



HSE Audit & Risk Committee Meeting

Minutes

A meeting of the HSE Audit & Risk Committee was held on Friday 10th May 2024 at 09:00, via teleconference.

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

HSE Executive Attendance: Stephen Mulvany (CFO), Mairead Dolan (Asst CFO), Joseph Duggan (CIA), Trevor O’Callaghan (CEO Dublin Midlands Hospital Group), Dara Purcell (Corporate Secretary), Niamh Drew (Deputy Corporate Secretary), Patricia Perry (Office of the Board)

Joined the Meeting: Liam Woods (ND Health Regions Programme)(Item 3), John Crean and John Byrne (C&AG)(Item 4.1), John Swords (ND Procurement)(Item 4.5), Fran Thompson (CIO)(Item 4.5), Elaine Kilroe (AND Enterprise Risk Management)(Item 5.1), Maire Lennon (Head of Legal Services)(Item 6.1), Brian O’Connell (Interim ND Capital & Estates)(Item 7), Anne Maire Hoey (CPO)(Item 8.1), Alan Moran (AND IA), Tom Malone (AND IA), Michelle Galvin (AND IA) and Cora McCaughan (AND IA)(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, 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 12 April 2024.

2.3 Action Log and Follow Up Items

The ARC Action Log and Follow Up Items were noted.



2.4 Brief of Board Meeting – 26 April 2024

The Chair provided the Committee with an update of discussions held at the HSE Board Meeting of 26 April 2024.

3. Health Regions

Liam Woods, ND Health Regions Programme joined the meeting

3.1 Health Regions Programme Implementation Update

The ND Health Regions Programme presented to the Committee a briefing on the current status of the Health Regions Programme, with specific reference to functions under the remit of the Audit & Risk Committee and how they will be structured and populated.

He advised that the core vision driving the establishment and implementation of the Health Regions is the continued improvement of patient care through a more joined-up integrated health and social care system with an integrated approach to service planning and delivery. The Health Regions will create an organisational structure that aligns healthcare governance at regional level, within a strong national framework and enables better co-ordination and improved performance across health and social care services.

He advised that a programme and transition plan, including a critical path, is in place with transition activities being progressed and monitored. A single Programme Steering Group has been stood up, with membership including Regional Executive Officers (REOs), patient and service user representatives and voluntary organisations representatives, who have met twice to date (most recently on 15th April) and Terms of Reference have been agreed.

The Committee noted that all six REOs have been appointed and are in place, and that the appointment of the Health Region Executive Management Teams (EMT) will follow, by Quarter 3 2024.

Since the CEO published the revised structure for the HSE Centre in November 2023, a mapping process of functions and activities from the current HSE Centre to the new HSE Centre structures is ongoing and near completion. The new HSE Centre and Health Region EMT structures, which includes Audit & Risk Committee related functions, were outlined to the Committee. The Committee noted that work is continuing in relation to finance structures, which is being led out by the CFO, Compliance will now be part of the Finance function, and there will be a Disability Finance Specialist, which is not recruited as yet. Enterprise Risk Management and the Risk National office will come under Governance & Risk, and Internal Audit remains a national function.



The ND Health Regions Programme advised that proposed options for the mapping of Integrated Healthcare Areas (IHAs) within each Region have been developed and consultation is at its final stages. The Committee noted that there will be 20 IHAs as geographic sub-components of the Health Regions.

The Committee noted that as a complex and major change programme, there is a potential for disruption during the transition period to end of September 2024, and welcomed that the programme team are focused on working with key stakeholders in ensuring minimal disruption to services as new structures are implemented. It was recognised that parallel processes will be required as well as comprehensive due diligence during the transition period, and that a comprehensive Risk Log and process is being maintained by the Health Regions Programme Team and is overseen by the Health Regions Programme Steering Group.

The Committee welcomed the update and two matters arose in the discussion. The span of control for both the CEO and the REOs was discussed and the Committee noted that the number of direct reports is not optimum but acknowledged that it reflected the scale of the organisation. The Committee also discussed the IHA management structures.

The Committee requested that when the structure is finally established, a comparison on the number of people in Senior Management positions (AND upwards) pre and post the restructuring be supplied to the Committee at a future meeting.

ND Health Regions Programme left the meeting

4. Accounting, Governance and Financial Reporting

C&AG officials joined the meeting

4.1 C&AG Audit Planning Memorandum

John Crean, Deputy Director of Audit, and John Byrne from the Comptroller & Auditor General (C&AG) attended the meeting.

The Deputy Director of Audit C&AG provided the Committee with an update on the progress to date of the audit for the year ended 31 December 2023, noting that the audit had been impacted by the Forsa work-to-rule. He advised that final audit is ongoing and that there are a number of key account areas where information and explanations are awaited. The Committee noted the estimated completion date for all outstanding work for submission to the C&AG of 31 May 2024.



The Committee noted and discussed the matters that may be included in the audit cert relating to Non-compliant procurement; Oversight of Grants to Outside Agencies; Vaccines write-off; Storage Costs for PPE and Vaccines; Prompt Payment Interest and Compensation; Capital Determination approval; High Earners and Patient Income.

The Deputy Director of Audit advised that the final decision on the audit opinion rests with the C&AG and therefore the matters to be included in the audit certificate will depend on his final review.

C&AG officials left the meeting.

4.2.i Annual Financial Statements (AFS) 2023 material changes

The Asst CFO advised the Committee of two material adjustments to be made to the AFS report, which was approved by the Board on 27 March 2024, which will impact both the Revenue and Capital Income and Expenditure Accounts, and were deemed appropriate. The Committee noted that the adjustments related to the Revised Supplementary to Voluntary agencies and the revised Letter of Determination from the Department of Health, and were not as a result of C&AG audit findings.

It was agreed that the Asst CFO would work through the Chair of the ARC should any further changes be needed before coming to the Board in June 2024.

4.2.ii AFS - Associated Documentation

The Committee reviewed and noted the following documentation

- Statement of Internal Control
- Operating and Finance Review
- Letter of Representation 2023
- Chair's Comprehensive Report

4.3 Financial Position – March 2024, including Supplementary 2023

4.4 Health Budget Oversight Group (HBOG)

The CFO provided a briefing to the Committee on the Year to Date (YTD) Financial Position as at March 2024. He advised that the Finance team have worked hard since the end of the Fórsa industrial action on 9th February to complete the 4 month ends to close out 2023, and a further 3 month ends to close out Q1 2024. Financial reporting is now substantially back to normal reporting timelines with the Q1 commentary available for the Committee meeting.



The Committee noted that the draft revenue Income & Expenditure (I&E) financial position shows a YTD deficit of €571.4m or 10.0%, which includes a net deficits of €476.3m in Acute Operations, €113.2m in Community and €58.0m in Pension and Demand Led Areas, partially offset by a surplus of (€76.1m) in Other Operations / Support Services.

It was noted that revised Letters of Determination for 2024 were received from the Department of Health on 15 April 2024 and Department of Children, Equality, Disability, Integration & Youth on 29 February 2024.

The CFO advised the Committee that the HSE Capital Plan has March YTD expenditure of €103.7m against a YTD budget profile of €109.1m leading to a positive against profile of €4.4m (4.1%). In relation to the 2024 cash position, the end of March shows the HSE over the vote profile by €393.8m, and that there have been two separate cash accelerations requests to 31st March of €200m for both February and March. A cash acceleration of €265m was requested for April 24 which would bring the HSE over profile by €658.8m for April YTD. The Committee noted the March Performance by Health Region.

In relation to the Supplementary 2023, the Committee noted the draft revenue I&E financial position at the end of December 2023 after allocation of supplementary funding shows a YTD deficit of €558.7m which is aligned to earlier publicly stated projections for 2023 outturn.

The CFO advised the Committee that there were no HBOG minutes to be presented, that there had been further engagement with HBOG and minutes would be shared with the Committee once approved.

4.5 Contract Approval Requests

Fran Thompson, Chief Information Officer (CIO) joined the meeting

The Chief Information Officer (CIO) presented to the Committee the following Contract Approval Request, which the Committee reviewed and discussed.

- i. Mini Competition under Multi-Supplier Framework Agreement for the provision of Microsoft Solution Renewals and Associated Services

CIO left the meeting

John Swords, ND Procurement joined the meeting

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

- ii. National Drawdown framework for the Provision of Medical hygiene products



- iii. National universal New-born screening services
- iv. Dental Extractions for children under general anaesthesia
- v. Secure mail and Identity services

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

CFO and ND Procurement left the meeting

5. Governance & Risk

Elaine Kilroe, AND Enterprise Risk Management joined the meeting

5.1 Q1 2024 Corporate Risk Register Report

The AND Enterprise Risk Management (AND ERM) presented to the Committee the Q1 2024 Corporate Risk Register (CRR) Report, and advised that since January 2024, for a majority of risks, there have been no significant changes noted to risk ratings or key controls and key actions.

The Committee noted that there are 10 Open risks and 7 Watched risks on the Register, of which 3 Open risks are rated High and 7 Open risks are rated Medium. Movement in residual risk ratings between January 2024 and Q1 2024 which related to Health Care Acquired Infections and Anti-microbial Resistance, increased to 20 from 15.

The AND ERM advised the Committee that the CRR reflects the engagement and feedback from Committee members. The CRR review identified the need for the HSE to establish quantifiable Key Risk Indicators (KPIs) to inform the rating of risk, and work to identify these will continue during 2024. The Committee noted the Q1 2024 CRR, and that an alternative way of reflecting ownership will need to be introduced to reflect the organisational changes.

AND Enterprise Risk Management left the meeting

6. Legal Services

Maire Lennon, Head of Legal Services joined the meeting

6.1 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 September 2023 to March 2024, as previously circulated.

The Committee noted the following as outlined in the report, the summary of 55 significant matters in the reporting period, with 21 matters identified as matters of highest priority; and that the Office of Legal Services Budget for 2023 and that there was an overall decrease in spend in expenditure in 2023.



The Committee held a discussion in relation to the report and in the course of reviewing the report, further information on a Section 39 organisation which had financial difficulties was requested, it was agreed that a Committee member would discuss this with the COO.

The Committee discussed the high level of legal challenges and consequent legal costs for the HSE with the Assessment of Need process in the disability sector, which requires urgent attention both for financial reasons and service impact reasons, and the Chair will report on this to the Board.

Head of Legal Services left the meeting

7. Capital & Estates

Brian O'Connell, Interim ND Capital & Estates joined the meeting

7.1 Climate Strategy

It was agreed that this item be deferred to a future meeting.

7.2 Primary Care Centres Strategy

The Interim ND Capital & Estates provided an update to the Committee in relation to the Primary Care Centres – Operational Lease Model (OLM).

The Committee noted that the OLM for the delivery of Primary Care infrastructure is one of three procurement approaches, which have been successfully utilised to deliver 104 Primary Care Centres to date.

As previously advised to the Committee in November 2023, a number of Landlords and Developers raised concerns about the financial viability of some priced offers, stating that they are no longer economically viable due to inflationary pressures, increasing interest rates and other economic factors. Following the OLM review it was proposed to re-engage with the Preferred Providers of the proposed Primary Care Centre locations being delivered through the OLM that have not progressed to date.

The Committee noted that the HSE are now writing to all the Preferred Providers seeking them to either (i) confirm that they will stand over their submitted rates and delivery in a timely manner or (ii) confirm that they cannot deliver as previously agreed and withdraw from the process. The Interim ND Capital & Estates advised that all options available will be considered to deliver the



resulting list of Primary Care Centre locations where the Preferred Provider withdraws from the process.

The Committee noted that a large number of these locations will get re-advertised through the OLM but the HSE will also deliver some of these Primary Care Centre locations through the HSE Capital Plan. A number of the existing Preferred Providers may be successful again in the new competitions but at a rate that will better reflect the current market, and that there may be a number of locations where alternative proposals may now be more attractive to meet HSE needs.

The Committee noted the update and asked that the Interim ND Capital & Estates return to a future meeting with an update on the aspirations of the Primary Care Centres and how well they are working.

7.3 Quarterly Report on delegated authority for property transactions under market value

The Interim ND Capital & Estates provided a summary report on transactions approved between €2m & €10m and low value/nominal CAT 3a transactions for the period of 01 January – 31 March 2024, which was noted by the Committee.

7.4 Report on final account for completed construction projects

At the request of the Committee at the meeting on 25 January 2024, the Interim ND Capital & Estates provided a report to the Committee comparing the contract amounts for major capital projects approved by the Board with the final outturn for those projects.

The Committee were advised that in the period between January 2020 to December 2023, 23 awards of construction contracts in excess of €10 million were approved by the HSE Board. 6 Projects had been completed, with Final Accounts agreed with the Contractors and were provided with an outline of the Construction Contract Award Value approved compared with the final account post completion.

The Committee noted that the majority of projects exceeded the approved costs between 2% to 25%, but recognised that the projects would have been impacted by the construction inflation, which commenced in early 2022.

The Committee asked that a similar analysis of projects that are still in progress be conducted, comparing the forecast outcome and the original approval. There is also a need to review the



governance process for the approval of additional funding, when it is known that the project will exceed its original approved amount.

7.5 Building Properties & Contracts

The Interim ND Capital & Estates presented the following proposed contract to the Committee.

Contract award for construction of three rapid build surgical hubs relating to:

1. Waterford Surgical Hub at Maypark Lane adjacent to University Hospital Waterford,
2. Limerick Surgical Hub on former Scoil Carmel school site, Limerick
3. Cork Surgical Hub on the grounds of Cork University Hospital.

The Committee noted that the three surgical hubs would each require annual operating revenue budgets of approximately €14.1 million involving an additional 100 WTEs and sought clarification on how this would be funded from the HSE Service Plan. The Committee asked for a log to be maintained of the associated revenue consequences of all capital schemes.

The Committee considered with close scrutiny the detail of the proposed contract, noted that the recommendation is to award the overall contract to one company and agreed to recommend to the Board for approval.

Interim ND Capital & Estates left the meeting

8. Internal Audit

8.1 Internal Audit Q1 2024 Report (IA Reports and IA Recommendations Monitoring) Including Post Audit Client Surveys and Quality Assurance and Improvement Programme

The Chief Internal Auditor (CIA) provided a report to the Committee regarding Internal Audit activity, which assists the Committee in discharging its responsibilities to oversee and advise on matters relating to the operation and development of the HSE's Internal Audit division. The report included information with regard to Audit Activity and Plan Status; Key findings from Audit Reports in Q1 2024; Implementation of audit recommendations at 31 March 2024; Post Audit Client Surveys - 2023 Results; and Summaries of all audit reports issued in Q1 2024.

The Committee noted the update in relation to the Internal Audit Plan Status at 31 March 2024; with 27 audit reports issued in Q1 2024, outline of the key findings from 5 of those reports, and noted that, also included, 2 reports that were issued during Q2 2024, which highlighted significant issues. The Committee noted that the result of Quarter 1 2024 audits reported showed a similar unsatisfactory/limited assurance profile to previous quarters.



The Chief People Officer (CPO) joined the meeting for the discussion in relation to the IA report with regard to Compliance with HSE/HR Employment Controls and Recruitment Restrictions.

The Committee noted an Unsatisfactory Audit Opinion and two medium recommendations in respect to offers of contracts of employment, and the CPO advised the Committee that management had accepted the recommendations and that they were being implemented.

The Committee discussed the audit, and highlighted the importance of having an approved headcount target in place across the HSE, and noted the Pay and Numbers Strategy once approved, will strengthen the pay bill management and control in 2024, and provide greater visibility, oversight and governance.

CPO left the meeting.

The Committee noted the Post Audit Client Surveys Results for 2023. 164 survey invitations were issued in 2023 with 60 responses received, noting that the response rate of 37% was similar to 2022. The Committee were advised that responses were overall highly positive, the sum of Agree and Strongly Agree being in the range of 80% to 97%, which corresponds with results from previous surveys.

The Committee noted that the Quality Assurance and Improvement Programme (QAIP), which is designed to enable an evaluation of Internal Audit's conformance with the International Professional Practices Framework (IPPF). The QAIP is required to include ongoing internal quality assessments (IQA) as well as periodic external quality assessments (EQA) by a qualified independent assessor. The overall internal quality assessment for 2023 was evaluated as Generally Conforms to the IPPF (2017). The full report will be brought to the Committee in June.

The CIA provided an update to the Committee in relation to the Internal Audit Industrial Relations matter, and advised that he was in attendance at the Workplace Relations Commission on 3 May 2024, and is continuing engagements with Fórsa and staff representatives along with the AND National Employee Relations.



9. A.O.B

There was no further business.

The Chair thanked the Committee and EMT members. The meeting ended at 1.30pm

A handwritten signature in black ink, appearing to read 'Brendan Whelan', written over a light grey rectangular background.

Signed:

Brendan Whelan
Chairperson

Date: 7th June 2024