



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 November 2021 at 08:00 via videoconference.

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

HSE Executive Attendance: Patrick Lynch (ND Governance and Risk), Mairead Dolan (Acting CFO), Colm Waters (Head of Tax) (item 3), Dean Sullivan (CSO) (from item 5), Jim Curran (ND Capital and Estates) (from item 5), Niamh Drew (Acting 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

1.1 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. The private session also reviewed the draft committee workplan for 2022 and made suggestions about progress that could be made in each of the areas of the Terms of Reference of ARC. The Committee will review an updated plan in December for approval.

Ann Markey agreed to formally act as Committee chair for the purposes of signing minutes and then asked the Vice Chair to handle the conduct of the meeting.

1.2 Declarations of Interest

No conflicts of interest were declared.

1.3 Approval of Minutes

The Committee approved the minutes of Committee meetings held on 8th and 27th of October 2021.

3. Accounting, Governance and Financial Reporting

The Head of Tax joined the meeting at 09:55

3.1 YTD Expenditure Update

The Committee reviewed with the Acting CFO the financial briefing paper which was circulated in advance of the Committee meeting. The Committee noted that the September data was not yet available for circulation and that a further update would be provided at the December Committee meeting.

3.2 Briefing on AFS process, timeline and likely financial reporting issue areas

The Committee discussed with the Acting CFO the briefing paper highlighting the process, timeline and reporting issues for the AFS which was provided in advance of the Committee meeting. The Acting CFO advised the Committee that under DPER's code of practice for the Governance of State Bodies 2016, the HSE is required to produce a draft set of AFS and notes to the C&AG within two months of the financial year end. The Committee noted that for the AFS 2021 that is effectively Monday 28th February 2022 and that as per Section 36 of the Health Act 2004, the HSE is required to adopt its final AFS on or before the 1st April and to submit these adopted AFS to the Minister and the C&AG at that time. It is the HSE's intention to submit the AFS along with the Annual Report. It is expected that the draft AFS 2021 will be submitted to C&AG and DoH by 28th February 2022 and will be reviewed by the Committee at a meeting in March 2022.

The Committee had a high-level discussion on issues that are expected to arise for AFS 2021. It was noted that the Cyber Attack has had a significant impact on the process. The ACFO advised that it is expected that the C&AG will require assurances in regard to the impact of the cyber-attack, particularly in relation to controls. It was noted that they have requested full downloads from the HSE's ledgers in order to determine their audit approach. It is not clear whether an additional note will be required in the accounts, or whether a detailed disclosure in the Statement of Internal Control (SIC) may be enough.

The Committee also discussed the impact of COVID-19 on AFS 2021 and were advised that it is likely that the HSE will require a note similar to note 1(b) of AFS 2020 in the 2021 accounts. This should cover all key costs including consideration of vaccination programme and potential year-end stock position if relevant.

2.4 Ulster Bank Update

The Committee considered with the Acting CFO the paper on the HSE's banking provider noting that it is expected that Ulster Bank will begin the exit process for leaving the Irish banking market in early 2022. HSE Treasury have engaged with HSE Procurement and the Office of Government Procurement regarding the HSE's banking contract. Additionally, the OGP have advised that the HSE may use the Government framework agreement that has been established with Danske Bank. The Committee noted that work is ongoing to ensure the organisation is ready for the transition and is working to an understanding that the HSE will receive notice of the termination of banking services in early 2022 giving the HSE 6 months to move to a new provider. It has also been noted that the HSE's banking services will not be moved by Ulster Bank to an alternative provider. The Acting CFO assured the Committee that they would be kept informed on the process.

2.3 KPMG Audit Tracker Report

The Committee discussed with the Head of Procurement the Briefing Note on the KPMG audit report on the HSE Personal Protective Equipment Audit. KPMG were engaged to complete this audit on 10 February 2021 and issued their report on 14 June 2021. The report included 41 findings and 17 recommendations.

The Committee discussed the governance and tracking process in place for each of the recommendations. The Committee noted that a HSE National PPE team has been established to manage PPE operations and assist on significant work programmes with relevant stakeholders to address the report findings and recommendations. All relevant stakeholders have been engaged with to support their progress and reporting of recommendation implementation status. The Committee were informed that all 17 recommendations are being progressed, 2 recommendations are fully implemented, and 15 recommendations are in progress.

The Committee requested that a further substantive update is provided at their next Committee meeting, this to include a document setting out information on agreed timelines for implementation and who has responsibility for each action. They noted that it is important to understand if the implication timelines have been moved for any actions and if so, a clear reason as to why should be provided.

Actions:

- The Committee requested that a further substantive update is provided at their next Committee meeting, with information on agreed timelines for implementation and who has responsibility for each action.

3.5 Charities Regulator

The Acting CFO, joined by the Head of Tax, presented the briefing paper which had been shared ahead of the meeting on the tax implications for the HSE arising from its Charitable Status. The Committee discussed with the Acting CFO and the Head of Tax whether there is evidence that sufficient tax exemptions are available to the HSE to continue as “business as usual” in the event of a change to the organisation’s charitable status. In accordance with section 40 of that Act, a charitable organisation such as the HSE which is entitled to income tax exemption and has a CHY number is deemed to be registered in the Register of Charitable Organisations. However, the Committee noted that there are enough tax exemptions available to the HSE to continue as “business as usual” in the event of a change to its charitable status. The V/Chair advised that he would write to the CEO and Management Team members to receive their observations on the matter of voluntary de-registration from charitable status.

Actions:

- The V/Chair advised that he would write to the CEO and Management Team members to receive their observations on the matter of voluntary de-registration from charitable status..

4. Risk Management

The CEO of IEHG joined the meeting at 09:55.

4.3 Moody Report - Critical Path Recommendations

The Committee reviewed with the ND G&R the update on the key actions from the Moody Report: Critical Path Recommendations which was circulated in advance of the Committee meeting. The Committee discussed the progress made on the individual actions. In response to questions on the recruitments of the ERM team, the ND G&R advised that the interviews for the Grade 8 positions has progressed to the shortlisting phase and once the team is in place the actions will progress further. The Committee also discussed the sharing of risk information and the benefits of conducting joint risk assessments with the DoH. It was agreed the V/Chair would raise the matter further with the HSE Chair. The Committee also recommended that joint risk assessments should also be undertaken with the large voluntary organisations.

Actions:

- the V/Chair will raise the matter of sharing of risk information and the benefits of conducting joint risk assessments with the DoH the HSE Chair.

4.1 CRR Q3 and general risk update

The Committee discussed with the ND G&R the Risk update provided in advance of the Committee meeting. The Committee noted that the EMT held a dedicated risk workshop on the 15th September at which the ongoing profile of risks currently on the register together with new risks were considered. Work is continuing on the refreshing of the Corporate Risk Register and will continue during Q4 2021.

The ND G&R informed the Committee that the Q3 2021 Review Report was considered and approved by the EMT at its meeting on the 26th October 2021. The Committee discussed the CRR Q3 as circulated with the ND G&R. On noting the action due dates within the CRR, the Committee asked whether the due dates were realistic and what assurance does the EMT have that these actions are having a quantifiable impact on mitigating the risks. The ARC noted that the proposed risk assessment for the Pandemic Risk has been outstanding since September 2020 and as such requested that it be completed as a matter of priority, given that the emergence of another pandemic is an independent event from the handling of the current virus.

4.2 Risk Appetite Statement

The Committee reviewed with the ND G&R the Risk Appetite Statement (RAS) which was circulated to the Committee in advance of the meeting. The Committee welcomed the revised version of the RAS and noted that the Committee's feedback had been incorporated into this version. Discussion on the addition of new risk areas and the corresponding descriptions took place. Additional amendments were proposed, and the Committee suggested that the risk area related to 'Governance' should include 'non-compliance with organisational controls' and the appetite changed from 'Open' to 'Cautious'. It was agreed that the Committee would review the RAS in 12 months' time.

The Committee recommended the RAS to the Board for consideration at its November Board meeting.

Actions:

- The ND G&R is to consider further suggestions for amendments to the RAS made by the Committee.
- Consideration of the RAS is to be added to the Committee's workplan for the following year.

5. Properties & Contracts

5.1 Primary Lease of Primary Care Centre at Castleblaney, Co Monaghan

The CSO and the ND Capital and Estates presented the Lease of Primary Care Centre at Castleblaney PCC, Bree, Castleblaney, Co. Monaghan for a value of €7.968m. The Committee considered the proposed transaction and the reasons outlined in the briefing paper circulated in advance of the Committee meeting.

Following a short discussion on timeframes for the lease, the Committee agreed to recommend to the HSE Board for approval but requested that further timeframes be included in the briefing paper when it is brought to the Board.

6 Capital Plan Update

6.2 ECC Capital Plan Proposals Summary

The CSO, joined by the ND Capital and Estates, spoke to the briefing paper on the Enhanced Community Care (ECC) Capital Plan Proposals – Summary which was circulated prior to the meeting. Committee members were provided with an overview of the ECC Capital Programme process undertaken to date to identify permanent and interim accommodation solutions by CHO required for 3,500 additional staff to enable patient services delivered by the Programme. The ECC Programme aims to deliver increased levels of healthcare with service delivery reoriented towards general practice, primary care and community-based services. The Committee noted the key components of the ECC Programme and the context the programme provides for the various projects which are brought to the Committee for recommendation to the Board.

The Committee discussed with the CSO and ND Capital and Estates the rationale behind the leasing strategy, the communication plan attached to the programme, if consideration has been given to potential risks that may arise within the ECC programme and policies which govern the programme. In relation to the leasing strategy the ND Capital and Estates advised that given the scale and complexity there is not always the option to purchase the property where a service is required.

The Committee confirmed support for the direction, in principle, for the direction outlined within the paper but noted that some of the detail was not legible in some of the electronic copies and sought circulation of this detail in a more legible format and another discussion of the area in the coming weeks, noting that the indicative funding requirements for ECC accommodation in 2022 will be appropriately reflected as a line item in the upcoming Capital Plan 2022

It was also agreed that subject to approval of the Capital Plan 2022, individual projects will be further developed and refined and, as required, brought forward for to the Committee recommendation to the Board.

In addition, the Committee requested the Executive to provide an overview of the type of transaction being considered for the delivery of the ECC programme focusing in particular on those with transactions that have the potential to be more complex. The CSO and ND Capital and Estates agreed to present a report on the transactions at the December meeting.

6.1 Capital Plan Update

The CSO briefed the Committee on the ongoing development of the Capital Plan noting that the draft Capital Plan is a one-year plan which is reviewed annually. The Letter of Determination sets out the level of core capital funding for building and equipping available for 2022 and that the allocation for 2022 is €1.025bn. He also informed the Committee that the plan will be informed by a number of projects including Project Ireland 2040: National Development Plan 2021-2030, Healthcare Capacity Review 2018, Sláintecare Implementation Strategy, The HSE National Service Plan (including COVID-19 implications) and key clinical and operational priorities.

The Committee were briefed on the challenges and risks that are currently being considered by the executive. The CSO highlighted that projects allocated funding in 2022, will significantly impact projected expenditure in 2023, 2024 and beyond, noting that Capital funding levels post 2022 are uncertain. He also explained that despite the fact that Project Ireland 2040 indicates an 11.6% increase in capital allocation for 2023, high levels of inflation will negate some of the benefit of this. Additionally, expenditure on the National Children's Hospital will significantly impact funding for new projects in 2022 and 2023.

The Committee were also advised of the current situation in the construction sector that has resulted in the HSE having difficulties in procuring contractors to undertake works. This has resulted in delayed starts to some projects in 2021 and this may continue in 2022.

8 AOB

The Acting CFO informed the Committee that she had spoken with the V/Chair regarding the Special Legislative Accounts. The Committee noted that they had sight of the accounts earlier in the year and that they were submitted to the C&AG. The Acting CFO advised the Committee that, to date, two of

the accounts had been returned from the C&AG and it was expected that the following two accounts would be received within the following week.

The Committee agreed to recommend the Special Legislative Accounts to the Board on the basis that there are no material changes.

The meeting concluded at 11:50.

Signed: Ann Hinkley

A/Chairperson

13/12/21

Date