



Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive

HSE Audit & Risk Committee Meeting

Minutes

A meeting of the HSE Audit & Risk Committee was held on Friday 12th March 2020 at 08:00 via videoconference.

Members Present: Ann Markey, Brendan Lenihan (Vice Chair), Fergus Finlay, Fiona Ross, Pat Kirwan, Colm Campbell.

Apologies: Martin Pitt

Joined the Meeting: David Kinsella (Deloitte representative) (item 4.1), Charlene Frazer (Deloitte representative) (item 4.1).

HSE Executive Attendance: Patrick Lynch (ND Quality Assurance and Verification), Geraldine Smith (ND Internal Audit), Stephen Mulvany (CFO), Mairead Dolan (ACFO), Sharon Cowzer (AFS Manager), Monica Percy (Governance and Compliance Manager), Fran Thompson (CIO) (item 4.1), Michelle Galvin (AND Internal Audit) (item 4.1), Damien McCallion (National Lead on Implementation of Covid-19 Vaccine), Anne Marie Hoey (ND HR) (item 7), Dean Sullivan (CSO) (item 7), John Swords (ND HBS) (item 7), Dara Purcell (Corporate Secretary), Hannah Barnes.

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

2. Governance and Administration

2.1 Welcome and Introductions

The Vice Chair welcomed Committee members to the meeting and held a private session to consider the agenda and papers for the meeting and the approach to conducting the meeting. Ann Markey agreed to formally act as Committee chair for the purposes of signing the minutes at this meeting and then asked the Vice Chair to handle the conduct of the meeting.

2.2 Conflicts of Interest

No conflicts of interest were declared.

2.3 Minutes 12th February

The Committee approved the minutes of the 12th February 2020 subject to additions clarifying that:

- the Committee recognised the improvement in the 37% response rate to the CARP however, remained concerned at the low level of responses.
- the Committee requested the EMT to reconsider the addition of a data protection risk to the CRR, and that the Committee had requested a briefing on the HSE's Sustainability and Climate Change programme at a future meeting.
- the Committee requested, as agreed by the EMT, the Vaccination Programme Risk should be incorporated into the formal Corporate Risk Register monitoring and reporting process and a further paper on Vaccine risks at the programme level be brought to the March Committee meeting.

2.4 Committee Action Log

The Committee noted the open actions on the Committee Action Log.

2.5 Ethics Act Disclosures

The V/Chair informed the Committee that he was happy with the assurances provided by the Corporate Secretary that the HSE Board is compliant with SIPO Ethics Disclosure requirements and the HSE's own internal process.

2.6 Review of Committee's ToR

The Committee noted that ongoing consideration is being given by the V/Chair to revising the Committee's ToR in relation to oversight of capital contracts, property transactions, Protected Disclosure oversight and reporting and the combination of the Healthcare Audit function into the Internal Audit function.

3. Accounting, Financial & Governance Reporting

The AFS Manager and the Governance and Compliance Manager joined the meeting at 08:40

3.1 YTD Expenditure update and Covid-19 Flash Report

The Committee reviewed with the CFO the YTD expenditure at the end of January 2021 and the estimated COVID-19 costs incurred up to close of business on Friday 26th February. It was noted that the Covid-19 activity and expenditure has likely had a significant impact when compared to the original

budget that was profiled for January 2021. The CFO informed the Committee that this January was very different from prior years due to the third Covid-19 Surge and the resultant effect it has had on HSE services and expenditure across most divisions and as a result a high-level review has been undertaken on the initial draft data to try to adjust where possible for any anomalies or timing issues where appropriate.

The Committee were briefed on Safety Net 2, the finalised SLA which has been signed by 18 of the private hospitals in Ireland. The agreement is activated by 'surge events' and the payment mechanism encompass an episode of care and a retainer. Under the agreement the HSE issue a UAN to the private hospital for each patient transferred, who in turn, issue a claim once the patient has been discharged. The claims process is managed by an external provider (i.e. VHI). The Committee noted that the rate charged per claim is based on a predefined rate that private hospitals have with private health insurers and that the rate is commercially sensitive and therefore not available to the HSE. The CFO informed the committee that a confidential auditor will audit the financial process and provide assurance to the HSE whether the appropriate checks are being undertaken and that the HSE is not being overcharged. The CFO agreed to provide the Committee with a schedule for an interim report from the Auditor.

Actions:

- The CFO agreed to provide the Committee with a schedule for an interim report on the Safety Net 2 payment process from the Auditor.

3.2 Draft AFS 2020 including draft SIC

The ACFO and the AFS Manager presented the Draft AFS for review by the Committee. Overall, the Committee expressed general satisfaction with the standard of the draft and that the DPER timelines associated with the AFS have been met, however, the Committee requires additional comfort around the PPE audit, the inventory valuation and the appropriate disclosures in the notes to the AFS before the final AFS are approved in May 2021. To date the draft AFS has been submitted in line with the DPER Code to the C&AG and to the Finance Unit at the DoH. It is expected that the Draft AFS will be adopted by the Board formally on the 26th of March 2021 in line with the Health Act 2004 (as amended). Material matters brought to the attention of the Committee include amendment to PPE Stock valuation as at 31 December 2020, discussion in regards to the final disclosure requirement, details of the HSE Holiday pay accrual, and a discussion was held with regards to high earners over €350k.

The committee provided feedback on the content and positioning of notes within the draft AFS. The following feedback was delivered;

- Consideration is to be given to moving the content of the current COVID19 note 29 to a more prominent and earlier position in the note disclosures.
- The Committee questioned the placing of the disclosure of the HSE's PPE inventory as a significant matter within the accounts asked the ACFO to reflect on whether note 1 should be expanded to take account of this feedback.
- Board member's fees should be represented in note of the AFS.
- The Committee noted that there are 71 HSE staff who are disclosed in the employment note 7 as earning over €350k and have requested additional comfort that these earnings are properly calculated and compliant with obligations. The Committee requested that going forward (ref financial year 2021) Internal Audit review the high earners note to provide assurances on the completeness of the salaries and expenses as represented.
- Enhanced recognition should be provided within the AFS on the Gifts and Pro Bono services received by the HSE during the Covid-19 response.
- Further consideration is to be given to the other agency income under Note 5.

The CFO and the ACFO will bring the Committee recommendations to the EMT for consideration. The final revised draft AFS will be brought back to the Committee after the conclusion of the OCAg audit before the final accounts are recommended for signing by the Board which is expected to happen in May 2021.

Actions:

- The ACFO will consider the recommendations made by the Committee and bring this feedback to the EMT.
- Internal Audit will work with the ACFO to establish a process to provide assurances on the Higher Earners within the HSE.

4. Internal Audit

The CIO, David Kinsella and Charlene Frazer and Michelle Galvin joined the meeting at 10:00

4.1 Meeting with Deloitte regarding ICT Audit

The ND IA with the Deloitte representatives spoke to the Committee on the ICT audit reports. David Kinsella highlighted the key ICT risks to the Committee including Cyber Security, Application of GDPR,

and ICT governance and programme management. The Committee noted that the situation is improving but that 5 out of the 8 completed audits in 2020 had an unsatisfactory opinion

In response to questions regarding rapid ICT deployments and changing risk profiles the Deloitte representatives confirmed that yes, the risks over the last year have changed, with a rise in focus on cyber risks. In response specific reviews have been planned for 2021 in line with the Internal Audits risk-based approach to audits. D Kinsella also gave an overview of the ICT audits undertaken by Deloitte since 2015 to date and provided clarification to further queries raised. The Committee requested that a follow-up briefing session be organised to provide a general overview of the current HSE technology landscape and changing risk profile.

The Committee requested that further consideration is given by Internal Audit to the COVAX system which is supporting staff during the Covid Vaccination and whose functionality continues to grow as additional vaccines are approved for administration.

Actions:

- Follow-up briefing session involving Internal Audit/Deloitte and OoCIO to provide the ARC with a general overview of the current HSE technology landscape and changing risk profile
- Internal audit to include an audit of the COVAX system on the 2021 Internal Audit Plan.

3. Accounting, Financial & Governance Reporting

3.2 Draft AFS 2020 including draft SIC update and 3.3 Update on Controls Assurance Process

The Committee reviewed with the ACFO the Draft Statement of Internal Control (SIC) which had been circulated in advance of the meeting. The draft (SIC) had been informed by the findings and outcomes of the internal review on the Effectiveness of the system of Internal Controls for 2020. The Committee noted that the review highlighted three high priority findings in the areas of Procurement, Grants to outside agencies, and absences of a national Financial System. Additionally, it was noted that there are nine medium priority findings. It was agreed that these issues would be reflected in the CRR. The Committee noted that it is its expectation that reasonable assurance ought to be placed on the sufficiency of internal controls to mitigate and/or manage key inherent risks to which activities are exposed. However, a significant number of weaknesses continue to exist in the HSE's internal controls as evidenced by the number of breaches that occur. The Committee were informed that the three-year Controls Improvement Programme Plan is in development and is to be brought to the EMT on 23rd March 2021 for their approval of same and that this programme is to enhance reporting,

monitoring and remedial activities. It was agreed that this programme when approved by EMT will be brought to the Committee at the next appropriate meeting. It was agreed that the Committee would receive a programme update every six months going forward. Furthermore, the Committee requested the language throughout the SIC report was revised to ensure consistency and standardisation.

Actions:

- The Committee are to receive an update on the Controls Improvement Programme every 6 months going forward.
- The language of the Draft SIC is to be reviewed to ensure consistency and standardisation.

4. Internal Audit

4.2 ND IA Report

The ND IA provided a verbal update on the Activities of the Internal Audit unit.

5. Risk Management

The National Lead on Implementation of Covid-19 Vaccine joined the meeting at 11:00

5.1 CRR Report Q4

The ND QAV provided a verbal update on the CRR Q4 report which was considered at the previous meeting. The Committee noted that the recommendations from the previous Committee meeting are due to be brought to the next EMT meeting and a further update will be brought to the Committee. The Committee provided feedback on the EMT's decision that risks associated with Data Protection are fundamental to all organisational processes and should be considered in this context and that a specific Data Protection will not be added to the CRR at this point. The Committee requested that the EMT reconsider the addition of this risk based on a range of issues that have been brought to the attention of the Committee including issues relating to Data privacy, GDPR audits, data retention, IT related and other Internal Audits.

Noting the previous discussion on the SIC report the Committee requested that the high-level findings and issues/risks outlined are reviewed by EMT risk owners to ensure that they are aligned with the risks on the CRR.

Action:

- The Committee requested that the EMT reconsider the addition of a Data Protection risk to the CRR.

- The Committee requested that the high-level findings and risks outlined in the SIC are reviewed by EMT risk owners to ensure that they are aligned with the risks on the CRR.

5.2 CRR Risk Assessment for the Vaccine Programme

The National lead on Implementation of Covid-19 Vaccination Programme briefed the committee on the risk management process for the Covid-19 vaccination programme. He informed the Committee that this risk has been drafted for inclusion on the CRR. The Committee noted that the risks within the Vaccination programme are identified and managed across all layers of the programme including external elements to the HSE. Risks external to the HSE, including those related to supply, are managed between the Department of Health (DOH) and the High-Level Taskforce (HLTF). The overall risk of failing to accomplish the Vaccination Programme is captured on the Corporate Risk Register and managed by the Oversight Committee. The Committee noted that this risk on the CRR is one of the key operational risks that will be subject to a monthly monitoring process. The Committee provided the following feedback on the Vaccination Programme:

- Further consideration should be given to the overall assessment of the programme particularly the impact of the Programme not achieving its objectives.
- Additional reflection should be given to key areas of the risk such as IT system, Staffing mass vaccination centres, implications of any 'Vaccine passport' system, Cold chain security, risks to HSE reputation as a result of external dependencies.

In light of the risk's addition to the CRR it was decided that F. Ross would meet with the ND QAV as the lead for the S&Q and ARC joint COVID 19 Risk Sub Group. It was agreed that the National lead on Implementation of Covid-19 Vaccine would circulate the programme risks to the Committee to allow for better understanding of how the HSE's risk priorities fit with the overall risk assessment for the Vaccination Programme. The V/Chair will discuss the addition of this item to the upcoming Board meeting's agenda with the Chair of the HSE Board.

Actions:

- F. Ross to meet with the ND QAV to discuss the COVID -19 programme risks on the CRR.
- It was agreed that the National lead on Implementation of Covid-19 Vaccination Programme would circulate the programme risks to the Committee.
- The V/Chair will discuss the addition of this item to the upcoming Board meeting's agenda with the Chair of the HSE Board

6. Protected Disclosures

The Manager National Appeals and Protected Disclosures Unit joined the meeting at 11:42

6.1 Protected Disclosures Process Update

In the absence of executives, apart from the ND QAV, ND Internal Audit, and the Manager National Appeals and Protected Disclosures Unit, the Committee were briefed on the Protected Disclosures report which had been prepared in advance of the Committee meeting. The Committee were informed of Protected Disclosures that had been reported in 2020, the protected disclosures working group, the transposition of the EU directive in December 2021, and protected disclosures received in the period 2016- 2019 inclusive. The Committee noted that in practice the majority of Protected Disclosures reported over the years have been received in or referred to the Protected Disclosures Unit and have been tracked in the context of requirements for an outcome and response to the discloser. The Committee requested further information be provided on protected disclosures which have been open for more than two years and assurances that they are being appropriately managed. The Committee also requested a breakdown of protected disclosures which relate to the HSE and those that relate to funded agencies.

Actions:

- The Committee requested further information be provided on protected disclosures which have been open for more than two years.
- The ND QAV is to consider an approach to provide assurance that protected disclosures are being progressed in a timely manner. (This is part of a broader rethink of Protected Disclosure oversight and reporting to the HSE Centre).
- The Committee requested further information on protected disclosures which relate to the HSE and those that relate to funded agencies.

7. Internal Controls

The ND HR joined the meeting at 12:15 and the CSO and the ND HBS joined the meeting at 12:20

7.1 Updated Fraud Policy

The ND HR briefed the Committee on the revised Policy on Fraud and Corruption which had been circulated in advance of the meeting. The revised policy had been updated with the Committee recommendations from their December meeting when the draft policy was first presented to them. The Committee noted the addition of section 4.2 which confirms that Section 38 agencies must have a consistent framework for management of Fraud and corruption and the inclusion of section 6.2 which clarifies the Committee's role and responsibility in relation to the policy.

The Committee approved the adoption of the Policy on Fraud and Corruption.

Action:

- The Committee approved the adoption of the Policy on Fraud and Corruption.

7.2 PPE Audit on System and controls on sourcing management and usage of PPE.

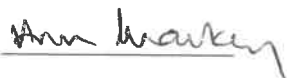
The CSO and the ND HBS briefed the Committee on the PPE Audit being undertaken in line with the Minister for Health's request for an external audit on the management of PPE. The Committee noted that the key issue is the volume of stock which remains unused to date. The Committee requested that the CSO provide a further update on the progress of the Audit at its next Committee meeting and that KPMG present to the Committee on the completion of the Audit and the CSO will provide a timeline for the KPMG audit report in advance of this meeting. This matter is linked to the completion of the Annual Financial Statements.

Actions:

- CSO to brief Committee on progress of the KPMG PPE audit.
- The Committee requested that KPMG present to the Committee on the completion of the PPE Audit.

8. Any Other Business

The meeting concluded at 12:55.

Signed: 

A/Chairperson

09.03.2021

Date

