

*Governance and Audit Committee Meeting*

*Thursday 22 February 2018 at 10.00am*

*Fifth Floor Meeting Room, 12-22 Linenhall Street, Belfast*

## **Present**

Mr Leslie Drew	- Chair
Mr Brian Coulter	- Non-Executive Director
Mr Thomas Mahaffy	- Non-Executive Director
Ms Deepa Mann-Kler	- Non-Executive Director

## **In Attendance**

Mr Ed McClean	- Interim Deputy Chief Executive / Director of Operations
Miss Rosemary Taylor	- Assistant Director, Planning and Operational Services
Ms Una Turbitt	- Assistant Director, Public Health Nursing
Mr Paul Cummings	- Director of Finance, HSCB
Ms Jane Davidson	- Head Accountant, HSCB
Mrs Catherine McKeown	- Internal Audit, BSO
Mr Denver Lynn	- Northern Ireland Audit Office
Ms Christine O'Hagan	- ASM
Mr Robert Graham	- Secretariat

## **Apologies**

None

		<b>Action</b>
<b>1/18</b>	<b>Item 1 – Welcome and Apologies</b>	
1/18.1	Mr Drew welcomed everyone to his first meeting as Chair of the Governance and Audit Committee. He asked members to introduce themselves.	
<b>2/18</b>	<b>Item 2 - Declaration of Interests</b>	
2/18.1	Mr Drew asked if anyone had interests to declare relevant to any items on the agenda. No interests were declared.	
<b>3/18</b>	<b>Item 3 – Minutes of previous meeting held on 11 October 2017</b>	
3/18.1	The minutes of the previous meeting, held on 11 October 2017, were <b>approved</b> as an accurate record of that meeting.	

**4/18 Item 4 – Chair’s Business**

4/18.1 Mr Drew noted receipt of correspondence from the Northern Ireland Audit Office advising that Mr Denver Lynn will be taking over as Director with responsibility for the PHA audit.

**5/18 Item 5 – Matters Arising**

*49/17.8 Cyber Security*

5/18.1 Mr Coulter said that cyber security is a major issue for all public bodies, and he sought reassurance that ownership is being taken. Mr McClean said that ultimately the responsibility within health lies with the Permanent Secretary, but each Chief Executive has a role and that PHA will work with BSO, which is meeting regionally, to implement what is required.

5/18.2 Ms Mann-Kler said that there was a need to have a joined-up approach and she asked about regional oversight arrangements. Miss Taylor explained that there are a number of regional groups, including a Cyber Security Business Continuity Group. A cross-departmental group has also been established; health is represented by BSO ITS. Learning from the incident in NHS England is being taken account of. Mr Drew commented that this issue is high up the agenda in governance terms and he hopes that all the learning is cascaded down and acted upon.

*50/17.5 Board Workshop on Research and Development*

5/18.3 Mr Drew asked about a Board workshop on Research and Development. Miss Taylor noted that there had been a detailed update on Research and Development at the December Board meeting. Mr Coulter acknowledged this, but hoped that there would be updates at future meetings regarding specific projects.

*52/17.7 Board Workshop on Corporate Risk Register*

5/18.4 Mr Drew noted there had been a suggestion regarding a workshop on the Corporate Risk Register. Mr Coulter felt it would be more appropriate that this take place when the new non-executive members take up post. Ms Mann-Kler agreed with the suggestion, but added that in the event of any delays, that this should be included in a workshop within the next six months.

**6/18 Item 6 – Corporate Governance**

*Corporate Risk Register as at 31 December 2017  
[GAC/01/02/18]*

- 6/18.1 Miss Taylor presented the Corporate Risk Register as at 31 December 2017 and advised that the main change to the Register was the removal of the risk concerning the PHA budget as this related to 2017/18 and PHA is expected to achieve a break even position. She added that given the financial outlook for 2018/19, there may be a new risk added at the next review.
- 6/18.2 Miss Taylor gave an overview of the other risks which relate to procurement (specifically, the lack of market testing), the Lifeline contract, the PHA's web maintenance function and cyber security.
- 6/18.3 Mr Drew asked about the compliance with the Australia/New Zealand model as he understand that this license was due to expire. Miss Taylor said that it was still appropriate to reference the license in this review, but will be removed before June 2018. She added that there is regional work ongoing to review the process.
- 6/18.4 Ms Mann-Kler asked about the lack of market testing and said that she would wish to explore this area in more depth as this risk has been on the Register since 2012. With regard to the risk on Lifeline, she acknowledged that the PHA Board has been kept apprised, but she felt she didn't have a full insight or awareness of the key issues.
- 6/18.5 Mr McClean said that with regard to the risk on procurement, this came from an Internal Audit finding, and PHA developed a Procurement Plan which is brought to the Board on a regular basis. He added that the issue in relation to the Plan is in relation to the timescales for completing procurement exercises. Ms Mann-Kler asked if market testing remained an issue. Mr McClean said that it was, and he said that it will take several years for PHA to complete the full suite of procurements, by which stage the process may have to commence again.
- 6/18.6 Mr Drew said that with regard to the Lifeline contract, he had attended a briefing with the Chair and Chief Executive and was assured that all of the appropriate steps were being taken, and he commended the work of all those PHA staff involved.
- 6/18.7 Mr Coulter asked whether PHA can access audits carried out by the Charities Commission of third party organisations. Mr

Cummings said that PHA does not have a formal relationship with the Charities Commission and added that the legal onus would be on the Commission to approach PHA with any concerns. Mr Drew asked if PHA would undertake audits of voluntary organisations from time to time. Mr Cummings explained that for an organisation that PHA is procuring a service from, the legal advice would suggest that PHA may be overstepping boundaries, but if it is an organisation that PHA is providing a grant to, PHA can use Internal Audit.

- 6/18.8 Mr Coulter suggested that PHA should have some form of MOU with the Charities Commission. Mr Lynn said that one of the difficulties for the Charities Commission is ensuring that all charities are registered. He added that NIAO has a protocol in place with the Charities Commission, and he explained that while the Commission does not undertake audits, it does carry out inspections in response to any issues that are brought to its attention. He said that PHA would have to rely on the system of internal control within third party organisations.
- 6/18.9 Members approved the Corporate Risk Register.
- Gifts and Hospitality Register [GAC/02/02/18]*
- 6/18.10 Miss Taylor presented the updated Gifts and Hospitality Register for the year 2016/17 and the first part of 2017/18.
- 6/18.11 Members noted the Gifts and Hospitality Register.
- Review of Standing Orders [GAC/03/02/18]*
- 6/18.12 Miss Taylor advised that PHA works with HSCB Finance to carry out an annual review of the PHA Standing Orders, Standing Financial Instructions and Scheme of Delegated Authority.
- 6/18.13 With regard to the Standing Orders, Miss Taylor said that there had been some minor changes, but the key changes were in the terms of reference for the Governance and Audit Committee with references to the Controls Assurance Standards and risk management policy updated.
- 6/18.14 Ms Mann-Kler noted that some organisations have separate governance, audit and risk committees. Mr Cummings said that there are separate committees within HSCB, but that for PHA the current set up is appropriate and has the right balance between governance and audit.
- 6/18.15 Members **approved** the review of Standing Orders which will be brought to the PHA Board on 15 March.

*Review of Standing Financial Instructions [GAC/04/02/18]*  
*Review of PHA Scheme of Delegated Authority [GAC/05/02/18]*

6/18.16 Ms Davidson gave members an overview of the changes within the Standing Financial Instructions. She said that the Scheme of Delegated Authority was unchanged, except for the EU threshold which had been updated.

6/18.17 Members **approved** the review of Standing Financial Instructions and the review of the PHA Scheme of Delegated Authority. Both will be brought to the PHA Board on 15 March.

**7/18 Item 7 – Internal Audit Progress Report [GAC/06/02/18]**

7/18.1 Mrs McKeown began her overview of the Internal Audit Progress Report by noting that 60% of PHA audit reports have been issued within 4 weeks against a KPI of 75%.

7/18.2 Mrs McKeown advised that Internal Audit had carried out a review of population screening programmes and that a split level of assurance was being given with the AAA, breast cancer and bowel screening programmes receiving a satisfactory level of assurance, with a limited assurance being given to validation of newborn hearing and bloodspot screening data programmes.

7/18.3 Mrs McKeown explained that the limited level of assurance has been given because PHA cannot access the Child Health System as part of its independent data validation. She added that unlike in England, there are no quality assurance visits taking place in Northern Ireland for the newborn screening programme.

7/18.4 Mrs McKeown said that for the bloodspot screening programme, PHA had received reports from only 2 of the Trusts. Mr Drew asked what the issue was, and Mrs McKeown said that it related to Data Protection, but she added that management have agreed with all of the recommendations in the Report.

7/18.5 Mrs McKeown highlighted other key findings from the audit. Including the need for annual reports to be prepared and submitted to the PHA Board.

7/18.6 Mr Drew said that he was content that there were no issues with the screening programmes themselves, but a need to tighten up on internal policies and procedures.

7/18.7 Ms Mann-Kler and Mr Drew said that it would be useful for the PHA Board to see an Annual Report.

7/18.8 Ms Turbitt said that there is learning from this audit for PHA in relation to the child health system.

7/18.9 Members noted the Internal Audit update.

**8/18 Item 8 – External Audit: PHA Audit Strategy 2017-18  
[GAC/07/02/08]**

8/18.1 Mr Lynn explained that the NIAO Audit Strategy document was in a format being used by NIAO across all of its work. He advised NIAO sub-contracts 30% of its work. Mr Lynn said that a report on value for money in the public sector is due to be published in April/May 2018.

8/18.2 Ms O’Hagan took members through the Strategy document. She said that no significant risks have been identified. In terms of materiality she advised that any misstatements above £48k will be reported to the Committee. She gave an overview of the audit approach and then moved to highlight some of the risk factors that will be looked at, which include the ability to break even, Business Services Transformation Programme and the reliance on third party organisations, and the Lifeline contract. Finally, she outlined the timetable for the audit.

8/18.3 Mr Drew said that the document set out very clearly the approach to be taken.

8/18.4 Members noted the External Audit Strategy.

**9/18 Item 9 – Finance**

*Timetable for the Annual Accounts and Report Process  
2017/18 [GAC/08/02/18]*

9/18.1 Ms Davidson informed members that this timetable had been prepared and issued in advance of receipt of the DoH Circular, and now the Circular has been received with the result that the Annual Report and Accounts must be approved by 15 June.

9/18.2 Mr Cummings said that last year, there was not a special meeting convened to consider the draft Annual Report and Accounts, before submission to NIAO on 5 May and he was going to adopt a similar approach this year.

9/18.3 Members noted the timetable for the Annual Accounts and Report process.

*Fraud Liaison Officer Update Report [GAC/09/02/18]*

- 9/18.4 Mr Cummings presented the Fraud Report and drew members' attention to one case. He gave an overview of the case which involved the South Antrim Community Network, but he said that a joint investigation was being conducted by DoF and DAERA.
- 9/18.5 Mr Drew asked about the National Fraud Initiative, and what was meant by payroll to payroll checks. Ms Davidson explained that this is across the public sector and that individuals may be on two different payrolls.
- 9/18.6 Members noted the Fraud Liaison Officer Update report.

**10/18 Item 10 – Direct Award Contract Mid-Year Report [GAC/10/02/18]**

- 10/18.1 Miss Taylor explained that Direct Award Contracts were previously referred to as Single Tender Actions. She said that there are robust processes in place to ensure that the appropriate approvals are sought, and that a register is held within the Operations directorate.
- 10/18.2 Miss Taylor said that in the period covered by this Report, there were 8 Direct Award Contracts and that the Procurement and Logistics Service (PALS) rated 7 of these as “green” and 1 as “amber”.
- 10/18.3 Mr McClean suggested that in future, there could be more narrative in the Report on DACs where the rating is “amber”.
- 10/18.4 Members noted the report on Direct Award Contracts.

**11/18 Item 11 – Information Governance Action Plan Update [GAC/11/02/18]**

- 11/18.1 Miss Taylor said that the Information Governance Action Plan is updated regularly and brought through the Information Governance Steering Group. She gave members an overview of the key actions, and in particular those with an “amber” rating.
- 11/18.2 Miss Taylor said that in terms of mandatory training, 224 staff had undertaken the Information Governance training, and 207 the IT Security training. She said that regular reminders are sent out to staff. Mr Drew asked if the PHA Intranet is used as a means of reminding staff. Mr McClean said that all available channels are used. Mr Drew noted that the new legislation for GDPR will soon be in place.

- 11/18.3 Miss Taylor advised that there were only two Information Asset Registers outstanding following the recent review. She said that in terms of a Data Sharing Agreement with Trusts, there is an overarching MOU in respect of health protection data to be signed by the Trusts, but it remains outstanding. With regard to GDPR, she said that guidance is slowly coming through, but that there is a regional subgroup looking at various strands of work, including e-learning and a Privacy Impact Assessment policy.
- 11/18.4 Ms Mann-Kler asked why it is taking so long for the MOU to be signed. Miss Taylor said that it should be returned shortly as it was developed and agreed with all Trusts.
- 11/18.5 Mr Drew asked if any of the updates rated “amber” may turn to “red”, but Miss Taylor said that there should not be. Mr Drew asked if there was anything the Committee could do to assist. Mr McClean said that following this meeting staff should be aware that this Committee takes Information Governance very seriously.
- 11/18.6 Members noted the Information Governance Action Plan update.

## **12/18 Item 12 – Any Other Business**

- 12/18.1 Mr Drew noted that this was Mr Coulter’s final meeting as a member of the Governance and Audit Committee and on behalf of the Committee, he thanked Mr Coulter for chairing the Committee from October 2014 to October 2017. He said that Mr Coulter always sought to ensure that at every meeting there was discussion and challenge and that he was very supportive of the other Non-Executive Directors and the PHA Chair. He wished him every success for the future.
- 12/18.2 Mr Coulter thanked Mr Drew for his remarks. He said that he had a great deal of respect for the Executive Directors and those who supported the work of the Committee, but he felt that in this current climate there is not as much emphasis on governance as there ought to be and that this was creating considerable risk. He hoped that the future PHA will still have a voice, and he said that it had been a privilege to work with everyone.

## **13/18 Item 13 – Date and Time of Next Meeting**

*Monday 9 April 2018 at 9.30am*

*Fifth Floor Meeting Room, 12/22 Linenhall Street, Belfast.*



Signed by Chair:

**Leslie Drew**

Date:

10 April 2018