



HSE Audit & Risk Committee Meeting

Minutes

A meeting of the HSE Audit & Risk Committee was held on Thursday 16th June at 14:00 via videoconference.

Members Present: Brendan Lenihan (Vice Chair), Fergus Finlay, Colm Campbell.

Apologies: Ann Markey, Pat Kirwan, Martin Pitt, Dean Sullivan (CSO)

HSE Executive Attendance: Mr Stephen Mulvany (CFO), Tom Malone (Interim ND Internal Audit), Patrick Lynch (ND G&R/CRO), Paul de Freine (ND Estates), Mairead Dolan (ACFO), Dara Purcell (Corporate Secretary), Ms Niamh Drew (Deputy Corporate Secretary), Ms Patricia Perry.

Joined the Meeting: Colum Maddox (item 3.1 & 3.2), James Gorman (item 3.5), John Swords (ND Procurement) (item 3.6 & 3.7) Valerie Plant, (item 3.8), Peter Smyth (item 3.8) Joe Ryan, (item 5.2), Ann Sheehan (item 5.2)

Minutes reflect the order in which items were considered and are numbered in accordance with the original agenda.

1. Committee Members Private Discussion

The Vice Chair 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.

EMT joined the meeting at 14:30pm.

2. Governance and Administration

No conflicts of interest were declared.

2.1 Minutes

The Committee approved the minutes of the 12 May April 2022 and 24 May 2022 Special Meeting ref AFS.

2.2 Matters Arising

No issues were raised.



3. Accounting, Governance and Financial Reporting

Colum Maddox joined the meeting,

3.1 YTD Expenditure

3.2 Q1 Forecast

The Committee received a briefing on the Financial position year to date and the Q1 forecast to year end as set out in the briefing papers circulated to the Committee prior to the meeting for consideration.

The CFO informed the Committee that as at the end of April 2022, the financial position is as follows:

- Revenue Income and Expenditure is showing a deficit of €336m or 5.0%. More than 80% of this deficit has been caused by COVID-19 related costs.
- Capital Income and Expenditure is showing a surplus of (€39.4m). A total of 83% of this surplus has been caused by timing delays in acute projects, including the Children's Hospital project.
- Cash payments to end May are ahead of the cash profile by €335m. This has been caused by the deficit on Revenue Income and Expenditure.

The CFO briefed the committee on the outcome of a Q1 forecast to year-end prepared using January to March financial data. In relation to both COVID and Non COVID expenditure the CFO outlined a high and low range scenario of what the end of year position might be, taking account of a number of different financial funding assumptions. He confirmed the level of COVID costs likely in 2022 and the fact that there was an abnormal level of financial risk within core budgets were clearly flagged in our estimates submissions and discussions with DOH colleagues last September / October and in NSP 2022.

The Committee noted that there is an expectation that the HSE should substantially break even on its core budget for 2022, albeit further discussion is required on whether / how this relates to Haddington Road agreement.

Following consideration of the reports with the CFO, the Committee noted that engagement on the 2022 costs of the HSE's COVID-19 responses is continuing with both the Departments of Health and Public Expenditure & Reform. A third sanction request has been submitted to the Department of Health, which will allow the HSE to continue to operate within COVID-19 sanction to 30 June 2022. The potential 2022 cost of COVID-19 responses was discussed at length, with particular focus on the 2022 outlook of Acute & Community specific COVID – 19 responses.

The EMT has placed an additional emphasis on the requirement for the finalisation of an Operations led review of COVID-19 service responses in order that an overall outlook for COVID–19 costs can be made to Government for 2022, which will directly inform discussions around any supplementary Estimate 2022 and Estimates 2023.



The CEO will be enhancing the already clear messaging to the system recognising both the huge efforts of staff in dealing with many challenges (COVID, Cyber, Service Pressures etc.) and the need for continued and enhanced attention to robust financial management

The HSE's intention to continue to make every practical effort to recruit as many of its funded development posts as possible this year was supported.

The Vice Chair informed the Committee that a revised Letter of Determination (LOD) had been received from the Minister for Health dated 15 June 2022 setting out the revised 2022 net expenditure determination for the Health Service Executive. The CFO will review the content of the letter and will report to the Committee if it involves any matters other than technical adjustments.

The Committee held a discussion in relation to the Pandemic Special Recognition Payment, CFO to supply figures in relation to overall figure for HSE staff and Section 38's.

3.3 Health Budget Oversight Group Minutes

The Committee noted no further minutes of meetings of the Health Budget Oversight Group had been approved since the last Committee meeting.

Colum Maddox left the meeting.

3.4 C &AG Audit Cert

The Vice Chair informed the Committee that the Final Annual Financial Statements (AFS) and associated documentation were approved by the HSE Board at their meeting of 27 May 2022. The final Comptroller & Auditor General (C&AG) audit certificate was received by the HSE on 29 May 2022 and a combined Annual Report and AFS Submission was made to the Minister for Health on 31 May 2022.

In response to questions on the timelines for publication, the Committee were informed that it is expected the combined Annual Report and AFS will be laid before the Oireachtas on 20 June and will be published as soon as practicable thereafter. All communications will be managed by the Communications Division in consultation with the Office of CFO and dealt with appropriately.



3.5 Special Legislative Account - Patient Private Property Accounts 2021

James Gorman joined the meeting.

J Gorman gave update to the Committee in relation the audit of the 2021 Patient Private Property (PPP) Accounts nationally conducted by Crowleys DFK.

The Committee discussed the key figures and statistics in the draft National Consolidated PPP Accounts and the Crowleys DFK Management Letter detailing their findings dated 31 May 2022. This included that the value of the PPP fund decreased by €0.570m to €102.607m during 2021 which is a key 0.55% decrease on the 2020 value. Investment Income on the fund during 2021 was NIL reflecting a Zero% interest rate on the investment funds currently held with the NTMA. The number of PPP accounts retained at 154 care centres at 31/12/2021 was 5,154, an increase of 117 on the previous year.

The Committee reviewed the progress made in the project currently ongoing to allocate the €14.5m past interest earned, currently held in PPPCU, to entitled patients noting that since 2017 to May 2022 over €7.1m has been paid out to entitled clients/estates and the exercise will continue to source entitled persons/estates and ensure indemnities/probate are in order before issuing payment.

The Vice Chair thanked J Gorman for update and agreed that ARC would look at this again at the end of year noting the C&AG Audit will be carried out in the coming months, which will then permit the ARC to take a final view of the accounts before recommending to the Board.

J Gorman left the meeting.

3.6 Corporate Procurement Plan

ND Procurement joined the meeting.

The Corporate Procurement Plan (CPP) 2022 was circulated to the Committee prior to the meeting for consideration by the ARC prior to submission to the Board. The CPP sets out the key actions required to support the HSE's objectives as set out in the overall HSE Corporate Plan, which include increasing the level of procurement compliance, implementing Sláintecare, delivering value for money and supporting the delivery of the Government's climate action plan. It was outlined that that the CPP had been amended since brought to the EMT and ARC previously, and a summary of changes were provided to the Committee.

Members of the Committee discussed the aim and objectives of the development of the CPP and recognised the benefits of the Plan, and provided feedback to improve the areas of the oversight of delivery, compliance and risks and to include a commitment to publish a progress update on the CPP to end of this year and annually thereafter.



It was agreed the CFO will address the feedback and work with Vice Chair to finalise it. Subject to this being addressed, the Committee recommended submission of the CPP to the HSE Board meeting of 29 June 2022.

3.7 PPE Audit – Phase 2 Report & Assurance

ND Procurement provided an update to the Committee on the progress made to implement the 41 findings and 17 recommendations in the PPE Audit report, which was requested by the Minister for Health and was carried out on the HSE's behalf in 2021 by KPMG. He confirmed significant cross-divisional work, coordinated by HSE Procurement is ongoing to implement Recommendations and findings noting that 16 of the 17 recommendations are on target for completion by September 2022. The remaining recommendation, which refers to IFMS (recommendation 9), is a long-term project.

The Vice Chair agreed that KPMG will attend at the September Audit & Risk Committee meeting to brief the Committee and provide assurance on the implementation of recommendations.

Contract Approval Request IFMS replacement System Integrator (SI)

Valerie Plant and Peter Smyth joined the meeting.

V Plant briefed the Committee on the outcome of the procurement process for the Contract Approval Request for IFMS replacement System Integrator (SI) which was circulated to the Committee prior to the meeting for pre Board scrutiny by the ARC prior to submission to the Board.

She noted the Procurement Evaluation Group (PEG) recommend the Contract Approval Request be approved.

The Committee discussed previous problems that have been experienced by the HSE with the System Integrator company and considered what assurance were in place that the recommended company can take on the key role of SI and the robustness and willingness of the preferred bidder.

Following assurances to the Board that based on experience with the project to date it had been possible to ensure the statement of requirement was much more refined and a more robust process was undertaken on this occasion. The Committee agreed to recommend the contract to the HSE Board meeting of 29 June 2022, following the submission to the External Peer Review Group. V Plant advised they will inform the tenderers of the outcome of the Procurement Process; allowing the 14 Day Standstill Period to commence.

The Committee requested that a lessons learned document on the previous process be brought back to the Audit & Risk Committee, and the CFO agreed to have this in the coming months.

V Plant & P Smyth left the meeting.



4. Internal Audit

4.1 Q1 Report

The Interim ND Internal Audit provided a briefing on the Internal Audit Q1 Report to the Committee. The report outlined as at 31 March 2022 (Q1 2022) 38 reports were issued, 3 of which related to TUSLA. Included in the 35 HSE related reports were 3 follow up audit reports, and 4 reports related to funded agencies. The top control issues identified were Payroll, Recruitment, Procurement, Policies & Procedures, ICT, Financial Controls, Oversight, Governance and HR.

The ND IA highlighted the following key reports, which the Audit opinions ruled Unsatisfactory and Limited, to which a discussion took place, and the Committee agreed the following actions:

- Recruitment process – University of Limerick Group: A summary document to be sent to the People & Culture Committee.
- Section 39 – South Dublin Senior Citizen Club – CH07
- Section 39 – Irish Hospice Foundation – ND IA to follow up
- ICT Contracts Library Review - – ND IA to follow up
- Covid-19 GP Related Remote Consultation Claims: There is a need for additional review to determine the level of assurance, and CFO to liaise with PCRS.

The ND IA updated the Committee in relation to funded Agency Audit Approach Review noting that the Internal Audit Division has recently finalised its review team. The team will shortly commence identifying key stakeholders for interview as part of the review process. The terms of reference for the review have been amended to include the funded agency Audit Programme as requested by the ARC. The Vice Chair noted the ARC will submit a written ARC response as part of their stakeholder engagement and that individual members of the ARC should also be included on the interviewee listing. The Committee provided some overview feedback on the challenges and opportunities in the area as initial input to this important Internal Audit project.

5. Risk Management

5.1 Risk Programme update

The CRO presented the Corporate Risk update to the Committee.

The Committee were advised that the CRR Q2 2022 review is well advanced and the final draft report is due to be provided to the CRO on the 17th June 2022. The EMT to then consider the Q2 Review Report at their meeting of 28 June 2022, and the Report will then be brought to the Committee at a dedicated meeting on 7 July 2022.



Since Q1 two new risks have been added to the CRR.

- Invasion of Ukraine, update to be given by Joe Ryan later in the meeting.
- Assisted Decision Making and Deprivation of Liberty safeguards, which is assigned to the Safety & Quality Committee.

The CRO advised the Committee that a new Assistant National Director (AND) for the Risk Programme will start at the end of June 2022. The CRO welcomed the high level of experience that she and the recently appointed General Manager will bring to the Risk Programme. Other team members will be recruited once the AND commences.

A review of the HSE Integrated Risk Management Policy 2017 has commenced. The revised policy will be based on the international ISO 31000 standard, informed by The HSE's Risk Reviews 2019 and 2021 (Moody Report); Key developments in Risk Management thinking internationally since 2017; Relevant inputs from key experts and stakeholders. Audit & Risk Committee members will be consulted during the review process, and CRO to follow up with members.

5.2 Ukraine risk assessment

Joe Ryan and Ann Sheehan joined the meeting.

The CRO introduced Joe Ryan and Ann Sheehan to the meeting. J Ryan presented a draft risk assessment for CRR19 Invasion of Ukraine, and advised that the Team had reviewed the Risk to the health and wellbeing of the incoming displaced Ukrainian population due to the challenges in addressing their healthcare needs in a timely manner, which has an Inherent rating of 9, and Residual rating of 6. A number of controls have been put in place, which were detailed in the draft Risk assessment.

The Vice Chair opened the discussion to the Committee, and it was asked if this Risk as currently described should be on the corporate register. It was acknowledged that if there was a wider risk to the provision of health services as a result of any potential expansion of the conflict in Ukraine this would certainly be a corporate risk. J Ryan and A Sheehan to review the nature of the risk and amend the risk description if appropriate.

It was noted that the National Planning and Co-ordination Group will continue to monitor the evolving situation and work with government partners to identify and implement additional response actions as required.

J Ryan & A Sheehan left the meeting.



5.3 Our Lady's Hospital Navan (OLHN) – verbal update

The Vice Chair informed the Committee that the Board are currently considering the patient safety risks in OLHN pending reconfiguration of the hospital to Model 2 in the context of the overall Risk appetite Statement previously approved by the Board. The CRO advised the Committee that these risk issues are recorded on Ireland East Hospital Group Risk Register.

6. Properties and Contracts

6.1 Contracts

The IFMS Contract was considered earlier in the meeting.

6.2 Properties

Paul de Freine, National Director Estates briefed the Committee on the following property transactions circulated to the Committee prior to the meeting for pre Board scrutiny prior to submission to the Board for consideration. Following consideration of the detail for each proposed transaction the Committee agreed to recommend the following transactions to the HSE Board for approval:

- Acquisition of a Site from Wicklow County Council for the development of Greystones Primary Care Centre.
- Proposed lease for additional accommodation at Primary Care Centre, Station Road, Ennis, Co Clare.
- Proposed lease for additional accommodation at Primary Care Centre, Tralee, Co Kerry.
- Proposed lease for additional accommodation at Primary Care Centre, Thomastown, Co Kilkenny.
- Proposed lease of Primary Care Centre at City West, Garters Lane, Saggart, Co Dublin.
- Seek agreement on the approval and logistics process to allow the HSE enter into a Public Private Partnership (PPP) for delivery of 7 Community Nursing Units. The signing and sealing arrangements were noted.

A discussion took place in relation to two properties:

- Proposal for New Emergency Department and Women's & Children's Development Block at University Hospital Galway (UHG).
ND Estates advised the Committee that this proposal was to provide appropriate infrastructure and enable the required level of service provision at UHG. The Committee agreed to recommend to the HSE Board for approval.
- Lease of Units 230 & 237, and separate Lease of Unit 303 in Omni Shopping Centre, Santry,



Dublin 9 for interim Primary Care Centre.

A discussion took place in relation to this lease. It was agreed that further assurances would be required before a recommendation could be made to the Board. ND Estates will engage further with the Vice Chair on this transaction.

6.3 Re-allocation of Funding in Capital Plan

The Committee reviewed with ND Estates the paper seeking approval for the re-allocation of funding in the Capital Plan 2022. The Committee noted management had recently completed a Quarter 2 review of all major projects and programmes involving an analysis of progress, expenditure to date and projected expenditure across each project against allocation in the 2022 Capital Plan. This analysis has identified a likely slippage in expenditure to year-end, including €16m for the New Children's Hospital. There is a risk that if action is not taken now, the 2022 capital allocation will not be fully spent.

The Committee considered the factors identified as the main reasons for delays and underspend encountered to date. On the basis there is little prospect in recovering slippage to date or preventing further slippage to year end, given the market conditions that currently prevail, the Committee agreed to recommend the re-allocation of funding in Capital Plan 2022 as proposed subject to confirmation from the ND Estates that the Department of Health have been consulted and are in support of the proposed reallocation and that approval of these changes are compliant.

7. A.O.B

It was agreed the planned Committee workshop to review the Corporate Risk Register would be moved to the morning of 7 July 2022.

The meeting concluded at 18:00

Signed: _____

Date: 20th July 2022

A/ Chairperson