

[illegible]**Version 1.2**

**Effective 07 August 2024**

**This policy covers:**

- overview of risk assessment and management procedures
- guidance on HSE's control environment and requirements
- guidance on the NFR framework, their importance to the HSE and local obligations

Ideally, you should read this document online, as we link to other guidelines you also need to know. Additional accessibility functions are also available such as the interactive Table of Contents where you can click on any section of the table and be brought directly to that content. While browsing the document, you can click the button at the bottom of the page at any time to return to the Table of Contents.

To help you take note of these links and other features of this policy, we use the icons below.

**A ICON SET**

Highlighting Important Information



Download Form



Contact Details or Connection Point



Legal Reference

**Who needs to read this policy?**

The National Financial Regulations apply to all staff in all divisions, Community Healthcare Organisations (CHOs) and Hospital Groups (HG) where services are provided on behalf of the HSE. This includes permanent, temporary and agency staff. Equivalent controls should also be implemented by Section 38 and Section 39 providers where services are being provided on behalf of the HSE or where HSE grant aid funding is being received.

**How we keep the policy up to date – and how you can help**

There is a change control process in place for the NFR documents to ensure they are kept up to date with current practice and guidelines. All change control requests, and feedback should be submitted using the [change control form](#).

**If you have to create a local procedure document**

If you are responsible for developing a local procedure document, you might find the following resources useful:

- a [sample local procedures template](#)

**Frequently Asked Questions (FAQs)**

You can find answers to some of the most common queries related to the NFRs on our [FAQs page](#) on the HSE website.

# Table of contents

*(Interactive table, click to access specific section of interest)*

<b>At a glance.....</b>	<b>6</b>
<b>1. Introduction.....</b>	<b>7</b>
<b>2. Introduction to NFRs .....</b>	<b>7</b>
<b>3. Complying with the NFRs.....</b>	<b>8</b>
<b>4. The Finance Reform Programme and NFRs .....</b>	<b>9</b>
4.1 Integrated Financial Management System (IFMS) .....	9
<b>5. Key elements to HSE internal control environment .....</b>	<b>10</b>
5.1 Risk management.....	10
5.2 Risk assessment .....	10
5.3 System of internal control .....	11
5.4 Control environment .....	12
5.5 Control activities .....	12
5.6 Control deficiency .....	13
5.7 Roles and responsibilities .....	13
5.8 Local procedures .....	17
5.9 Segregation of duties.....	18
5.10 Departures and derogations .....	18
5.11 Annual Financial statements and the audit process .....	19
5.11.1 Annual financial statements.....	19
5.11.2 Audit and Risk Committee (ARC) .....	19
5.11.3 Office of the Comptroller and Auditor General .....	20
5.11.4 Internal Audit.....	20
5.11.5 Audit Trail.....	20
5.12 Financial planning and budgeting .....	20
5.12.1 Role of Budget Holders and Line Managers .....	21
5.13 Record retention .....	22
5.14 Data protection .....	22
5.15 Security measures.....	23

5.16 Value for money (VFM).....	23
5.17 Conflict of interest (procurement).....	24
5.18 Irregularities and fraud.....	24
<b>6. Whistleblowing.....</b>	<b>24</b>
<b>7. Annual Controls Assurance Review Process (CARP).....</b>	<b>25</b>
<b>8. Glossary of terms .....</b>	<b>26</b>
<b>9. Acronyms and abbreviations .....</b>	<b>27</b>
<b>10. NFR contacts.....</b>	<b>28</b>

## At a glance

Document at a glance	
<ul style="list-style-type: none"> <li>Overview of the internal control environment in which the HSE operates and the associated compliance requirements.</li> <li>Overview of the terms used within the internal control environment in which the HSE operates.</li> <li>Overview of the purpose of the NFRs as well as the associated compliance requirements.</li> </ul>	
Key users	Key concepts
<ul style="list-style-type: none"> <li>All HSE staff.</li> </ul>	<ul style="list-style-type: none"> <li>Purpose of the NFRs.</li> <li>Significance of compliance with NFRs.</li> <li>Staff compliance with the NFRs.</li> <li>The essential elements of the HSEs control environment.</li> </ul>
Key objectives of this document	Key relevant links
<ul style="list-style-type: none"> <li>To outline the internal control environment and general principles which feature in the NFRs.</li> <li>To provide an understanding of the fundamental standards required to be met by all HSE staff when dealing with financial transactions.</li> <li>To outline the general principles which feature in the suite of documents.</li> <li>To provide an understanding of the general terms used by the HSE within the internal control environment.</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Code of Conduct for Health and Social Service Providers</a></li> <li><a href="#">DPER Public Spending Code</a></li> <li><a href="#">Financial Management Framework</a></li> <li><a href="#">HSE Code of Governance</a></li> <li><a href="#">Charities Governance Code</a></li> <li><a href="#">Health Act, 2004</a></li> <li><a href="#">DPER Code of Practice for the Governance of State Bodies, 2016</a></li> <li><a href="#">Freedom of Information Act, 2014</a></li> <li><a href="#">Data Protection Act, 2018</a></li> <li><a href="#">GDPR</a></li> <li><a href="#">Protected Disclosures Act, 2014</a></li> <li><a href="#">HSE Data Protection Policy</a></li> <li><a href="#">HSE National Records Retention Policy</a></li> <li><a href="#">HSE Whistleblowing Policy</a></li> <li><a href="#">HSE Corporate Safety Statement</a></li> <li><a href="#">HSE Fraud Policy</a></li> <li><a href="#">HSE Enterprise Risk Management Policy and Procedures 2023</a></li> <li><a href="#">FRS102</a></li> <li><a href="#">DOH Accounting Standards</a></li> <li><a href="#">HSE AFS</a></li> </ul>
Key contacts	
<ul style="list-style-type: none"> <li>Control and CARP Queries – Contact Governance and Compliance - <a href="mailto:govn.compliance@hse.ie">govn.compliance@hse.ie</a></li> </ul>	

## 1. Introduction

This document provides an introduction to the NFRs, an overview of how the NFRs form part of the HSE's internal control environment, and an outline of essential elements to a successful control environment.

This document is relevant to all HSE staff and users of the NFRs as it provides overarching principles and information on which the NFR suite of documents are based.

It is important that you are aware of the key controls and procedures relevant to you and the support materials and contacts that are available to help you in your work.

We have included a [glossary of terms](#) on page 26 and a [table of acronyms and abbreviations](#) on page 27. You may find it helpful to refer to it as you read.

## 2. Introduction to NFRs

The HSE is required under [Section 35 of the Health Act 2004](#) to have in place a [Code of Governance](#) setting out the HSE's internal controls. The Code of Governance also outlines the roles and responsibilities of the HSE Board (The Board). The Board sets the tone for integrity and ethical values within the HSE. It is independent from management to ensure that appropriate oversight and challenge is provided, and that management are continuing to act in the best interests of the patient, service user and the public.

The NFRs form part of the overall HSE internal control environment, by providing a high-level framework within which the internal financial controls operate.

The NFRs have been prepared to ensure the financial controls are consistent with:

- Irish and EU statutory requirements
- achievement of best [Value for Money \(VFM\)](#)
- government policies and guidelines

### Differences between policy and procedure

The NFRs are not intended to be detailed procedural guidelines for financial processes or activity within the HSE. The organisation is too diverse for this to be achieved in a comprehensive, practical and accessible collection of documents. The NFRs provide high level controls to guide local procedures. It is the responsibility of each local area to ensure that their local procedures are aligned to the controls as set out within the NFRs.

The difference between a policy and a procedure is set out below:

- a policy is a written principle used to provide direction in the HSE on the organisation's position and values on a subject. It also provides information

on why there is a rule about it. It explains the “what” and “why” however, it does not inform exactly how something will be done. It guides decisions and regulates actions within the organisation. It should be used within the framework of the objectives, goals and management philosophies of the HSE.

- a procedure is a particular way of doing something. It deals with the “how” to do something. It should be designed as a series of steps to be followed as a consistent and repetitive approach to accomplish an end result. A procedure supplements policies and as such, should follow said policies.

The NFRs are policy documents.

### Categorisation of NFR Documents

The NFR's are subdivided as shown below:

Document Category	Description
<b>A</b>	The overarching principles of the NFR's giving context as to the HSE's financial governance and internal control.
<b>B</b>	A set of operational regulations which are aimed for practical financial operations and activities (including payroll, procurement and so on) with a focus on the end-user.
<b>C</b>	A set of custodian regulations which govern the HSE's responsibilities to protect the property of those under its care.
<b>D</b>	A set of regulations aimed at those involved in preparing the Annual Financial Statements.

## 3. Complying with the NFRs



**All HSE staff must be aware of and comply with the NFRs.**

We have a responsibility to ensure the efficient and effective use of HSE resources. Complying with the NFRs will help us do this and it will also ensure the HSE's interests are protected.



These NFRs set out what are, in effect, minimum standards of financial controls that are acceptable across this very large and diverse organisation. Budget holders may decide to apply a higher level of control than the minimum set out in the regulations in order to achieve the objectives of the NFRs. For example, expenditure control could be amended for local use so that the value that each grade has approval authority for could be lower than that allowed by these regulations.

You are responsible for being aware of and compliant with the controls outlined in the NFRs.

### **Code of Standards and Behaviours**

To be compliant with the NFRs, you must also be compliant with [The Code of Standards and Behaviours](#). This code requires you to:

- carry out your responsibilities carefully, honestly, and fairly
- always act within the law
- never seek to use improper influence, in particular, never seeking to use political influence to affect decisions concerning your official position
- follow guidelines in respect of offers of gifts or hospitality and avoid conflicts of interest

## **4. The Finance Reform Programme and NFRs**

The NFRs will be updated in line with changes from the [Finance Reform Programme](#) ('FRP') currently underway within the HSE.

The FRP is changing how the HSE manages finance and procurement across the health sector and will be introduced over time:

- new operating structures and new ways of working
- standard finance and procurement processes
- a modern finance and procurement system

### **4.1 Integrated Financial Management System (IFMS)**

One of the key outcomes of the FRP and the Financial Management Framework (FMF), will be the implementation of a single system of record for the HSE known as the [Integrated Financial Management System](#) (IFMS).

IFMS will be rolled out across the local areas on a phased basis. In time, to incorporate this change into the NFRs, there may be a requirement to update controls affected by the implementation. This will be managed through the [change control process](#).

## 5. Key elements to HSE internal control environment

The control environment relates to the set of policies, procedures, and standards implemented by the HSE in order to achieve an effective system of internal controls across the organisation.

Internal controls are designed to manage and reduce risk. The aim of these controls are:

- the safeguarding of people and assets
- accuracy, completeness and reliability of financial reporting
- improved efficiency
- preventing fraudulent behaviour
- compliance with appropriate laws and regulations
- the elements described below are key aspects of internal financial control in the HSE

### 5.1 Risk management

Risk management is the process of identifying, monitoring, and managing potential risks in order to minimise the negative impact they may have on the HSE. Through risk management, the HSE can proactively safeguard HSE interests and patient safety as well as preparing for potential risks such as:

- security breaches
- data loss
- cyberattacks
- system failures
- liquidity issues
- litigation
- natural disasters

An effective risk management process will help identify which risks pose the biggest threat to the HSE and provide guidelines for handling them. For more information, please see [HSE Enterprise Risk Management Policy and Procedures 2023](#) or contact the Enterprise Risk Management Office at [erm.queries@hse.ie](mailto:erm.queries@hse.ie).



### 5.2 Risk assessment

A risk assessment is the process of reviewing the HSE's activities to:

- identify risk
- analyse and evaluate the risk

- establish a plan of action to mitigate the risk as much as possible or practicable
- implement the action plan (in other words, carry out the actions to mitigate the risk)
- establish and monitor controls to continue mitigating the risk

This information is then used to make various operational adjustments in order to reduce those risks that are considered to be excessive. All risks and associated mitigation plans should be recorded in a risk register. For more information, please see [HSE Enterprise Risk Management Policy and Procedures 2023](#) or contact the Enterprise Risk Management Office at [erm.queries@hse.ie](mailto:erm.queries@hse.ie).



### 5.3 System of internal control

Internal controls are ongoing processes and procedures that are designed to provide reasonable assurance that:

- the HSE's operations are effective and efficient
- the HSE's financial information is reliable
- the HSE meets its regulatory compliance obligations

The goal of the HSE's System of Internal Control is to manage and reduce risk to an acceptable level rather than to eliminate it. The System of Internal Control seeks to ensure:

- assets are safeguarded
- transactions are authorised and properly recorded
- errors and irregularities are either prevented or detected in a timely manner

The System of Internal Control is also designed to ensure appropriate protocols and policies are in place and operating effectively in the context of clinical and patient safety.

Internal controls impact the following areas:

- the efficiency and effectiveness of operations
- the reliability of financial reporting
- the safety of assets (both physical and digital)

There are two main types of controls:

- preventative controls prevent issues from occurring. This includes preventing financial errors, fraud, theft, breach of regulations and so on, before they happen. An example of a preventative control is a second sign-off being required before a payment to a supplier is made

- detective controls find errors, irregularities or other issues that have already occurred. By detecting these issues, HSE local areas (and the organisation as a whole if applicable) can take corrective action in a timely manner. An example of a detective control is a monthly reconciliation of a financial account or bank transactions

### **The Statement on Internal Control**

The Statement on Internal Control is a report included in the HSE's Annual Financial Statements setting out the HSE's approach to, and responsibility for, Risk Management, Internal Controls and Governance.

## **5.4 Control environment**

The control environment provides a structure for internal controls. It ensures that the HSE is operating under all applicable laws and regulations and industry practices. It describes the HSE's culture and ethics and incorporates the direction provided by the Board of Directors.

However, the control environment is not just set at the highest levels of management. Managers, staff and service providers have a central role to play in creating an effective control environment and the success of the HSE through their dedication, commitment and conduct. They also have a leadership role to demonstrate these standards to their colleagues by their day-to-day conduct. Critically, all staff have specific responsibility for compliance with all aspects of the legislative and governance framework including control, risk management and assurance in their areas of responsibility.

For more information on your roles and responsibilities, please [see section 5.7 roles and responsibilities](#).

## **5.5 Control activities**

Control activities are the policies, procedures and other defined actions to carry out the controls designed in the risk assessment stage of the process. A control activity is performed on a regular basis to help identify and mitigate risks for the HSE.

Some examples of control activities are outlined below.

- Segregation of duties – for example, the same person cannot raise and approve a Purchase order (See [section 5.9 Segregation of duties](#) for more detail).
- Transaction approvals – for example a manager must review and approve a payment before it can be issued.
- Inventory counts – regular counting of stock to make sure all items recorded are in place.

- Data back-ups – for example the records in the local financial system are backed up on a regular basis and the backups are stored securely.
- Physical security – for example, access to stores and medicines are restricted to appropriate staff and limited by either physical or digital lock (swipe card access).

It is the responsibility of each local area that they are compliant and perform the appropriate control activities to mitigate any risks that may arise within their area.

Controls must be regularly evaluated to ensure they are designed appropriately and are effective. Their implementation must also be monitored to ensure they are performed appropriately. This monitoring may be carried out by local area management, internal audit or both.

## 5.6 Control deficiency

Control deficiencies occur when the internal controls in place are not sufficient to prevent risks or the control activity is not implemented correctly or performed as planned.

Where controls do not operate as intended, it can lead to increased risks for the HSE when trying to meet its objectives. If you become aware of, or believe there may be a control deficiency, you should discuss this with your Line Manager. Support is available from [Governance and Compliance](#) for financial controls deficiencies.

## 5.7 Roles and responsibilities

### Responsibilities of management

It is the responsibility of management to establish and foster a control environment which is economic, efficient and effective, which supports the overall values of the HSE and which ensures:

- activities are conducted efficiently and in compliance with the HSE's objectives, policies, plans and procedures
- that HSE assets are safeguarded and properly accounted for, and that liabilities are identified and managed
- the reliability and integrity of HSE financial and operational systems and controls
- the provision of relevant and reliable corporate and operational management information
- the quality of internal and external reporting, which requires the maintenance of proper records and processes that generate a flow of timely, relevant, and reliable information

- compliance with legislation, regulations, and directives

These responsibilities can be achieved by:

- maintaining an office or clinical environment that encourages the design of internal controls
- documenting policies and procedures that are to be followed in performing office and clinical functions
- identifying the control objectives for the functions and implementing cost effective controls designed to meet those objectives
- testing the controls regularly to determine if they are performing as intended

### Responsibilities of all staff

- Fulfilling the duties and responsibilities of their job description.
- Meeting applicable performance standards.
- Attending education and training programs as appropriate to increase awareness and understanding.
- Taking all reasonable steps to safeguard assets against waste, loss, unauthorised use and misappropriation.
- Reporting breakdowns in internal control systems to their supervisor.
- Do not use their official position to secure unwarranted privileges.

### Responsibilities of all staff – Related to external organisations

The below obligations come into sharp focus when employees engage in outside activities and, particularly, when employees become members of other organisations.

- In order to comply with the provisions of the [Department of Health's A Code of Conduct for Health and Social Service Providers](#) ("the Code") you are required to comply with the below.
  - Avoid receiving benefits or hospitality of any kind from a third party which might reasonably be seen to compromise their personal judgement or integrity and report such instances to their Line Manager, retaining only those of nominal value.
  - The need for employees to avoid conflict of interest and to be impartial in the performance of their duties. Further details and guidance can be obtained from the Code.
  - To respect the privacy and confidentiality of individuals, providers and the health service by not improperly disclosing, during or following

termination of their employment, any information gained in the course of their work and by understanding and adhering to relevant legislation.

- Employees may not engage in outside business or activity which would in any way conflict with the interests of their departments or offices.
- Employees may not accept an appointment, or particular consultancy project, where the employees concerned believe that the nature and terms of such appointment could lead to a conflict of interest or the perception of such, without first obtaining the approval of the Human Resources Department of the HSE.
- Governance and operation of separate charitable bodies is a matter for the body itself. The HSE may not exercise any jurisdiction over the governance or operation of a separate charitable body or voluntary fundraising committee or board. The exercise of any jurisdiction by the HSE over such an entity could constitute a 'controlling influence' as defined by the Companies Acts 1963-2002.

The following principles should apply in relation to any employee's accepting an appointment on an external organisation's board.

- All nomination requests should be forwarded to the Office of the CEO who will decide if there is a valid requirement to have a HSE representative on the external organisation's board.
- HSE employees should not sit on external boards unless a case can be made (in writing) that the appointment to the external organisation's board is in the interest of the HSE, the wider health sector or the public good.
- In general, no conflict of interest or risk to the HSE should exist. In exceptional circumstances, the HSE might wish to make a nomination to an external organisation's board where some conflict or risk may be anticipated. However, in these instances, the benefits of proceeding with the nomination should far outweigh any exposure to possible risks.
- Prior to submission to the Office of the CEO, any proposal by an employee to accept an appointment to an external organisation's board should be supported by their supervisor and endorsed by the relevant National Director or REO. They should also ensure that all related terms of references have been reviewed and do not conflict with HSE policy. This proposal will then be forwarded to the Office of the CEO for approval. A register of approved memberships will be held centrally by the Office of the CEO.
- The approval of an appointment to an external organisation's board should specify a review date.
- Any material changes in the operation or business of the external organisation which might create an increased risk to the HSE should be

notified by the employee to their supervisor who will make a recommendation to their National Director or REO as to whether the existing approval is confirmed or withdrawn. The Office of the CEO should be kept updated of such cases.

- Employee Memberships of Outside Bodies – Personal Appointments. An employee accepting an appointment to an outside body, where such appointment may be, or could be interpreted as being in conflict with their official HSE role or HSE policy, should ensure that the appointment is being accepted in a personal capacity. It is best practice that employees would specify to the outside body, in writing, that their acceptance of appointment is personal in nature and in no way related to their role within the HSE.

Ministerial appointments of HSE nominees. A number of positions on the boards of health sector organisations have been reserved for HSE nominees. These appointments are made under legislative provisions by the Minister. Such appointments are already the subject of discussion with the Department of Health (DOH) and this will be concluded. The HSE has stated it would be inappropriate for it to make nominations because:

- of inconsistency with the conflict of interest aspect of the HSE's Code of Governance
- a changed approach to corporate governance, where appointments are not being made on a representative basis, but rather competence for the position
- it is not aligned with the provisions in the Health Act, 2004, which covers the appointments to the HSE Board (section 11.2)
- the requirement to have a representative role is reduced by virtue of the service level agreements drawn up with provider agencies

The 'One Person One Salary' principle should apply in relation to any employees serving or accepting an appointment on an external organisation's board.

- Public servants who sit on state boards in an ex officio capacity or on behalf of their parent department or organisation, or who may be nominated or appointed to such board positions independently of their public service employment must not be paid remuneration in the form of board fees when serving in such a representative capacity.
- Where public servants are serving in board related positions and were in receipt of a fee, this fee should have ceased from 1 November 2011.
- The payment of board fees to public employees who sit on their own organisation's board or the boards of other public sector organisations (for example commercial state companies, non-commercial state agencies and



so on) should be reviewed in the context of any contractual obligations that may pertain and be discontinued.

- Where contractual obligations may prevent the proposed discontinuance of such board fee payments, the necessary arrangements should be immediately put in place by the state body in order to end such payment practices at the earliest possible date.
- An employee with a relationship or an interest in a business entity should declare such relationships/interests to their Line Manager - whether or not the business entity provides a service or goods to the HSE. Such interests should be entered in a central register. Where a business interest or relationship is deemed to be inappropriate by the supervisor, the employee should be advised of this and the employee should confirm within a defined period that this interest or relationship has been discontinued. A register of interests declared under the Ethics in Office legislation is already maintained by the HSE.
- An annual written disclosure stating the name of the organisation, the position held by the employee, whether remuneration was being received and confirming their compliance with the directives of this regulation is required to be submitted with the annual Controls Assurance Statement. If no return is made it is assumed to be a NIL return.

## 5.8 Local procedures

Local procedures detail how a process is carried out in a given service area.

Each local area must prepare and implement a procedure manual outlining the local process and employees designated for tasks. The procedure manual must be available for review purposes to Internal Audit and the Office of the Comptroller and Auditor General upon request.

All employees who are involved in the process must be fully inducted in the workings of these local procedures. These local procedures will designate individuals within the division to implement the policy and procedures.

You must fully understand your responsibilities in relation to local procedures and it is the responsibility of each location manager to ensure that all employees are made aware of their responsibilities.

If you are responsible for developing a local procedure document, you might find the following resources useful:

- the key control checklist on at the end of each NFR, as it lists required key controls which you must have in place
- a [sample local procedures template](#)

## 5.9 Segregation of duties

Segregation of duties (SOD) is a key control activity used to separate responsibilities over various tasks, including authorising and recording transactions and maintaining assets. Improper or inadequate segregation of duties can be a controls failure for the HSE as this deficiency could result in a greater potential for fraud, errors or irregularities in processes, transaction processing and financial reporting.

Proper segregation of duties establishes that the critical steps of a process are dispersed between different individuals or teams. This means that a different person will handle processing at various stages of a transaction, ensuring that the person who is tasked with inputting, requesting or creating a transaction is not the same person who approves it. Appropriate SOD reduces the likelihood that errors, whether they are intentional or unintentional, will remain undetected.

SOD requires more than one person involved in a task which builds review activities into a process. By having appropriate SOD in place both the HSE and employees can be protected. SOD should be evidenced and recorded to maintain audit trails.

To create effective SOD controls you should identify the distinct key steps of a process. For example:

- creating a purchase order
- approving a purchase order
- receipting the goods
- inputting an invoice from a supplier

Once the key steps are identified, you must ensure segregation of duties exist between them. In this example, the person who creates the purchase order should not approve it, and the person who approves the purchase order should not be receipting the goods.

## 5.10 Departures and derogations

In all cases, each HSE area and all HSE staff must endeavour to comply with the NFRs. When it is necessary to depart from the controls set out in the NFRs, for example, following SOD in smaller facilities, a derogation may be considered if alternative compensating controls can be put in place.

When the local area is unable to segregate duties (for example if there isn't a sufficient number of staff in order to do so), it should put compensating controls in place. These are often detective controls such as reviews of transactions after the fact, matching different elements of a transaction (for example purchase order and goods receipt note) and reconciliations. This is considered a derogation and must be applied for by contacting [govern.compliance@hse.ie](mailto:govern.compliance@hse.ie). All derogations require ACFO, Financial Specialists approval.



## 5.11 Annual Financial statements and the audit process

### 5.11.1 Annual financial statements

The HSE is required to prepare [annual financial statements](#) (AFS). The annual financial statements will comprise of:

- a statement of financial position as at the financial year end date,
- an account of income and expenditure for the financial year, and
- any other additional statements and information required by the HSE.

They must give a true and fair view of the assets, liabilities, financial position of the HSE as at the financial year end date.

Consolidated AFS to be considered by HSE Audit and Risk Committee (including the Statement of Internal Controls, and the Operating and Financial Review). These are then reviewed and signed-off by the HSE Board.

For more information on Annual Financial Statements, please see [NFR D - Financial Reporting](#).

### 5.11.2 Audit and Risk Committee (ARC)

The following functions are carried out by the HSE Audit and Risk Committee (“the Committee”).

- Advise the HSE Board and the HSE Chief Executive Officer on financial and compliance matters relating to their respective functions.
- Advise on the appropriateness and effectiveness of the HSE’s procedures on:
  - public procurement
  - seeking sanction for expenditure and complying with that sanction
  - acquisition, holding and disposal of assets
  - risk management
  - financial reporting
  - internal audits
- Provide oversight (to deter and detect unacceptable practices) and advice on:
  - the HSE’s internal controls
  - the HSE internal audit function
  - the operation of the HSE Risk Management framework
  - anti-fraud policies
  - the operation of protected disclosure policies and processes
  - arrangements for special investigations

- Investigate any matter that it deems relevant, and it is expected that all HSE staff cooperate with their requests.
- Promote:
  - good accounting practice
  - improved and informed financial decision-making
  - focus on regularity, propriety, and value for money throughout the HSE
- For more information on the Committee, please see the [detailed terms of reference](#).

### 5.11.3 Office of the Comptroller and Auditor General

The Office of the C&AG performs an audit every year of the State's accounts including the Annual Financial Statements of the HSE and submits an annual report of the audit to the Houses of the Oireachtas. The Comptroller and Auditor General is nominated by Dáil Eireann and appointed by the Irish President. For more information, please see the website of the [Office of the Comptroller and Auditor General](#).

### 5.11.4 Internal Audit

The Internal Audit Division of the HSE is responsible for ensuring that audit work is carried out annually throughout the HSE. The purpose of this audit work is to:

- provide assurance that controls and procedures are operated in accordance with best practice and appropriate regulations
- ensure recommendations for the improvement of such controls and procedures are implemented

The scope of Internal Audit covers all systems and activities throughout the HSE and bodies totally or partially funded by the HSE. For more information, please see the [HSE website](#).

### 5.11.5 Audit Trail

Throughout these NFRs there are direct and indirect references that establish the minimum controls that should operate, including supporting documentation, evidence of supply and so on. There is an overall requirement irrespective of the level of automation or complexity of the process that sufficient Audit Trail is maintained.

## 5.12 Financial planning and budgeting

Financial planning and budgeting is a key activity for the Health Service Executive (HSE). It assists the organisation in determining how much money can be spent and on what based on the priorities set by the HSE Board and the Minister for Health.

The HSE's financial planning and budgeting process is integral for the organisation to achieve its annual and multi-annual objectives.

For more information on the financial planning and budgeting process, please see [Financial Planning and Budgeting Process Overview](#).

### 5.12.1 Role of Budget Holders and Line Managers

It is the responsibility of each Line Manager to put in place and document detailed local procedures. This will set out how the controls in the NFRs are to be complied with in their area.

These NFRs and compliance with them must be viewed in the context of the role of the HSE which is to improve the health and social wellbeing of the population it serves. The key objective of budget management is to ensure that the HSE meets this role within the approved limits provided by the Oireachtas. In order to meet this objective the HSE needs to assign budgets to individuals so that they can be managed effectively.

A Budget holder is a member of staff who has the authority and is accountable for the expenditure of HSE funds. They should act responsibly in making expenditure decisions and pro-actively manage their available funding to ensure value for money at all times. [Accountability](#) is exercised in a top down manner. Each budget holder remains fully responsible and accountable for the budget assigned to them regardless of however many levels of staff below them they may have assigned as budget holders. For more details on accountability, please see '[Performance and Accountability Framework](#)'.

NFR training is provided by the Governance and Compliance team and can be requested by emailing [govn.compliance@hse.ie](mailto:govn.compliance@hse.ie). Budget Holders and Line Managers must ensure that a record is maintained of NFR training undertaken by each employee.



Budget Holder and Line Manager responsibilities are not reduced through outsourcing of activities such as HR, payroll, finance and purchasing to HSE Shared Services teams.

#### The responsibilities of each budget holder are:

to act responsibly and pro-actively in managing their budget

to ensure compliance with all aspects of the financial regulations, regardless of if responsibility is delegated or not

to monitor variances from budget limits on an ongoing basis and initiate corrective measures as early as possible

The responsibilities of each budget holder are:
to operate within the limits of their assigned budget
to keep their manager fully informed of any emerging and continuing material issues affecting their capacity to achieve financial breakeven and identify any practical options to address these material issues
to make formal local procedural arrangements to ensure that all staff for whom they are responsible, are fully aware of and understand these regulations and are sufficiently knowledgeable and experienced to carry out all assigned tasks
certify appropriate local procedures are in place to ensure teams can follow NFRs with oversight
to ensure appropriate training and development is received by all staff for whom they are responsible and to put in place additional measures to mitigate any deficits in the ability of their staff to fully comply with these regulations
to make efficient use of resources by sharing administrative workloads and resources, streamlining processes, and utilising available technology
to keep their manager fully informed of any emerging and continuing material issues affecting their capacity to achieve financial breakeven, while also identifying any practical options to address these material issues
to ensure value for money is achieved

### 5.13 Record retention

All records should be maintained in line with [HSE data retention policies](#).

An important aspect of record retention and control is the implementation of a “Single System of Record”. This refers to “one source of truth” where all systems are integrated so there is no duplication of records. Any amendment will be applied to the source record to ensure all information is accurate and up to date.

### 5.14 Data protection

Data Protection is the safeguarding of the privacy rights of individuals in relation to the processing of personal data. You supply information about yourself to many organisations, including the HSE, in order to avail of services or satisfy obligations. For the purpose of Data Protection, such organisations or individuals who control the contents and use of personal data are known as Data Controllers.

The HSE as a Data Controller must adhere to the principles of data protection which are set out in the [General Data Protection Regulation \(GDPR\)](#) and the [Data Protection Acts 1988-2018](#).

For more information on data protection see [HSE Data Protection Policy](#) and [HSE Staff Data Protection Guidelines](#).

### 5.15 Security measures

It is vital that security measures and physical controls are in place to safeguard equipment, stock, files, cash, and other assets.

The following are examples of security measures which may be taken:

- placing assets in a locked storage area where access is restricted to authorised personnel
- placing cash in a locked safe
- only taking the required amount of cash from the safe to fulfil any purchase requirement
- designing local procedures to ensure stock access is restricted to appropriate personnel and defined procedures are in place for stock movement and traceability (such as, signing out of medicines and equipment from stocks)
- placing files of importance in secure filing cabinets
- recording all assets entrusted for safekeeping by clients and keeping them in a restricted access area with associated procedures for signing out any items

It is the responsibility of all HSE staff to ensure that personal files of service users are kept secure and managed in line with [Health Service Executive Standards and Recommended Practices for Healthcare Records Management](#) guidelines. The guideline outlines types of information that fall under the scope of the guidelines and how to manage it in line with current legal requirements and professional best practice.

For more details on specific security requirements applicable to your area, please see the relevant NFR.

For more information on data security, please refer to the [Data protection and password security page on the HSE website](#)

### 5.16 Value for money (VFM)

VFM is the optimal use of resources to achieve the intended outcomes from a HSE purchase or from a sum of money spent by the HSE. It is not only based on the cost

of the purchase, but also on the maximum efficiency and effectiveness of the purchase. This is a legislative requirement under the Health Act 2004, Section 7(5) (e).

For more information on VFM please see the guidelines on [DPER's website](#).

### 5.17 Conflict of interest (procurement)

A conflict of interest includes any situation where a relevant staff member has directly or indirectly a financial, economic or any other interest which might be perceived to compromise their impartiality and independence in the context of the procurement procedures. This definition stems from the [Public Procurement Guidelines for Goods and Services](#). Please see [Section 4.3 of NFR B1 for more on this](#).

### 5.18 Irregularities and fraud

HSE staff must not engage in or be in any way associated with fraudulent or unlawful behaviour. Allegations or suspicions of fraud should be treated confidentially from the outset and not widely shared. It should always be remembered that the matter remains an allegation until an investigation proves otherwise, and therefore all parties should remain objective and impartial.

In line with the [HSE's Fraud Policy](#), on the discovery of a potential fraud or irregularity an employee has a responsibility to alert their Line Manager, the Finance or Internal Audit Divisions, or both, where they have a reasonable suspicion that fraud or corruption has occurred or is about to occur. Where it is not possible or appropriate to alert the Line Manager of such suspicions employees may also refer to the [Procedures for Protected Disclosure of Information in the Workplace](#).

## 6. Whistleblowing

Whistleblowing is the term used when a worker passes on information concerning wrongdoing. The wrongdoing will typically (although not necessarily) be something they have witnessed at work. Whistle-blowers are protected under the [Protected Disclosures Act 2014](#).



A protected disclosure can be made by workers who disclose information which came to their attention in connection with work and where there are reasonable grounds to believe it shows wrongdoing, such as:

- criminal offences
- failure to comply with legal obligations
- oppressive, discriminatory, grossly negligent, or grossly mismanaged acts or omissions by a public body



- concealment or destruction of information about any suspected wrongdoing
- endangering the health and safety of individuals
- damaging the environment
- misuse or waste of public funds
- concerns of a clinical nature
- Protected disclosures can be made to [protected.disclosures@hse.ie](mailto:protected.disclosures@hse.ie) or by calling the following helpline number: 071 983 4651



Those who receive protected disclosures or who subsequently deal with them cannot disclose any information which may identify the person who made the disclosure.

For more information please contact the [Office of the Authorised Person for disclosures](#).

## 7. Annual Controls Assurance Review Process (CARP)

Under the Code of Practice for the Governance of State Bodies, the HSE must complete a formal annual review of the effectiveness of its system of internal controls. One of the tools that is used to measure the effectiveness of the HSE's system of internal controls is the Annual Controls Assurance Review Process (CARP).

The key components of the CARP are:

1. The Internal Controls Questionnaire (ICQ)
2. Controls Assurance Statement (CAS)
3. Statement of Positions held

The CARP allows the HSE to not only identify potential areas and activities which may require additional support and focus but also assists in highlighting the strengths of the HSE's controls environment.

## 8. Glossary of terms

Term	Meaning
<b>Accountability</b>	Accountability refers to the ownership of responsibility to an outcome and being answerable for the decisions made in the course of pursuing that outcome.
<b>Ex officio</b>	Relates to a member of a body who holds the role as a result of their status or another position that they hold.

## 9. Acronyms and abbreviations

Term	Meaning
<b>AFS</b>	Annual Financial Statements
<b>ARC</b>	Audit and Risk Committee
<b>C&amp;AG</b>	Comptroller and Auditor General
<b>CARP</b>	Controls Assurance Review Process
<b>CAS</b>	Controls Assurance Statement
<b>ICQ</b>	Internal Controls Questionnaire
<b>FMF</b>	Financial Management Framework
<b>FRP</b>	Finance Reform Programme
<b>IFMS</b>	Integrated Financial Management System
<b>SOD</b>	Segregation of Duties
<b>VFM</b>	Value for money

## 10. NFR contacts

Should you have queries on a particular NFR, below are the relevant contact details:

NFR	Query category	Contact details
B7	Property and Estates	property@hse.ie
B7 and B1	Tax	taxqueries@hse.ie
All NFRs	Control and CARP process	govn.compliance@hse.ie
D, B7 and B6	Financial Statements	AFS-Team@hse.ie
B7, B1 and B5	Capital	treasuryrevenue@hse.ie
B1 and B6	Procurement	procurement.helpdesk@hse.ie
B2	Acute	acute.operations@hse.ie
B2	Legal	ols@hse.ie
B3 and B4	HR	Ask.HR@hse.ie
B5	Procurement cards	procurementcards@hse.ie
B6	Compliance	compliance@hse.ie
C1 and C2	PPP	pppcentralunti@hse.ie
C1 and C2	Safeguarding and protection	<a href="#">Local Safeguarding teams</a>
A	Protected disclosures	protected.disclosures@hse.ie
A	Risk and governance	Erm.queries@hse.ie