



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 9<sup>th</sup> July 2021 at 08:00 am via videoconference.

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

Board Members Joined: Sarah Mcloughlin (item 6), Deirdre Madden (item 6).

Apologies: Ann Markey

HSE Executive Attendance: Patrick Lynch (ND Governance and Risk), Stephen Mulvany (CFO), Mairead Dolan (ACFO), Geraldine Smith (ND Internal Audit), Dean Sullivan (CSO) (item 5 & 6), Jim Curran (ND Estates) (item 5 & 6), Helen Byrne (AND Acute Planning and Performance ) (item 6), Paul de Freine (Chief Architectural Adviser) (item 6), Eleanor Masterson (Deputy Chief Architectural Adviser ) (item 6), Gary Holohon (PWC) (item 5), Finn O Loughlin (PWC) (item 5), 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 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. Colm Campbell 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.

##### **1.2 Declarations of Interest**

No conflicts of interest were declared.

##### **1.3 Approval of Minutes**

The Committee minutes from the meeting of the 11<sup>th</sup> and 21<sup>st</sup> of June were approved following the addition of a clarification to the June minutes stating that the HSE DPO is still considering the national position in respect of contacting other persons whose data may have been compromised in conjunction with legal advice and DPC.

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

### **2.1 Special Legislative Accounts**

The Committee reviewed with the CFO and ACFO the Special legislative Accounts update, which had been circulated in advance of the Committee meeting. The Committee were informed that in addition to the Annual Financial Statements the HSE is required to prepare certain accounts under legislation. The accounts are the Patient Private Property Accounts (PPP), the Hepatitis C Insurance Scheme Accounts, the Long Stay Repayments Account, and the Long Stay Donations Fund. The PPP accounts were discussed with the committee in June and the remaining 3 special legislative accounts were reviewed and discussed. Legislation provides that the accounts must be submitted to the Comptroller and Auditor general for audit as soon as it is practicable after the end of the financial year to which they relate, but, in any case not later than 6 months after the end of that year. The Committee noted that these remaining 3 accounts have been submitted to the C&AG for Audit by the end of June 21 in accordance with this requirement. The Committee were provided with an overview of the accounts before a discussion was held regarding the administration of the accounts. The Committee requested that a justification is made in the notes of the accounts regarding the administrative and legal costs relative to recent activity levels in the funds.

### **2.2 Conti Ransomware Briefing - Financial Implications**

The CFO provided a verbal update to the Committee on the financial implications perceived to date following the CONTI Ransomware attack on the HSE. The CFO highlighted that the cyber attack against the HSE's ICT infrastructure has been significant and unprecedented in severity and scale and as a result the HSE's systems are several months away from full and complete restoration. It was noted that the ongoing work will only be completed when systems are fully restored, improved, and are technically secure. The CFO informed the Committee that to date known expected centrally incurred costs of up to €99m (€30m once-off + €69m recurring) which will be spent in 2021 and 2022 have been identified. Additionally, an initial preliminary cost of up to €84m was estimated at the outset of the crisis, an additional €15m (€84m + €15m) is now expected to be incurred by voluntary providers who were directly affected by the cyber-attack. Recurring costs include for the establishment and ongoing running of a HSE Security Operations Centre (SOC) Managed Service and the provision of Microsoft

365 Licenses. It was noted that whilst these are unexpected costs in response to an unprecedented event, they also represent a necessary and worthwhile investment and will mean that the organisation emerges from this crisis with a more modern and secure ICT infrastructure foundation.

Discussion regarding the provision of an SOC arose and the CFO responded to questions highlighting that plans for and SOC were still at an early stage however, the key aim is to highlight the main headings and provisional amounts required for projects as early as possible. The Committee also discussed the overall HSE ICT strategy post Cyber Attack response and the wider governmental context regarding investment in the area, including the process for deciding whether to outsource the SOC or to staff it from HSE or government personnel. It was noted that such questions are likely to be considered by the Board Conti Cyber Attack Review. The CFO agreed to share a paper addressing some of the areas raised following the meeting.

Actions:

- The CFO agreed to share a paper addressing some of the areas raised following the meeting.

## **2.1 Activity Based Funding**

The CFO provided an overview on Activity Based Funding (ABF) to the Committee, based on the papers provided to the Committee in advance of the previous Committee meeting as the item had been deferred. ABF is an approach which sees providers funded in line with the activity that they undertake. Its goal is to increase transparency in funding, to encourage efficiency, value for money and sustainability, and provide greater accountability for the way money is spent.

The draft ABF Implementation Plan presented to the Committee was submitted to the EMT on 13<sup>th</sup> April 2021 for their endorsement and approval in advance of further distribution within the HSE. The Committee noted that the second Implementation Plan for Activity Based Funding (ABF) in Ireland is part of a programme of work to support the delivery of the Sláintecare Implementation Strategy and that the hospital sector has seen success through implementation of the first plan. It was however noted that some of these improvements had been paused due to the Covid-19 Pandemic response. The Committee discussed the opportunity to include further advances using data and new technologies. It was agreed that the CFO would include a specific action and deliverable in the draft plan regarding the scoping of what is feasible and practical to bring a focus on outcomes within the ABF space, building on and supplementing the current focus on outcomes. It was also noted that from the recent Voluntary forum that stakeholders in the Voluntary space see the HSE as both the funder and provider and ABF may be helpful in this regard.

Actions:

- The CFO will include a specific action and deliverable in the draft plan regarding the scoping of what is feasible and practical to bring a focus on outcomes within the ABF space, building on and supplementing the current focus on outcomes

### 3. Internal Audit

#### 3.1 Results of Post Audit Client Surveys

The ND IA reviewed with the Committee the results of the Post Audit Client Surveys carried out by the Internal Audit Unit. The Committee were informed that Internal Audit has completed Post Audit Client Surveys for the first time. In total 75 surveys were issued to management in December 2020 covering all HSE IA reports issued in the period from January to September 2020. 45 responses were received by the closing date representing a response rate of 60% and overall the ND IA confirmed that she was happy with the responses received. In response to questions from the Committee the ND IA confirmed she would consider including Head of IA visits to 5% of respondents in next year's plan as well as considering including third party directed Post Audit Client Surveys in the future.

Actions:

- The Committee requested that the ND IA give consideration to carrying out Head of IA visits to 5% of respondents next year.
- The Committee requested that the ND IA give consideration to including third party directed Post Audit Client Surveys in the future.

### 4. Risk Management

#### 4.1 Risk Assessment in the Context of the NPHET projections on Delta variant

The ND Governance and Risk provided a verbal update to the Committee on the HSE's risk management plans in relation to the potential impact of the Delta Variant and the likely impact on both acute hospitals and on the Testing and Tracing system. The Committee were informed of general information regarding projections, current available Covid data, early warning signs, and hospital activity. The Committee noted the mitigation plans discussed, the current risk process being undertaken, and that a risk management plan in response to the Delta variant is being finalised. Following discussions on the risks surrounding the Delta variant the Committee recommended that the risk management plan should address in an integrated way the anticipated risks, based on the best case and worst-case scenarios for Delta and the impact on existing services, in particular acute

hospitals and Testing and Tracing. It was recommended that it also include an assessment of the risks to vulnerable groups including nursing home residents in the event of widespread community transmission and indicate whether the role of vaccine boosters is being considered as part of the risk mitigation plan. The Committee also suggested that consideration is given to the potential reputational risks associated with the HSE being unable to respond adequately to the risks associated with a Delta surge.

It was agreed that the V/Chair of the Committee will meet with the Board Chair and CEO next week to discuss the Plan prior to it going to the Board. The Committee discussed and considered their responsibilities in relation to oversight of risk and the HSE's Covid risks in particular. The V/Chair will discuss with the Chair of the People and Culture Committee the risk around workforce and recruitment

Actions:

- the V/Chair of the Committee will meet with the Board Chair and CEO next week to discuss the Plan prior to it going to the Board.
- The V/Chair will discuss with the Chair of the People and Culture Committee the risk around workforce and recruitment

#### **4.2 Consideration of draft HSE Risk Appetite Statement in the Moody Report**

The ND G&R reviewed with the Committee the Risk Appetite Statement developed through the work led by J. Moody. The ND G&R responded to points raised by Committee members and advised that the draft Statement will also be considered by the EMT prior to further consideration by the ARC and ultimately the Board.

## **6. Capital**

*D. Madden, S. McLoughlin, CSO, ND Capital and Estates, Chief Architectural Advisor, Assistant Architectural Advisor* joined the meeting at 10:45.

### **6.1 National Maternity Hospital (NMH) at Elm Park – Final Business Case (FBC)**

The CSO and the AND Acute Planning and Performance updated the Committee on FBC for the NMH. The AND Acute Planning and Performance highlighted that the proposed new Maternity hospital on the St. Vincent's University Hospital (SVUH) campus is to address significant and ongoing infrastructural risk and capacity challenges experienced by the NMH on its current campus in Holles St. The Committee were given a presentation which provided an overview of the policy context for the co-location of NMH to SVUH. The Committee discussed the content of the FBC for the project noting the overall strategic case and the future benefit for maternity services in Ireland. In response to questions the ND Capital and Estates confirmed that the NMH building was in its final design stage

and that all stakeholders had been consulted and involved in the overall design process. It was agreed that the CSO would to arrange Workshops with the Committee on the NMH Final Business Case.

Actions:

- The CSO agreed to arrange workshops with the Committee on the NMH Final Business Case

## **5 Internal controls**

### **5.1. Update on Community Nursing Units Public Private Partnership (CNU PPP)**

The CSO accompanied by the ND Capital and Estates spoke to papers circulated in advance of the Committee meeting which briefed the Committee on the CNU PPP. The Committee noted that the HSE Board approved the appointment of BAM as the Preferred Tenderer (PT) for the Community Nursing Units Public Private Partnership at its meeting on 29 January 2021. The PT letter was subsequently issued to BAM on 14 February 2021. BAM confirmed their acceptance of the status of PT on 5 March 2021, in accordance with the terms of the PT Letter which included accepting the provisions relating to fixed price in line with the Invitation to Participate in Dialogue (ITPD). The Committee were informed that the PT wrote to the HSE on 17 June 2021 advising that it is unable now to stand by the fixed price tendered as part of its submission in August 2020.

As a change to the PT's fixed price would represent a material change to the tendered submission, the CNU Project Board considered the impact this would have in a number of respects and, in particular, what changes to the fixed price are allowable in terms of the rules of the competition and procurement regulations. Following a review by the project and its advisors it was determined that there are four options open to the HSE. The Committee considered the four options and discussed the associated risks of each with the CSO and ND Capital and Estates. The NF Capital and Estates responded to questions on the expected timelines for options and the potential risk of litigation. The Committee agreed to recommend option two, awarding PT status to the second ranked tenderer which is in accordance with the rules of the procurement competition.

Actions:

- The Committee agreed to recommend option two, awarding PT status to the second ranked tenderer which is in accordance with the rules of the procurement competition.

## **Primary Care Centres Location and Approval Assessment**

*G. Holohan and F.O Loughlin joined the meeting at 12:20.*

The CSO and PWC colleagues provided an update to the Committee on the progress of the Primary Care Centres Location and Approval Assessment. The Committee noted the progress to date, the 292 locations which are either operational, in progress or planned and the remaining 67 locations which were either merged with other locations, or a decision was taken not to progress them following further consideration. The Committee noted the progress of the project to date.

### **7 Properties and Contracts**

The CSO and the ND Capital and Estates presented five proposed lease acquisitions for a value over €2m and one proposed new lease for a nominal value of €10. The Committee considered the proposed transactions and the reasons outlined in the briefing papers circulated in advance of the Committee meeting.

The Committee agreed to recommend to the HSE Board for approval four of the proposed lease acquisitions for a value over €2m and one proposed new lease for a nominal value of €10. The Committee further considered the Lease Acquisition for the Galway West Business Park property and discussed the value for money aspect of this lease with the CSO and the ND Capital and Estates. It was agreed that supplementary papers on this proposed lease would be provided to the Committee. Following discussions on the HSE's property strategy it was agreed that the ND Capital and Estates would bring a paper to the Committee on the HSE's overall Property Strategy to include consideration of support for Corporate Plan objectives, utilisation of remote working, sustainability issues and opportunities and addressing how we address the high cost of new healthcare facilities.

- The CSO is to provide supplementary papers on this proposed Lease Acquisition for the Galway West Business Park property
- The ND Capital and Estates is to bring a paper to the Committee on the HSE's overall Property Strategy

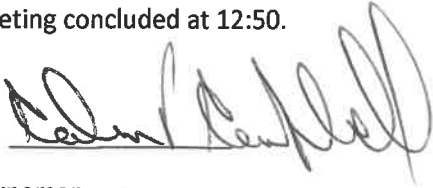
### **8 Matters for referral to other Committees**

As agreed under item 4.1 Risk Management V/Chair will discuss with the Chair of the People and Culture Committee the risk around Workforce and recruitment.

### **9 AOB**

The meeting concluded at 12:50.

Signed:

A handwritten signature in black ink, appearing to be 'A. Chairperson', written over a horizontal line.

A/Chairperson

10.09.21

Date