



HSE Audit & Risk Committee Meeting

Minutes

A meeting of the HSE Audit & Risk Committee was held on Friday 13th October 2023 at 09:00 via videoconference.

Members Present: Brendan Whelan (Chair), Fergus Finlay, Michelle O'Sullivan, John Moody, Éimear Fisher and Sharon Keogh

HSE Executive Attendance: Stephen Mulvany (CFO), Dean Sullivan (CSO), Mairead Dolan (Asst CFO), Joseph Duggan (ND IA), Patrick Lynch (ND G&R/CRO), Niamh Drew (Deputy Corporate Secretary), Patricia Perry (Office of the Board)

Apologies: Pat Kirwan

Joined the Meeting: Alan Moran (AND Internal Audit)(Item 3), Michelle Galvin (AND Internal Audit (Item 3), Dera McLoughlin (Partner Mazars) (Item 3.1), Maire Lennon (Head of Legal)(Item 4), Colm Waters (Head of Tax)(Item 6.4), James Gorman(Item 6.5) John Swords (ND Procurement)(Item 6.6), Paul de Freine, (ND Capital & Estates)(Item 8)

Minutes reflect the order in which items were considered and are numbered in accordance with the original agenda. All performance/activity data used in this document refers to the latest information available at the time.

1. Committee Members Private Discussion

The Chairman held a private session to consider the agenda and papers and the approach to conducting the meeting.

2. Governance and Administration

2.1 Conflicts of Interest

No conflicts of interest were declared.

2.2 Minutes

The Committee approved the minutes of 15 September 2023.

2.3 Action Log

The process for follow-up on Actions from ARC were agreed.



2.4 Terms of Reference

The Synopsised Terms of Reference were reviewed and deemed appropriate to be sent to the Board for consideration and approval.

3 Internal Audit

The NDIA provided an update in relation to the Committee's request for a strategic review of the IA function which will be undertaken with a Terms of Reference to be produced and work likely to be completed in early 2024.

Executive members joined the meeting

3.3 Revision of the National Performance Indicator for Implementation of Internal Audit Recommendations

Alan Moran AND Internal Audit joined the meeting

The AND IA presented to the Committee a paper relating to the revision of the Performance Indicators (PI) for implementation of internal audit recommendations. He advised the Committee that the introduction of an audit recommendation tracking software for Internal Audit gives an opportunity to refine the national PI, giving a more relevant, specific and accurate measure of management performance in implementing recommendations in line with agreed due dates.

The Committee considered the proposal and agreed that the PI be redefined, that the specific percentage target be set at 90% and noted that the change would be advised to NPOG and reflected in the National Service Plan 2024.

3.1 IT Trends and Focus Areas – Mazars Presentation

Dera McLoughlin, Partner Mazars joined the meeting

The ND IA introduced Dera McLoughlin, Partner Mazars to the meeting and advised the Committee that the current co-sourcing model in use for HSE ICT Audit service delivery is a partnership between in-house ICT Audit Unit and an externally contracted IT audit service provider, and that Mazars was selected following a tender process under OGP Framework Agreement and appointed in March 2022, with the contract duration of 2 years.

Ms McLoughlin presented to the Committee an update on current IT Trends and Focus Areas in the area of ICT Audit.

Dera McLoughlin, left the meeting



3.2 Internal Audit Report

The ND IA presented to the Committee an update in relation to State Claims Agency / Interface Audit and the Audit Planning 2024 progress.

At the September meeting the Committee had noted a concern in relation to the deferral of State Claims Agency / HSE Interface audit, and had requested the NDIA to review the proposed deferral. The ND IA advised the Committee that the audit would be included in the 2024 Audit Plan and that based on the results of previous audit work, the State Claims Agency legislative remit and the non-inclusion of outstanding claim liabilities in Annual Financial Statements, Internal Audit proposes to focus on the governance, controls and risk management processes in place within the HSE to ensure learnings from closed claims. The overall audit objective will be to determine the adequacy of HSE processes to ensure that the results from closed claims are recorded, disseminated, analysed, and that appropriate actions are in place or planned to mitigate the risks arising from the claims and maximise learnings.

The Committee discussed the management of claims and preventative measures before claims go to the SCA. The CRO advised the Committee that there has been a considerable amount of work done with the SCA and that there is a Joint Government Group with the HSE and SCA, and a Clinical Risk Forum that meet during the year. It was agreed that a report would be brought back to the Committee at a future meeting.

The ND IA provided an update in relation to the progress on the Audit planning for 2024 and advised the Committee that meetings have been held with Hospital Group (HG) CEOs, Community Hospital Organisation (CHO) Chief Officers and the National Director of the National Ambulance Service (NAS), which forms part of the 'consultation' pillar underpinning the three-pillar approach for 2024 audit planning (consultation, analysis and research). He advised that he observed significant engagement, and outlined the topics covered which represented a comprehensive approach that was being taken.

4 Legal Services

Maire Lennon, Head of Legal joined the meeting.

4.1 Half Year Report on Strategic Legal Matters

The Head of Legal Services presented to the Committee the HSE Corporate and Operational Strategic Legal Matters report for March – September 2023, as previously circulated.

The Committee noted the following as outlined in the report, the summary of 54 significant matters in the reporting period, with 28 matters identified as matters of highest priority; that the Office of Legal



Services (OLS) budget for 2023 is €17.4m and at present are €1.45m over budget for the first six months of the year, noting the breakdown of the legal spend by each area; and the summaries of the strategic legal cases which highlighted the updated positions since the last report.

The Committee held a discussion in relation to the report and the function and staffing of the OLS, noting that the office reports into the National Director for Governance & Risk. The Committee queried the VFM aspect and the policy to outsource the vast majority of HSE legal work in order to have resourcing flexibility, and that the HSE, as the largest organisation in the country with the highest risk profile should have such a low in-house legal complement of staff. The ND GR advised the Committee that he will consider the Committees advices, would be supportive of additional resourcing for the OLS in specific areas and would revert to the ARC following consideration of the issue. The Committee agreed they would be in support of the further development of the OLS noting that the nature type and volume of legal advices required by HSE requires an out sourced arrangement for legal services. Provision of legal services to the HSE is provided by a number of legal firms under contract to HSE. A new tender for legal services is currently being progressed with the Office of Government Procurement.

In relation to the Commission of Investigation (Certain Matters Relative to a Disability Service in the South East and Related Matters) Grace Case, the Committee noted it had been in place for over 7 years to-date and requested that enquiries be made with the Department on the reasons an extension until April 2024 was granted to the Commission to allow it to conclude its work.

5 Risk Management

5.1 Corporate Risk Review Update

The CRO provided an update to the Committee in relation to the Corporate Risk Review 2023 noting that the plan for one Risk Policy is scheduled for 1st November. The Committee welcomed the positive uptake for the series of webinars arranged and noted that additional sessions have been arranged.

It was noted that the planned ARC Risk Workshop was being arranged for a date in November 2023.

6 Accounting, Governance and Financial Reporting

6.1 YTD Expenditure and Q2 Financial Update and NSP

The CFO provided a briefing to the Committee on the YTD Financial Position as at August 2023. The draft revenue I&E financial position shows a YTD deficit of €859.5m or 5.9%, of this €90.0m is driven by the impact of COVID-19 with the remaining €769.5m relating to core activity. This core variance includes a net deficit of €622.9m in Acute Operations, €34.2m in Community and €220.8m in pension



and demand led areas which is slightly offset by a surplus of (€108.4m) in Other Operations / Support Services.

He advised the Committee that the 2023 I&E forecast to year end, based on the Q2 results is showing that the revenue I&E outlook, excluding first charge of €185.0m, may be in the range of €2,016.8m High - €1,702.9 Low, which is showing an increase of between €448.2m and €390.5m against the forecast based on Q1 results.

The CFO provided the Committee with an update on Budget 2024 matters and advised that this year the HSE will receive two Letters of Determination from the Department of Health (DoH) and Department of Children, Equality, Disability, Integration and Youth, which are due 21 days after Budget Day. He advised the Committee that €22.5 billion has been allocated to the HSE as part of Budget 2024, and the details of any supplementary allocation in respect of 2023 and the possible implications of that for 2024 remain unknown at present. He advised that engagement between the HSE and the DoH is ongoing.

The Committee discussed with the CFO a number of queries and it was agreed that the CFO would review and arrange for an update to be forwarded to Committee members.

6.2 Health Budget Oversight Group (HBOG)

The CFO advised the Committee that the next meeting of HBOG is to take place in November.

6.3 IFMS update

The CFO provided an update to the Committee in relation to the IFMS, which went live on 3 July and is operational across all Implementation Group 1 service areas, the first of five implementations in Phase 1 to achieve cumulative 80% of all health expenditure on IFMS in 2025.

The Committee welcomed that in line with the project schedule, the planned ramp up of operations with c.4,000 end users in Implementation Group 1 has taken place, involving optimisation of system and process efficiencies across the entire system during a twelve week Hypercare period post go-live. Dedicated IFMS Helpdesks have been in place to support HSE and Tusla staff, patients, and suppliers through the changeover to IFMS.

The CFO advised the Committee, as with any major transformation programme of this scale and complexity of IFMS, it is taking the HSE time to adapt to the changes. The Committee noted the project delays, increased resources and costs that are needed to deal with implementation issues, and matters are being stabilised but supplier payments remain problematic, but that there has been a sustained



focus by the IFMS project team to support operations and end users.

6.4 Tax Submission

Colm Waters, Head of Tax joined the meeting

The Asst CFO introduced Colm Waters, Head of Tax to the meeting for consideration of this Item.

The Head of Tax advised the Committee that in October 2022 the HSE made a successful formal application to enter the Co-operative Compliance Framework (CCF). The Committee noted that the HSE are the first Public Sector body within CCF which causes some challenges for both the HSE and for Revenue, and that significant work is being carried out by both the HSE and Revenue in this regard.

The current challenges were outlined and the Committee were advised that work is ongoing with PwC in relation to Revenue's requirement of a HSE Tax Control Framework.

The Head of Tax provided an update to the Committee on the first Annual Risk Review Meeting with Revenue held in September which provided a greater understanding of the Revenue's requirements and what they perceive as gaps in the provision of documentation from the HSE.

6.5 Special Legislative Accounts

The Asst CFO advised the Committee that in addition to the Annual Financial Statements (AFS) the HSE is required to prepare certain accounts under legislation, and present for consideration and recommendation to the Board the following special legislative accounts, which have been audited by the C&AG:

- i. Patient Private Property Accounts (PPP) as required by Health (repayment scheme) Act 2006
- ii. Hepatitis C Insurance Scheme Accounts as regulated by the Hepatitis C Compensation Tribunal (amendment) Act, 2006.
- iii. Long Stay Repayments Account as regulated by Section 18 of the Health Act 2006.
- iv. Long Stay Donations fund as regulated by Section 11 of the Health Act 2006.

The Committee noted that the draft accounts had previously been reviewed at the Committee's June 2023 meeting, and subsequently these accounts had been audited. The Committee noted the accounts were submitted within statutory timelines and have been audited without any material changes or amendments, and that all 4 sets of accounts were submitted to the C&AG in line with the statutory requirement.



The Committee considered the special legislative accounts and recommended them to the Board for signing as part of the Boards reserved functions. They also nominated the CEO and Chairman to sign the accounts in line with signature protocols as agreed with the C&AG as set out in the paper.

6.6 Contract Approval Requests (CARs)

ND Procurement joined the meeting

The Asst CFO and ND Procurement presented to the Committee the following Contract Approval Requests (CARs).

- i. HPV Vaccine
- ii. Agency Doctors
- iii. Nitrile Examination Gloves
- iv. Cervical Check for NSS

The Committee considered the detail of the proposed CARs and agreed to recommend to the HSE Board for approval.

7 Capital & Estates

CSO and ND Capital & Estates joined the meeting.

8.1 Review of Capital Plan 2023

The Committee reviewed with the CSO and ND Capital & Estates the paper previously circulated in relation to the Capital Plan 2023. Further to the HSE Board approval of the reallocation of funding of the Capital Plan 2023 in July 2023, the CSO advised that a Q3 review of all projects on the Capital Plan establishing the projected out-turn in 2023 as well as the required allocation per project in 2024 and beyond is being carried out. The Committee noted that expenditure in 2023 to the end of August amounts to €335.53m, €146.72m below profile, and that expenditure on the National Children's Hospital to end August amounts to €104.97m, €99.55m below profile.

The Committee noted that currently it is projected that the final out-turn for 2023 will fall short of the €1.027bn allocation by approximately €100m, and that discussions are ongoing with Department of Health on the treatment of any shortfall.

8.2 Inpatient Acute Accommodation – verbal update

The CSO advised that tenders have issued in relation to advancing the number of rapid-build acute hospital ward block projects, which will provide up to 1,500 beds on Level 3 and Level 4 Hospital campuses.



8.3 National Children's Hospital – verbal update

The CSO provided a verbal update to the Committee in relation to the National Children's Hospital, noting the revised timeline and costs of the project.

8.4 Building Contracts & Properties

The CSO and ND Capital & Estates presented to the Committee the following properties.

- i. 110 Amiens St, Dublin 2
- ii. National Orthopaedic Hospital, Cappagh

In relation to the National Orthopaedic Hospital, Cappagh, the Committee held a discussion noting that what was presented was a significant new development at Cappagh costing almost €200m. The ND C&E advised the Committee that approval was being sought to progress the project to a detailed design and to the next stage of the process.

The Committee considered the detail of both properties and agreed to recommend to the HSE Board for approval, with a caveat in relation to National Orthopaedic Hospital, Cappagh property that the Committee had highlighted their concerns in relation to the figures presented and that the names of the authors of the business case be made available to the Committee.

The Committee also asked that consideration be given to designating this development as one which will operate on a 7-day basis when it opens.

Committee member Michelle O'Sullivan, Asst CFO, CSO and ND Capital & Estates left the meeting.

8 A.O.B

The Committee discussed the recent media attention of a Section 39 agency, and it was agreed to obtain a briefing from the AND Compliance Unit.

There was no further business. The Chair thanked Committee and EMT members.

The meeting ended at 13.40pm. Committee members then held a private discussion.

Signed:

Brendan Whelan
Chairperson

Date: 17th November 2023