



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 10<sup>th</sup> September 2021 at 08:00 am via videoconference.

Members Present: Brendan Lenihan (Vice Chair) (item 1 – 2), Fergus Finlay, Pat Kirwan, Colm Campbell, Martin Pitt.

Apologies: Ann Markey

HSE Executive Attendance: Patrick Lynch (ND Governance and Risk), Stephen Mulvany (CFO), Mairead Dolan (ACFO), Geraldine Smith (ND Internal Audit), Liam Woods (ND Acute Operations) (item 2), Declan Lyons (CEO IEHG), Catherine Redican (CFO IEHG), Hilary Flynn (General Manager St Columcille's), and Christina Whelan (Hospital Accountant St Columcille's ), Niamh Drew (Acting Corporate Secretary), Hannah Barnes, Jaymie Crone.

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. It was agreed that Fergus Finlay would assume the role of Chair for item 3 as the Vice Chair would not be in attendance

### **1.2 Declarations of Interest**

No conflicts of interest were declared.

### **1.3 Approval of Minutes**

The Committee minutes from the meeting of the 9<sup>th</sup> and 19<sup>th</sup> of July were approved.

## **2. Internal Audit**

## **2.1 Briefing ref IA report no St. Columcilles Payroll Irregularities Report**

The Chair welcomed the IEGH and St. Columcille's Hospital (SCH) representatives and thanked them for attendance. The ND IA provided an overview of the Internal Audit report on Payroll Irregularities at St Columcille's Hospital which considered the internal control environment in operation within SCH's payroll function. The Chair informed the Committee discussion was to ensure ownership around actions and learnings to prevent similar issues arising in other parts of the Health Service.

The ND Acute Operations explained a number of deficiencies in the system such as a lack of segregation of duties, lack of management oversight, hierarchical controls budgetary controls which allowed for this issue to arise. He provided assurances to the Committee that actions have been undertaken to strengthen the control environment in operation in the payroll function within the hospital. In particular, the reroll out of the NiSRP Project and the review of usage of the MY HSE Self Service both of which have allowed for strengthened controls. The Committee noted that a learning note has been issued by the CFO to the system to restate controls and requesting senior management to assess the adequacy of the control environment within their payroll process and to advise the CFO of their assessment, and any mitigation or remedial actions taken or planned.

The Committee requested that further written assurances on the internal control environment in operation within IEGH from the CEO of the IEHG. Following discussion by the Committee the CFO agreed to provide a report to the committee on the outcome of the assurances provided arising from the learning note referenced earlier. A specific query arose in regards to master data records which CFO agreed to consider.

### **Actions:**

- The Committee requested that further written assurances on the internal control environment in operation within SCH's payroll function are provided by IEGH and SCH
- The CFO agreed to revert back on the outcome of the overall assessment of the HSE payroll processes arising from his instruction in the learning note issued to the wider system.
- The CFO agreed to revert back to the committee in regards to a specific query re master data records.

## **2.2 ND IA Q2 Report**

The ND IA reviewed with the Committee the Internal Audit Q2 Report which had been circulated in advance of the Committee meeting. The Committee noted that the cyber-attack on HSE systems on

the 14th May 2021 severely impacted the Division's ability to conduct audit work during the period up to IT systems restoration and a residual impact to be experienced due to the post cyber impact on the system's capacity to engage with the audit process. It was noted that the ND Internal Audit also made the decision not to seek updates from stakeholders in respect of outstanding recommendations for Q2. As at the 30th June 2021 (Q2 2021) 22 reports were issued in Q2, 2 of which related to TUSLA. Included in the 20 HSE related reports were 6 follow-up audit reports and 2 Healthcare audit reports. No reports were issued in respect of funded agencies. Overall 21% of reports received an Audit opinion deemed unsatisfactory, while 29% received Limited, 29% received Moderate, and 14% received Satisfactory opinion ratings. The top control issues identified in this quarter were in relation to: Purchasing; Payroll; Policies & Procedures; HR; Cash Allowances; Contingency Planning, and Fixed Assets. The Committee received high level briefings on 4 key Internal Audit Reports issued Q2 2021 including Payroll Irregularities St Columcille's Hospital (Ireland East Hospital Group), European Working Time Directive - Non-Consultant Hospital Doctor Recruitment (University of Limerick Hospital Group), Procurement: Ventilators - Covid-19 Response, and Overtime: Senior Management. Following a high-level discussion on the key reports it was agreed that the reports on European Working Time Directive - Non Consultant Hospital Doctor Recruitment (University of Limerick Hospital Group) would be referred to the HSE's People and Culture Committee and the Safety and Quality Committee for noting. Additionally, it was agreed that the ND HR would be asked to confirm timelines for addressing the discrepancies for some Grade VIII receiving overtime within the HSE.

**Actions:**

- The report on European Working Time Directive: Non Consultant Hospital Doctor Recruitment – University of Limerick Hospital Group is to be referred to the HSE's People and Culture Committee and the Safety and Quality Committee.
- EMT to be asked for observations on moving towards compliance or a level of management of risks surrounding practices regarding the European Working Time Directive.
- The ND HR is to confirm timelines for addressing the discrepancies for some Grade VIII receiving overtime within the HSE.

**2.3 Update on the implementation of the recommendations in the key reports outlined at the ARC Meeting 11th June**

The ND IA spoke to the briefing paper to provide an update on the implementation status of recommendations contained in the Key Reports presented to Committee Members in Q1 2021. It was noted that of the 101 recommendations included in the 7 Key Q1 reports, 85% have been

implemented, 7% are in progress, and 8% are not yet due. The Committee noted that one recommendation (contained in Children First – CHO 4 IA report) which had an implementation due date of 30<sup>th</sup> June, was recorded as ‘in progress’ as at 6<sup>th</sup> August and CHO 4 had not provided a commentary on any progress taken to date to address the recommendation. The recommendation required CHO management to take immediate action in those areas where it was found staff had not completed the mandatory HSE E-Learning programme ‘An Introduction to Children First’.

The NDIA advised that contact had subsequently been made with CHO 4 management who confirmed that action had been undertaken as CHO Quality and Safety had written to all management to reinforce the mandatory training requirement and they were pursuing with HSE Land the ability to access training records for service areas mapped to Acutes. The NDIA advised that CHO4 had also confirmed significant actions had been undertaken to date on three recommendations not yet due for implementation until 31<sup>st</sup> December 2021. The Committee requested that the NDIA provide a note to the Committee on the assurances provided by CHO 4 on progressing the overdue recommendation.

**Actions:**

- The Committee requested that the NDIA provide a note to the Committee on the assurances provided by CHO 4 on progressing the overdue recommendation.

## **2.4 Revised Internal Audit Plan 2021**

The ND IA presented the Revised Internal Audit Plan which had been circulated in advance of the Committee meeting. The 2021 audit plan was approved by the Audit & Risk Committee at its December 2020 meeting. The original plan contained 263 audits (risk rating: 191 high, 72 medium, 0 low). Of the 263, 180 audit reports were forecast to be issued in 2021. Due to the recent cyber-attack coupled with the difficulty in filling staff vacancies, the Internal Audit Division has suffered reduced capacity in its available audit days in 2021 and now has a revised forecast output of 135 audit reports to issue in 2021, a reduction of 45 audit reports. The Committee approved the revised Internal Audit Plan 2021.

## **3. Accounting Governance & Financial Reporting**

### **3.1 YTD Expenditure Update**

The Committee reviewed with the CFO the YTD expenditure at the end of 2021 and the estimated COVID-19 costs incurred. The CFO advised that the revenue financial position at the end of June 2021 shows a YTD deficit of €190.1m. It was noted that the estimated COVID-19 spend for both funded and emerging cost items to date is €1260m. Within this €190.1m deficit, operational services areas are

showing a deficit of €135.9m of which acute operations are showing a deficit of €294.4m, community services €62.5m and other operations are showing a surplus of (€221.0m), principally related to COVID vaccine and Testing Programme budget not yet distributed to services. It was noted that the financial and service impact of the delta variant is still uncertain and is a key consideration for the remainder of 2021, with Service Planning for 2022 presenting as significantly more complex than in previous years.

The Committee noted the minutes of the HBOG meetings from April and June.

### **3.2 Update on the Status of the Controls Improvement Program The ACFO**

The ACFO spoke to the briefing paper circulated in advance of the Committee meeting which provided an update on the three year controls improvement programme which was approved by the EMT on 3rd March 2021 and previously discussed with the Committee at its meeting on 9th April 2021. The Committee were advised that progress was being made on all 6 of the Workstreams however due to the Cyber Attack planned timelines are being redeveloped. Discussion on the importance of the Controls improvement Program took place, with the Committee noting the development of a bespoke data repository and reporting tool which will enable improved management and reporting of control findings as part of Workstream 3.

The ACFO responded to question by the Committee advising that the overall management of the controls improvement plan is led by the CFO on behalf of the CEO and EMT. The day to day management is led by the ACFO FS and team and the EMT members have nominated key delegates to provide support on their behalf. Project management support is being provided by Grant Thornton and KPMG are providing specific support in relation to Workstream 1. Both firms were appointed through a compliant procurement tender process.

The Committee acknowledged the importance of organisational support for this project. The ACFO agreed that a further update on the work done on the controls improvement programme will be given along with outcomes of the processes in future meetings

### **3.3 Update on ICQ and Carp Process for 2021**

The ACFO spoke to the paper providing an update on the Plan for the Control Assurance Review Process 2021, which was circulated ahead of the Committee meeting. The ACFO advised that the 2021 Controls Assurance Review Process forms an integral part of the Review of Effectiveness of the Systems of Internal Control within the HSE. The 2021 CARP will go live for staff to complete from the 1st week in November, with a six week period to allow for prompt completion of the follow-up leadership process and preparation of reporting to the CEO HSE in Q1 2022. The Committee noted the

action items which had been completed following the finalisation of the report of the effectiveness of the system of internal control for 2020 and also the actions in progress as part of the preparation for the Controls Assurance Review Process 2021. Following discussion amongst Committee members regarding the process for 2021 the ACFO confirmed that the process helps to inform the compositions of the Chair's Comprehensive letter to the Minister. The Committee was also told that more time this year has been spent on assessing the scope of people in the HSE required to complete the ICQ.

**4 Matters for Referral to other Committees**

No matters were noted.

**5 AOB**

The meeting concluded at 10:10.

Signed: Ann Hawley  
A/Chairperson

08/10/2021

Date