



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 11 September 2020 at 08:00 via videoconference.

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

HSE Executive Attendance: Patrick Lynch (ND Quality Assurance and Verification), Geraldine Smith (ND Internal Audit), Stephen Mulvany (CFO), Mairead Dolan (Assistant Chief Financial Officer), Dean Sullivan (CSO), (item 2 & item 3), Michael Bermingham (Acting AND Capital and property HBS Estates)(item 2), James Gorman (Unit Manager, PPP Central Unit) (item 4), Jim O'Sullivan (DPO) (item 6), Anne O'Connor (item 6), Eithne O'Sullivan (Manager National Appeals and Protected Disclosures Unit) (item 8), Dara Purcell (Company 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

The Vice Chair welcomed Committee members to the meeting and in the absence of Executives, 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.

The V/Chair made executive attendees aware that during the private session of the Committee Meeting a Committee member raised a potential conflict of interest in relation to one of the funded agencies reported on by Internal Audit unit because he had some familiarity with this organisation. Having reviewed the matter, the V/Chair declared that the consensus of the Committee was this was not considered a conflict of interest. No other conflicts of interest were declared.

The Committee approved the minutes of the 10th and 24th July, and the minutes of the 26th August.

The V/Chair requested that the actions following the last Committee meeting be followed up on by the secretariat and EMT members.

3. Financial Matters

3.1 YTD Expenditure Update and 3.2 COVID Tracker

Items 3.1 and 3.2 were taken together

The Committee reviewed with the CFO the YTD expenditure update for August 2020 and the estimated COVID-19 costs incurred up to close of business on Friday 28th August 2020 as set out in the briefing papers circulated prior to the meeting. The CFO noted that the overall July YTD variance is €1.416bn but said it is expected that the core funding of the HSE budget, excluding COVID spending, will break even by year end. The Committee discussion focused on the financial challenges due to COVID-19. It noted that a total cost of €1.1 billion for all measures over the rest of 2020 and 2021 has been identified and this requires a supplemental €600 million in funding from Government. The Committee noted that the additional budget sanctions to the HSE in relation to COVID-19 will initially be on a gross basis but will ultimately be on a net basis with a full offset for any underspends within the capital budget, including developments that do not progress. Following publication of revised Estimates, it is expected that a revised Letter for Determination for Health will be issued.

The Committee noted that the initiatives detailed in the “Planning for Health Services Delivery in the COVID-19 pandemic – Winter 2020 to End 2021” (Pandemic Plan) had been reprioritised to a total limit of €600 million for Winter measures. The Committee emphasised that Planning for Winter 2020 – 2021 must incorporate adequate funding to address the backlog of non-COVID care following the unprecedented interruption of routine clinical care in both the Acute and Community setting during the COVID-19 pandemic. The CFO confirmed these issues are being considered in discussion with the DoH and DPER.

In response to questions from the Committee on recruitment for the Winter Plan, the CFO clarified that the recruitment includes both permanent and temporary contracts and will vary depending on the role. The Committee noted these will be significant recruitment challenges to ensure adequate staffing for the Winter Plan.

Actions:

- The Committee recommended that Winter Plan recruitment is added to the risks on the Corporate Risk Register (CRR).

3.3 Monthly Capital Update Report and 3.4 Capital Plan 2021

Items 3.3 and 3.4 were taken together

Acting AND Capital and property HBS Estates joined for this item

The CSO spoke to the briefing papers on the Capital Financial Report and the 2021 Capital Prioritisation and Planning process circulated prior to the meeting. He provided details on the spend to date compared with profile for the 2020 Capital Plan. It was noted expenditure variance against budget is largely explained by underspend on the National Children's Hospital project. The reprofiling of the project is not available at this time but further clarity will be provided on the 2020 outturn following the completion of the Quarter 3 review of all capital projects this month. The Committee suggested the format to report on expenditure on the Capital Plan should be reworked to provide the variance budget versus actioned spend.

The Committee asked for details on timelines to finalise the Capital Plan 2021 and the CSO agreed to bring the full draft of the plan to the Committee in November.

In response to questions from the Committee about the changes to the prioritisation process for Capital Plan 2021, the AND for Capital and Property explained that the process had changed very little from the process used for the previous year's plan. He highlighted that as always, all projects must be considered and approved by the HSE National Capital & Property Steering Group in accordance with the HBS Estates Capital Projects Manual & Approvals Protocol. The Committee noted the process for prioritisation of capital projects and suggested that compliance with legal and regulatory requirements set by regulatory bodies such as HIQA, HSA, and the Mental Health Commission be strongly weighted under the prioritisation process and should take into account the risks on the CRR.

Actions:

- The Capital Plan Prioritisation process should specifically reference compliance with regulatory requirements from the HSA, MHC etc in addition to HIQA and should take into account the risks on the CRR.

4. Accounting, Financial & Governance Reporting

4.1 Patient Private Property – Crowley DFK Letter

The CFO, joined by the Unit manager PPP Central Unit, provided an update to the Committee on the actions underway to address the findings reported in Crowley's DFK 2019 PPP Management Letter (ML). They informed the Committee that since its last meeting the Patient Private Property Central Unit (PPP CU) wrote to all sites, copying relevant Heads of Finance reminding them to progress work on the issues raised in the ML and offering advice on specific findings. The PPP CU also wrote to identified sites in the ML with advice on addressing three specific issues, namely local cash control,

PPP password changes, and the requirement for a local PPP Procedures manual. There had also been engagement with selected sites to ensure appropriate records are held locally of resident's cash deposits, particularly for short stay residents. The ACFO said that the risk to PPP has been significantly reduced as the majority of the funds are now held centrally.

As an action from the June Committee meeting when the Committee requested further information on how the ML was compiled, the Unit Manager of the PPP Central Unit had asked Crowley's DFK's for clarification on matters communicated in National ML. The Committee were satisfied with the clarity provided by the letter from Crowley's DFK dated 8th September 2020 to the Unit manager PPP Central Unit and agreed with the suggestion in the letter for further engagement.

The Committee requested an update on the implementation of the audit recommendations relating to the management of PPP in the Stewarts Care Disability Organisation. The CFO agreed to bring a progress report to the next Committee

Actions:

- The Committee requested that Crowley's DFK are invited to discuss the implementation of their Audit recommendations at the November meeting of the Committee.
- The CFO agreed to bring a progress report to the next Committee on the implementation of the audit recommendations relating to the management of PPP in the Stewarts Care Disability Organisation

The Unit manager PPP Central Unit left at 09:10

4.2 Budgetary Sanction process

This item was noted and the CFO agreed to provide a report on this item at the next Committee meeting.

Actions:

- CFO to provide a report on the COVID 19 Budgetary Sanction Process for the October Committee meeting

5. Internal Audit

5.1 IA Report Q2 and 5.2 Report on outstanding 2018 recommendations

Items 5.1 and 5.2 were taken together

The ND Internal Audit briefed the Committee on the Internal Audit Divisions activity through Q2 2020. She outlined that in total 15 reports were issued, 2 of these being Tusla specific reports which are reported to Tusla's Audit and Risk Committee. Of the HSE reports 6 were follow-up audit reports and a composite report analysing the results of 2019 follow-up audits. No reports issued in Q2 in respect of funded agencies. Overall 50% of the audit opinions in the Q2 reporting assessed the control environment as "Limited" (3 reports), 50% as "Moderate" (3 reports), and none was assessed as "Unsatisfactory" or "Satisfactory". It was noted that 68% of the total 2019 recommendations and 95% of the total 2018 recommendations were implemented by Q2. In relation to the outstanding 2018 recommendations, the Committee recommended that consideration is given to putting the outstanding recommendations as a risk on the CRR.

The Committee reviewed the report on the audit findings of the Travel and Subsistence in Public Health Nurses noting the key findings relating to breaches of these regulations and the need for improvement in the processes and controls in place around approvals of travel and subsistence claims.

The Committee reviewed the report on the audit findings of the Dublin Warehouse – Receipting, Storage, and Distribution of Personal Protective Equipment, noting that the current receipting process is inherently limited and the recommendation for the introduction of a stock management system to reduce the risk of data errors, improve efficiency and provide enhanced analysis and reporting capabilities. The Committee noted HBS Management's acceptance of the recommendation and its confirmation that the go-live of a SAP Stock Management System, which was suspended due to COVID-19 Emergency Response Plans, is planned for Q3 2020. The Committee requested that the National Director HBS provide a briefing on the implementation of these recommendations at the October Committee meeting to assure them that the Stock/Inventory Management system has been implemented and is working, and on the expertise available within Procurement in managing high volumes of stock and optimising the warehouse.

The Committee noted the limited opinion of the report from the audit of the Comprehensive Framework for Reporting Consultant Contract Compliance (Acute Operations) and noted the inadequacies in the process for managing the reporting of compliance. The Committee agreed this audit should be brought to the attention of the CEO. The CFO added that this is a complex situation as the responsibility initially lies with the individual Hospital Groups.

The ND Internal Audit also discussed the audit of Secure Payments Services (National Payment Services) and the CFO agreed to furnish the Committee with a report on the implementation of the Audit recommendations at the following Committee meeting.

The ND also discussed the report on the status of the 2018 outstanding recommendations which identified that of the 83 recommendations outstanding at 31st December 2019, management had committed to implementing 59 (71%) by the end of June 2020, however the expected level of implementation of recommendations had not materialised, resulting in an overall slippage rate of 70%. The report noted that the emergence of the Covid-19 pandemic overlapped with the implementation period.

Action:

- the Committee recommended that consideration is given to putting the outstanding 2018 Audit recommendations as a risk on the CRR.
- Update to be provided by the National Director of HBS on the implementation of a stock uptake system within the PPP warehouse at the October Committee meeting
- CFO to provide report on the implementation of audit recommendations following the audit of Secure Payments Services – National Payment Services in 2019
- Consideration to be given to including in the 2020 Statement of Internal Control (SIC) references to the heightened risk to the internal control environment arising from Covid19 and the suspension of Internal Audit activities for a number of months due to IA staff redeployments to support HSE's services' response to Covid-19.

5.3 Update and timelines for two audits - Property Database and Insurance Cover Audit

The Committee noted the papers circulated in advance of the meeting which provided an update on the estimated timelines for the Property Database and Insurance Cover audit.

DPO joined meeting at 09:50

The ND Internal Audit provided an overview of the findings from the Q1 audit of the HSE's Data Privacy/General Data Protection Regulation – Workplace Relations Unit, Investigation Support Section which included findings and recommendations in relation to the Unit and the National DPO office. She outlined the key audit findings which included issues around governance and accountability, internal records processing, templates and guidance available, and record retention periods. Overall the findings outlined that a number of procedures and policies were

not fully updated to reflect GDPR and which could be referred to by staff potentially leading to non-compliance with GDPR including HSE's 2013 Records Retention Policy which is currently under review.

6. Data Protection

6.1 Progress Update ref the drafting of a new data retention policy

The DPO updated the Committee on progress on drafting a new HSE Data Retention policy. Because of the COVID pandemic, significant work remains to be carried out. He noted it requires additional resourcing to be completed in a three-month period. The Committee thanked the DPO for the report and emphasised the need to have a new policy in place if possible before the end of year.

Actions:

- The drafting of a new Data Retention policy be to be completed if possible before end of year
- The Chair requested relevant members to advise the EMT of the need to assign resources in order to meet this target

7. Risk Management

7.1 Corporate Risk Register Report Q2

The ND QAV updated the Committee on the consideration of the Joint Risk Oversight Group Report by the EMT. He confirmed a Corporate Risk Support Team (CRST) has now been established. This Team will meet on a monthly basis to support EMT members in the monitoring and reporting of risks on the CRR. He advised that the tender to secure an external resource to support the development of the EMT/ Board risk process has been issued and it is hoped this work will commence during October.

The Committee had a general discussion on the CRR and provided the following feedback:

- **Plans:** The ARC noted that both the Winter Plan and Corporate Plan present a number of risks. They requested that the CRST review these plans in the context of the Corporate Risk Register Q3 Review.
- **The Winter Plan** sets out very ambitious targets for staff recruitment. There are various risks to the achievability of this recruitment and this needs to be factored into risk plans. [Also any risks relating to capital/ estates also to be considered]
- **Capital planning;** The weighting given to responding to compliance/ quality and safety issues needs to be reviewed. The Mental Health Commission needs to be given specific prominence in the same way HIQA's regulatory role is.
- **Internal audit reports:** Control issues identified to be reflected in Risk 22 System of Internal Controls.

- **Claims related risks:** Previous advices in relation to the potential impact on the health service budget of increased litigation costs, personal injuries and calculation of real rate of return to be considered as part of risk discussions.
- **Restoration of services:** ARC seeking data on the profile of activity now restored services/ impact on service reduction during COVID response].

The ND QAV and the Corporate Secretary will agree a process to ensure the recommendations or revisions to CRR made by each Board Committee when they have considered risks from the CRR assigned to each Committee is appropriately communicated to EMT.

COO joined the meeting at 10:48

7.5 Risk 25 – Funded Agencies and Private Nursing Homes

The COO briefed the Committee on the existing control measures in place for Risk 25 which include: the application of Performance and Accountability Framework; engagement with Providers in service planning, development and delivery; the Multi-agency provider forum; the SLAs in place; and new arrangements such as establishment of the Area Crisis Management Teams (ACMT) and COVID response team. She advised that the timelines for the additional actions and controls for Risk 25 will be informed by the Catherine Day report and that the role of the HSE relating to Private Nursing Homes will be enhanced as part of the implementation of the recommendations of Ministerial Expert Report on Nursing Homes.

Issues in relating to the governance, funding, and engagement with Section 39 funded organisations were raised by the Committee, particularly the need to streamline SLAs with larger Section 39 organisations. The COO was asked to clarify the HSE's relationship with the funded agency and disability sector which operates under accountable autonomy.

The COO advised that there were several points of contact between the HSE and funded agencies, mainly at CHO level and the National Disability Operations team has a role with larger Disability Organisations. The Committee expressed the view that improving relationships with funded agencies and clarity on engagement through an organised structured response is vital to responding to the needs of the sector.

The following suggestions/feedback was provided by the Committee on the risk mitigation actions:

- The first 2 action dates [plan and implementation] are the same which is not realistic.
- The risk profile and therefore rating has increased significantly during 2020.
- New risks have emerged in this area during the past 6 months.
- Given the scale and nature of this risk it may need to be 4 risks on the CRR [i] HSE services [ii] disability services [iii] funded agencies [iv] private nursing homes.

- Restoring the relationship with funded agencies is a priority.
- Many of the emerging risks are very imminent.
- There are a number of major issues [relationship/ funding/ future vision/ complexity of disability service reform] in relation to this sector that consideration should be given to bringing a group together to consider the short/ medium and long terms actions and realistic timeframes required to mitigate this risk.
- Implementation of the nursing homes expert panel report is the main mitigation programme for this risk.
- Managing relationship with larger providers nationally [national vs CHO level] warrants consideration.

7.4 Risk 23 – Business Continuity Management

The COO briefed the Committee on the existing control measures and additional Actions and Controls to mitigate the risk to Business Continuity Management (BCM) as set out in the CRR. She highlighted that the biggest risks to BCM have been noted as Severe Weather and Industrial Relations, and in more recent months the risk of pandemics has become apparent. She noted that the Critical Infrastructure Review has been drafted and is being considered with the Department.

The Committee raised questions on the readiness of current business continuity plans to respond to the pending announcement of the Government’s plans to live with the COVID pandemic. The COO confirmed that the reopening of services is continuing as originally planned but emphasised the significant risks surrounding the continuity of Community services while also running new services introduced as a response to the pandemic.

The Committee provided the following feedback on the risk actions

- Action 3 is actually 2 actions and should be split accordingly.
- Business continuity framework to be developed.
- Focus also to be given to critical infrastructure [i.e. plans in the event of closure of critical COVID infrastructure – NVRL/ PPE Warehouse etc or loss of other mission critical infrastructure e.g. maternity hospital/ ICT systems etc].

7.3 Risk 22 - Systems of Internal Control

The CFO, joined by the ACFO, briefed the Committee on the work that has commenced as part of the additional actions identified in the detailed analysis of Risk 22 to enhance the current system of internal control in the HSE. The CFO said an improvement programme had been agreed at a special

EMT governance and controls meeting held on 24th July 2020. The CFO is overall project sponsor for the agreed improvement plan and the project will be managed by Mairead Dolan, ACFO on behalf of the CFO. Progress on implementation of the improvement project will be reported by the CFO to the EMT at regular intervals.

The CFO was asked to outline any cost saving efforts within the plans. He told the Committee that there may be cost savings however the focus will be on compliance. By raising awareness of the proper controls across the HSE it is possible that cost saving will be made in areas such as contract compliance within procurement for example.

Regarding Internal audit findings related to the Internal Controls, the CFO highlighted that one of the short-term actions of the improvement plan is the development of the Accountability Framework which will incorporate key control actions from responses to C&AG management letter, management responses, and output of CARP and corporate risk management processes. The ND Internal Audit highlighted that external resources which have been secured will assist in making up for progress lost due to COVID, particularly in the area of audits of funded agencies. The Committee welcomed the management focus on controls improvement and requested a progress report be brought to the December meeting.

Actions:

- CFO to report back on progress on the Accountability Framework

7.2 Risk 6 – Health Service Funding

The CFO provided a status update on the mitigation actions in respect of this risk which had arisen as a result of the COVID19 environment. Significant work has been undertaken by the EMT to mitigate the risk including the preparation of a stocktake report considered by the EMT. The EMT have identified key priorities which have informed and are aligned with key HSE planning processes including: The Corporate Plan 2020-2023, The Expanded Winter Plan 2020 to 2022, Recovery Planning, and Service Continuity Planning. Additionally, the HSE has regular engagements with the DOH in relation to current expenditure and the HSE prepares specific COVID-19 expense trackers on a weekly basis.

The Committee noted this risk remains live and will be re-assessed by the EMT and the Corporate Risk Support Team (CRST) on behalf of the EMT.

CFO left the meeting at 12.04

8. Fraud and Wrongdoing

Protected Disclosures Annual report

Manager National Appeals and Protected Disclosures Unit joined the meeting at 12.00

The V/Chair noted that the Annual Protected Disclosure Report had previously been circulated to the Committee for information. The Committee made a number of recommendations on the content of the report for future years and that the report should form part of the HSE Annual Report.

Action:

- It was agreed that in future the Protected Disclosures Annual report should be submitted to the ARC before it is published. The Committee's terms of reference will be updated to reflect this new process and the involvement of ARC in the process. Consideration to be given to publishing the PD annual report as part of the HSE annual report.

9. ICT

9.1 ICT Audit Root Cause analysis and mitigation to improve the IT environment

The CIO briefed the Committee on the papers circulated in advance of the Committee meeting and highlighted that the work in focus needs to be considered in a wider capacity. He outlined that the majority of ICT projects have been inherited and in many cases the key people have now moved into different roles. Finding the right people to fill these roles has become a key issue within ICT. The CIO highlighted that these projects should be considered business projects rather than ICT projects and should therefore have a business-lead application functioning governance which is owned by the business rather than ICT. Additionally, there needs to be product teams assigned for large applications. These teams would have the necessary skills to manage the life-cycle of the product including vendor management, testing, data management and technical passements. The Committee noted the vast resource requirement need to fulfil projects throughout the HSE and requested that the CIO returns to the Committee with a list identifying projects that there is increasing risks around.

Actions:

- CIO is to update Committee on ongoing ICT/ Business projects that there is increasing risks around

- The Committee also requested the CIO to liaise with other relevant managers to ensure that his root cause analysis of issues raised in ICT internal audit reports (business buy-in and relative priority given to development over maintenance etc) are reflected in the appropriate non-ICT risks in the Corporate Risk Register.

10. A.O.B

The meeting concluded at 12:50 with a discussion among members in the absence of HSE Executives. This part of the meeting decided, in respect of a number of unsatisfactory or disquieting Internal Audit Reports in material parts of the service, that ARC would – at the following meeting - see a full copy of the audit report and also seek to have the relevant National Director as well as the accountable manager appear before it to discuss implementation of the recommendations. This will send a strong signal about the importance of this area and provide better assurance to the committee.

Signed: Ann Mackey
A/Chairperson

09/10/2020

Date