

### **8.1 Update on New Children's Hospital - Governance Paper**

The Committee welcomed the revised version of the Children's Hospital Project & Programme – Programme Assurance Plan.

### **8.2 Letter Query from Joint Committee on Health re Owenacurra Centre closure**

*Alan O'Connell, AND Capital & Estates joined the meeting.*

The CSO presented a briefing note in relation to correspondence from the Joint Committee on Health to the Chair of the HSE Board in relation to the closure of the Owenacurra Centre, Midleton Co Cork.

The Committee discussed specific issues relating to:

- information and explanations re property and financial consideration and outcomes;
- management controls over decisions to permanently close bed capacity;
- future use of asset and replacement of capacity; and
- implications for wider Mental Health or broader HSE Estate with similar characteristics

The Committee discussed the management controls of taking capacity out of the system and agreed that a further discussion would be required on this which should include the COO.



### **8.3 Inpatient Acute Accommodation – Urgent Additional Bed Capacity (1500 beds proposal)**

*Mark Kane, AND joined the meeting*

Further to the Minister of Health's meeting with the Board in March, the CSO advised the Committee of the Minister's and DoH's priority to increase urgently the available inpatient accommodation across the acute hospital sector nationally. He presented to the Committee the HSE's initial response to this requirement, a summary note, which sets out a proposal to advance a number of rapid-build acute hospital ward block projects, to provide up to 1,500 beds on Level 3 and Level 4 Hospital campuses. The Committee noted that weekly meetings are taking place with the relevant Assistant Secretary of the DoH to progress this, and the CSO will keep the Committee updated going forward.

### **8.4 Committee consideration of advices to the Board re financial threshold levels in List of Reserved Matters re property approval**

The CSO advised the Committee that following previous engagements with ARC and the Board it was suggested that it might be appropriate to change the existing thresholds for property transactions requiring EMT/ARC/Board approval. The Committee noted that the current threshold for Board approval of Property Transactions was set in 2005 at €2.0m, and given the current inflation environment and the restructuring of the HSE into Regional Health Areas, it was timely to consider if the Board threshold level should be amended.

He outlined that the paper presented to the Committee sets out the recommended changes in relation to certain property transactions and delegation of authority in this regard by the Board.

The Committee reviewed the paper and noted that the proposed changes to Board approval arrangements will help streamline Board processes and support more responsive and efficient implementation of transactions.

The CSO outlined to the Committee the following proposed changes:

- (i) Increasing the Category (CAT) 3 threshold for property transactions from €2m to €10m.
- (ii) Removing the requirement for Board approval of a subset of CAT 3A transactions, specifically those which relate to property disposals (freehold and leasehold) at nominal value to charities, approved housing bodies or local authorities, subject to the requirement that such transactions relate to the objectives of the HSE and the delivery of Health and Social Care.

The Committee considered the proposed changes and requested that, as part of these changes, the



HSE Capital & Estates will issue a summary report on transactions approved between €2 - €10m and low value/nominal CAT 3A transactions to EMT and ARC on a quarterly basis, which the CSO agreed to do.

The Committee agreed to recommend to the Board for approval.

### 8.5 Properties

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 lease of Primary Care Centre at Glanmire PCC, Glanmire, Cork
- ii. Development of a Cancer Centre at Galway University Hospital and Annex
- iii. Development of new Emergency Department at Beaumont Hospital and Annex
- iv. Infrastructure to support the development of a Major Trauma Centre (MTC) at The Mater Misericordiae University Hospital; Strategic Assessment Report
- v. Development of New Acute Ward Block, Tallaght University Hospital; Strategic Assessment Report
- vi. Development of 95 Bed Acute Ward Block at Beaumont Hospital, Strategic Assessment Report.
- vii. Lease Acquisition Building, Galway.

*ND Capital & Estates, AND's C&E left the meeting.*

### 9. A.O.B

There was no further business. The Chair thanked Committee and EMT members. The meeting ended at 1.05pm

Committee members held a private discussion.

Signed: \_\_\_\_\_

**Brendan Whelan**  
**Chairperson**

12<sup>th</sup> May 2023

**Date:**