



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 21<sup>st</sup> May 2021 at 08:30am via videoconference.

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

Board members joined: Sarah Mc Loughlin

Joined the Meeting: Ian Nelson (KMPG Representative) (item 4.2), Ciara O'Callaghan (KMPG Representative) (item 4.2).

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), Dean Sullivan (CSO) (item 3 & 4), John Swords (ND HBS) (item 3 & 4), Sean Bresnan (ND Procurement), Brendan White (AND Procurement) (item 3&4), Paul de Freine (Chief Architectural Advisor) (Item 3 & 4), Eleanor Masterson (Principal Quantity Surveying Adviser) (item 3 & 4), Jim Curran (ND of Estates) (item 3 & 4), Dara Purcell (Corporate Secretary), Hannah Barnes.

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

#### **1. Governance and Administration**

##### **1.1 Welcome and Introductions**

The V. Chair welcomed Committee members to 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 V. Chair to handle the conduct of the meeting.

##### **1.2 Conflicts of Interest**

No conflicts of interest were declared.

## **2. Accounting, Financial & Governance Reporting**

*The AFS Manager joined the meeting at 08:40*

### **2.1 Draft AFS including Draft SIC**

The V. Chair advised that instead of the C&AG attending today's meeting it was agreed that a meeting would be held shortly afterwards between the V. Chair, CFO, ACFO, and the C&AG Representatives.

The Committee reviewed with the CFO and ACFO the Draft AFS 2020 and Draft SIC which had been circulated in advance of the Committee meeting. The Committee were informed that the Draft AFS was close to completion and had been presented to the Committee again, in order to approve material changes which had been made since the draft was approved by the Board on 26<sup>th</sup> March. The Committee noted that the adjustments largely related to PPE as the first draft AFS reported a stock valuation of circa €220m but, after subsequent information became available to the finance team, the valuation has been amended to €182m.

The Committee recommend that the amended AFS and related documents be submitted to the Board for adoption in line with legislation subject to any minor typographical or other amendments agreed by the CFO and the Vice Chair.

The Committee considered the draft SIC. The Committee was informed that there is satisfactory evidence that the majority of staff are generally compliant with the control framework. However, the committee noted that further improvements should be seen following the three year Internal Control Framework Improvement Plan, designed to help underpin strong controls across all key areas within the HSE. The ACFO informed the Committee of changes within the draft of the SIC as presented to the Committee. These changes were to different areas within the SIC including the *Impact of Covid-19 on the System of Internal Control*, and to the *Procurement of PPE and Ventilators*. The Committee also noted the inclusion of a statement regarding the ongoing impact of the cyber-attack on the organisation and the inclusion of a statement regarding the suspected payroll fraud within a HSE statutory hospital.

In response to questions the ACFO confirmed the temporary suspension to the review of entitlements for the medical card and GP visits card within PCRS. This was designed to ensure that people did not did not lose access to healthcare services during the pandemic.

The Committee agreed the changes and recommended that the draft SIC and is presented to the Board for approval.

Actions:

- The Committee agreed that the AFS and related documents would be appropriate to submit to the Board for adoption in line with legislation subject to any minor typographical or other amendments agreed by the CFO and the Vice Chair.
- The Committee agreed the changes to the draft SIC and asked that it be presented to the Board for approval.

## 2.2 Chairman's Comprehensive Report

The Secretary informed the committee that this letter is an annual requirement under Code of Practice for the Governance of State Bodies (2016). The Committee reviewed with the ACFO the Chairman's Comprehensive report which would be furnished to the Minister for Health in conjunction with the Annual Report and the Annual Financial Statements of the HSE. Committee members discussed aspects of the letter and in response Management Team Members provided clarifications to certain queries. It was agreed that the CSO, in conjunction with the CFO and ACFO, would consider the inclusion of a statement referencing that "The Minister is aware of the ongoing challenges in relation to the National Children's Hospital". It was also agreed in response to questions, that the wording under item 14. *Legal disputes involving other State Bodies* would be amended to "The HSE is not in any legal disputes against other State bodies" to ensure clarity.

Actions:

- It was agreed that the CSO, in conjunction with the CFO and ACFO, would consider the inclusion of a statement referencing that "The Minister is aware of the ongoing challenges in relation to the National Children's Hospital".
- It was agreed that the wording under item 14. *Legal disputes involving other State Bodies* would be amended to "The HSE is not in any legal disputes against other State bodies" to ensure clarity.

## 4. Internal Controls

*ND HBS, ND Procurement, AND Procurement, Chief Architectural Advisor, Principal Quantity Surveying Adviser and ND Estates joined the meeting at 09:15.*

*I. Nelson and C. O'Callaghan joined the meeting at 09:20.*

### 4.2 KPMG PPE Audit Report

The CSO spoke to the KPMG Personal Protective Equipment Audit Report which had been circulated in advance of the meeting. He highlighted to the Committee that the report had been completed as set out in the Engagement Letter dated 10 February 2021 and that the objective of the report had been met.

I. Nelson provided a high level overview of the background, approach and findings of the report. The Committee were informed of the key test procedures used by the KPMG team to examine the five areas within the scope of their Audit. The report notes the significant personal commitment and dedication of HSE staff in their efforts to secure PPE during the pandemic response and acknowledges the extreme pace at which the HSE was forced to work within a highly competitive market. I. Nelson outlined that while the circumstances that prevailed during the pandemic response period was unprecedented the report's findings did note some areas where the response could have improved. Additionally, the Committee were briefed on the benchmarking reviewed undertaken as part of the Audit report. This benchmarking process transpired to be a limited exercise due to the lack of sources available for reference. The comparators available to use were the National Health Service in the United Kingdom and the Australian Health Service.

The Committee discussed the learnings from the report and noted that a newly constituted PPE team was in place with access to a functioning demand model, and is operating to new stockholding policies for PPE and has implemented a number of controls and system improvements which are still being rolled out. The Committee were satisfied that no fraud or corruption took place and that the HSE had sought to balance the risk of procuring PPE items in a difficult and highly unusual market, against the risk of loss of life posed by Covid-19 to staff and patients of not having sufficient PPE.

The V. Chair thanked the KPMG team for their work on the KPMG PPE Audit Report. The Committee agreed that the report should be presented to the Board at its next meeting.

Action:

- The Committee agreed that the KPMG PPE Audit Report should be presented to the Board at its next meeting

#### **4.1 Update on HSE self-assessed procurement compliance**

The ND HBS briefed the Committee on the Declaration of Non-Competitive Procurement in 2020. The Code of Practice for the Governance of State Bodies sets out the procedures for procurement in code provisions 8.16 – 8.21 inclusive. Under this code the HSE is required to complete a Statement of Internal Control ("SIC") which specifically calls out compliance with public procurement regulations.

The Committee noted that in 2019, the HSE was not in a position to provide an estimate of non-compliance for either the SIC or the Chairperson's comprehensive report to the Minister. As part of the controls framework improvement plan the HSE committed to providing an estimate for 2020. The ND of HBS informed the Committee of the significant piece of work which has been carried out to meet this requirement.

The Committee were informed of the HSE's comprehensive self-declaration process involving major budget managers whereby non-competitive and non-compliant procurement in excess of €25,000 was declared for FY 2020. The Committee acknowledged the progress made in respect of Provision 8.16 of the Code of Practice for the Governance of State Bodies and noted the organisations position in terms of compliant procurement and competitive procurement in 2020.

In response to questions the Director of HBS told the Committee that each legal entity is obliged to ensure compliance and the information provided to the Committee for today's meeting only covers the HSE. The Committee were told that this compliance arrangement is made clear through Service Level Agreements. The AND Procurement confirmed that this process would be embedded into the system through IFMS and would be undertaken multiple times throughout the year. The Committee questioned if there were further plans to improve the procurement framework within the HSE and whether there were targets for indigenous suppliers and small business. The CSO confirmed that a wider plan is in place and that a paper would be provided at a future Committee meeting.

Actions:

- The CSO is to bring a paper on procurement improvement plans within the HSE to a future Committee meeting.

### **3. Capital**

#### **3.1 Co-Location of the National Maternity Hospital on the St Vincent's University Site**

The Committee resumed, with the CSO and ND Estates, their consideration of the papers outlining the Legal Framework for the Co-location of the National Maternity Hospital (NMH) on the St Vincent's University Hospital (SVUH) campus at Elm Park, which included the Year Lease, the Grant Agreement, the Operating License, and the Option Agreements. The CSO highlighted that the key objectives of the legal framework are ;

- To ensure the delivery of all clinically appropriate and legally permissible health services for Women and Infants at the new Maternity Hospital

- To prevent any undue influence, religious or otherwise, in the operation of the new Hospital
- To protect the State's Interest in relation to Capital, Revenue and Service Provision, in particular to clarify ownership interest in State's investment of the land and asset.

The Committee noted that this process was the subject of a 2016 negotiated outcome ('Mulvey') between the existing NMH entity and SVHG. In order to ensure that the framework is fit for purpose in supporting both the achievement of the HSE objectives and also delivering on Mulvey the Committee agreed to commission further legal advice from Senior Counsel .to review the current legal framework. In particular, the Committee wish to understand if there are differences in translation between Mulvey and the draft legal form and wish to understand the legal extent, impact and risks arising from any such translational differences. It was agreed that the process should aim to be finished towards the end of June.

The Committee further discussed the context around the NMH legal framework. It was noted that reference to the this project was absent in the national overriding health policy documents such as Slaintecare and the Corporate Plan. The CSO highlighted it is government policy to invest in a new National Maternity Hospital (NMH) which will address a pressing need for a new facility.

The Committee agreed that this project was a balance of risks and therefore external advice would be of value.

Actions:

- Legal Counsel advice is to be commissioned to evaluate the Legal Framework for the Co-location of the National Maternity Hospital (NMH) on the St Vincent's University Hospital (SVUH) campus at Elm Park.

## 5. Any Other Business

The meeting concluded at 10:25.

Signed:

Ann Warkley

A/Chairperson

11 June 2024

Date