

MINUTES

**Minutes of the Governance and Audit Committee
Wednesday 11th October 2017 at 9.30am,
Fifth Floor Meeting Room, 12/22 Linenhall Street,
Belfast, BT2 8HS**

PRESENT:

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

IN ATTENDANCE:

- Mr Ed McClean - Director of Operations
- Miss Rosemary Taylor - Asst. Director, Planning and Operational Services
- Mrs Una Turbitt - Asst. Director, Nursing and AHPs
- Mr Paul Cummings - Director of Finance, HSCB
- Ms Jane Davidson - Head Accountant, HSCB
- Mrs Catherine McKeown - Internal Audit, BSO
- Mr David Charles - Internal Audit, BSO
- Mr Brian O'Neill - NI Audit Office
- Mr Brian Clerkin - ASM
- Mr Robert Graham - Secretariat

APOLOGIES:

- Mr Leslie Drew - Non-Executive Director

		Action
45/17	Item 1 – Welcome and Apologies	
45/17.1	The Chair welcomed everyone to the meeting. Apologies were noted from Mr Leslie Drew.	
46/17	Item 2 - Declaration of Interests	
46/17.1	The Chair asked if anyone had interests to declare relevant to any items on the agenda. No interests were declared.	

47/17 Item 3 – Chair’s Business

47/17.1 There was no Chair’s Business.

48/17 Item 4 – Minutes of previous meeting held on 5 June 2017

48/17.1 The minutes of the previous meeting, held on 12 April 2017, were approved as an accurate record of the meeting.

49/17 Item 5 – Matters Arising

35/17.7 Shared Services

49/17.1 Mr Coulter informed members that he had written to the Chair of the Audit Committee of BSO and had received a response which he shared with members. He asked Mr Cummings if he had anything to add.

49/17.2 Mr Cummings said that there is a Project Board in place chaired by the Director of Finance which meets monthly and there is an action plan. He said that the issues with the current system are not able to be resolved unless the system is replaced. Mr Coulter asked about capacity and skills. Mr Cummings said this is also being reviewed under Shared Services.

49/17.3 Ms Mann-Kler asked how much focus there is on system stability. Mr Cummings said that the company responsible for providing the system have increased the capacity of the system. He explained that the system was unable to cope with the additional workload created when the pay award was approved. He hoped that this additional capacity would increase its resilience.

49/17.4 Mrs McKeown noted that Internal Audit had also prepared a report on Shared Services. Mr Cummings said that this report reiterated that some progress has been made, but there remain some concerns. He added that there is a much lower risk for PHA as the staff pay does not vary on a monthly basis.

35/17.24 *Cyber Security*

- 49/17.5 Mr Coulter advised that Mr Drew had requested an update on cyber security. Miss Taylor gave an overview of the latest developments. She started by saying that BSO ITS have been working with Trusts and eHealth to develop a business case for funding to purchase licenses for software which will help protect the ICT systems. She added that a Cyber Security Project Manager is to be appointed. BSO continue to monitor the system and ensure that alerts are issued to staff when required.
- 49/17.6 Miss Taylor explained that there is a regional Cyber Security Project Board which has been convened by the Department of Finance. HSC is represented by BSO and DoH. She said that a Cyber Security Business Continuity Programme Board has also been established. She added that PHA is currently reviewing its Plan and hopes to carry out a joint test with HSCB and BSO. Mr McClean said that PHA is also reviewing any systems that are not covered by BSO ITS.
- 49/17.7 Mr Coulter queried where the accountability lay as there are a lot of different groups. He asked where the Project Manager would be based. Miss Taylor said that the individual would work within BSO. Mrs McKeown advised that Internal Audit has appointed an IT Audit Manager.
- 49/17.8 Mr Coulter said that this is a complex area and he asked that his concerns regarding accountability be raised with the Chief Executive.
- 49/17.9 Mr Coulter asked if there was any learning from the UK experience and if this has been shared. Miss Taylor said that she was aware that BSO ITS had been linking with their counterparts in England to obtain the learning, and this will be brought to the regional Cyber Security Programme Board.
- 49/17.10 Ms Mann-Kler asked if there was a Cyber Security Strategy. Miss Taylor said that there is not a single overarching strategy, but that there is a business case

being developed.

- 49/17.11 Mr Coulter said that this is an important area for the Committee and reiterated his two main concerns – the steps being taken to ensure there is clear accountability across the HSC, and the need to produce an overall strategy.

37/17.5 Staff training in Information Governance

- 49/17.12 Mr Coulter asked what progress has been made in terms of staff training. Miss Taylor said that to date 132 PHA staff had completed Information Governance Awareness training and 106 had completed IT Security training. She said that this represented a good uptake, but that reminders are regularly issued to staff and lists of staff who have not undertaken the training will be given to Information Asset Owners.

32/17.1 Scheduling of Governance and Audit Committee meetings

- 49/17.13 Mr Coulter said that while he appreciated the point the PHA Board Chair was making, he acknowledged that there are restrictions. Miss Taylor noted that the meetings are scheduled around deadlines for submissions. Mr Cummings added that all HSC Audit Committees meet at around the same time.

50/17 Item 6 – Internal Audit

Progress Report [GAC/35/10/17]

- 50/17.1 Mrs McKeown began the Progress Report by giving an overview of the audit carried out on the Research and Development (R&D) function. She advised that limited assurance was being provided and that there is a need for PHA to progress and develop governance oversight arrangements and develop Board level oversight, including a summary report. She added that the monitoring of research outcomes needs to be strengthened and there are also recommendations relating to the oversight of EU funding.

50/17.2	<p>Ms Mann-Kler asked about an annual report. Mr McClean explained that the organisation of the R&D function is handled differently as the Director of R&D is also the Chief Scientific Officer for the Department of Health and reports to the Chief Medical Officer so the accountability arrangements are slightly different. Mr Cummings said that he did not have an opportunity to view the report before it was finalised and that he disagreed with the limited assurance rating. He acknowledged the recommendations but felt the rating was harsh. Mrs McKeown said that Internal Audit would stand over its recommendation and while acknowledging that R&D is a complex area, it is a key function of PHA.</p>	
50/17.3	<p>Mr Coulter noted that there had previously been an R&D Committee under the chairmanship of Dr Jeremy Harbison and asked if it should be re-constituted. He added that the PHA Chair attends meetings of the regional group, but his issue was the PHA Board oversight, and he felt that this may generate some discussion at the PHA Board meeting.</p>	
50/17.4	<p>Ms Mann-Kler said it was important that the PHA Board views an annual R&D plan. Mr McClean said that, in terms of the governance of R&D, PHA needed to reach a shared understanding with the Department of Health and that the handling of this is very important. He stressed that the Internal Audit report did not raise any concerns about how the R&D function is carried out. Mrs McKeown also confirmed this.</p>	
50/17.5	<p>Mr Coulter said that Mr Drew had raised a concern about how the learning from R&D initiatives is captured. He said that management are ultimately responsible for signing off objectives and should therefore be able to determine if these have been delivered. Mr McClean suggested that many of these issues could be discussed at a Board workshop.</p>	Mr McClean
50/17.6	<p>Mr Mahaffy asked where R&D would sit within the new structures. Mr Cummings said that there is an argument for R&D to be housed within the Department of Health, but this would present challenges. Mr McClean said that</p>	

it would be better for the function to sit within the new PHA. Mr Coulter said that it was critical that it remained within PHA.

- 50/17.7 Mrs McKeown moved onto the audit of risk management and advised that a satisfactory assurance had been given. She noted that the Corporate Risk Register is brought to the Board on an annual basis, and that there are currently robust arrangements in place, but she suggested there could be a Board workshop on risk management. Mr Coulter said that he was satisfied with the current arrangements for board oversight of the Corporate Risk Register; however the views of other members could be sought as part of the GAC update at the next Board meeting.
- 50/17.8 Mrs McKeown advised that the audit carried out on the management of contracts with the voluntary sector was undertaken differently this year with a focus on procurement and service delivery. She said that a satisfactory assurance was being given in terms of management of contracts, but a limited assurance in terms of procurement.
- 50/17.9 Mrs McKeown said that this limited assurance was given as there has been slippage against the procurement plan with only six contracts awarded during 2016/17. She acknowledged that this is an area that will take time. She went on to say that the organisation is heavily reliant on voluntary organisations submitting monitoring returns, but these returns are not being verified. She said that financial statements are being received, but not reviewed by PHA. She went on to say that terms and conditions need to be updated so that there is clarity with regard to what PHA is responsible for. Finally, she suggested that the annual self-assessment that PHA uses could be further developed.
- 50/17.10 Ms Mann-Kler asked to what extent staffing issues are impacting on this. She added that she was unclear about what action PHA was going to take and if there was a timetable to complete this. Mr McClean said that the main action for PHA is to tighten up the procurement

plan and ensure that timetables for procurement are adhered to. In respect of capacity, he acknowledged that there had been a period of time when PHA lost some of the key staff involved in this work, but in the main, these posts had been re-filled.

50/17.11 Mr McClean advised that PHA does not have specialist staff in the area of procurement and that for contracts over the EU threshold, this work is carried out by PALS, but for contracts under the threshold, it falls to PHA staff. Mr McClean conceded that the area of verification is an issue for PHA and that PHA is currently working on a risk-based approach, but that there is a need for a cross-sectoral approach and that guidance is required from the Department of Health.

50/17.12 Mr Cummings said that this is a difficult area and that smaller organisations are raising concerns about the volume of bureaucracy. He added that there has to be trust, but it is a sensitive area. Mr Cummings also advised that he would be discussing this issue with DoH and other HSC Directors of Finance.

50/17.13 Mr Coulter said he was pleased to hear that the issue would be raised again. He went on to ask about outcomes measurement within social care procurement. Mr McClean said that again, PHA is mindful of how difficult this is for smaller community-based organisations. Ms Mann-Kler asked if there was any learning from other parts of the UK, but Mr Cummings said that this level of scrutiny is unique to Northern Ireland.

50/17.14 Members noted the Internal Audit Progress Report.

Mid-Year Follow Up [GAC/36/10/17]

50/17.15 Mr Charles took members through the mid-year follow up report and advised that 86% of previous recommendations had been fully implemented and 14% partially implemented. He highlighted Connected Health as an area where there were two recommendations that had been partially implemented but he said that Mr Eddie

Ritson would be providing evidence and that the recommendations should be completed by December.

50/17.16 Ms Mann-Kler asked about the outstanding recommendations in relation to the audit of SAIs and falls. Mr Charles said this audit had only recently been conducted, but that he was confident that each of these recommendations would be marked as complete at the next review.

50/17.17 Mr Coulter said that Mr Drew had asked whether PHA should employ a full-time procurement person. Mr McClean said that the gaps in PHA capacity had been in the area of pre-procurement work, but that many of these posts had now been recruited. Mr Cummings added that as BSO PALS is the designated COPE (Centre of Procurement Excellence), PHA would not be permitted to employ staff in this area.

50/17.18 Members noted the Internal Audit Progress Report.

Annual Report 2016/17 [GAC/37/10/17]

50/17.19 Mrs McKeown presented the annual general report, relating to Internal Audit work across all HSC organisations. She said that the main finding is that the majority of audits carried out provide satisfactory assurance. In terms of the areas where limited assurance is provided, she said the main areas were procurement and payments to staff.

50/17.20 Members noted the Annual Report 2016/17.

IA Mid-Year Assurance Statement [GAC/38/10/17]

50/17.21 Mrs McKeown said that her Mid-Year Assurance Report summarised the reports which had been considered by the Committee.

50/17.22 Members noted the Mid-Year Assurance Statement.

Shared Services Report [GAC/39/10/17]

- 50/17.23 Mrs McKeown advised that the Shared Services Report contained recommendations for BSO to implement, but with BSO's permission they were being shared with other Audit Committees. She said that a limited assurance was being provided in terms of payroll processing and payroll system stability and an unacceptable assurance in terms of payroll function stability. She added that 78% of previous recommendations had not been fully implemented, but many had been partially implemented.
- 50/17.24 Mrs McKeown said that the payroll system had seen a period of stability over the last few months, but there had not been any major tests of this.
- 50/17.25 Members noted the Shared Services Report.

51/17 Item 7 – Finance

Fraud Liaison Officer Update Report [GAC/40/10/17]

- 51/17.1 Mr Cummings presented the latest Fraud Liaison Officer Update report and advised that there were three new cases since the previous report. He explained that two of these related to the smoking cessation scheme and one to suspected inflated travel claims being submitted by a grant funded body. He added that the one case reported in previous reports was now closed with no fraud found in relation to any transactions with PHA.
- 51/17.2 Ms Mann-Kler asked if there was anything that PHA could do in relation to the suspected frauds around the smoking cessation service, but Mr Cummings said that any change would require an entire overhaul of the current set up.
- 51/17.3 In response to a query submitted by Mr Drew regarding the potentially inflated travel claims, Mr Cummings said it would be inappropriate to comment until further details were available.
- 51/17.4 Members noted the Fraud Liaison Officer Update Report.

52/17 Item 8 – Corporate Governance

Corporate Risk Register (as at 30 June 2017)
[GAC/41/10/17]

52/17.1 Mr McClean informed members that following the most recent review of the Corporate Risk Register, a new risk had been added in the area of cyber security. He said that none of the other risks had changed in terms of risk rating. He added that a risk regarding the reduction in PHA campaigns budget will be incorporated in the Risk Register review as at 30 September.

52/17.2 Members noted the Corporate Risk Register.

Assurance Framework (at September 2017)
[GAC/42/10/17]

52/17.3 Mr McClean advised that the Assurance Framework had been updated to keep it in line with current guidance.

52/17.4 Members **APPROVED** the Assurance Framework.

Controls Assurance Standards Assessment Process for 2017/18 [GAC/43/10/17]

52/17.5 Miss Taylor confirmed that arrangements are in place to self-assess the Controls Assurance Standards for 2017/18 and that Internal Audit will verify the three core standards of governance, risk management and financial management, as well as fire safety. She further informed members that the DoH has notified organisations that 2017/18 will be the last year for Controls Assurance Standards.

52/17.6 Members noted the Controls Assurance Standards process.

Risk Management Strategy and Policy [GAC/44/10/17]

52/17.7 Miss Taylor presented the updated Risk Management Strategy and Policy. She noted that only minor amendments had been required. In light of the

recommendation Mr Coulter suggested that while he was content that GAC and the PHA Board had good opportunities to consider the Risk Register, the Board may wish to consider a workshop to review the Corporate Risk Register.

52/17.8 Ms Mann-Kler asked how often staff undertake risk management training. Miss Taylor advised that staff are required to complete the training every three years.

52/17.9 Members approved the Risk Management Strategy and Policy.

*Information Governance and GDPR Action Plans
[GAC/45/10/17]*

52/17.10 Miss Taylor said that the Information Governance Action Plan forms the agenda of the Information Governance Steering Group who are responsible for progressing against the Plan. She gave an overview of some of the areas rated “amber”.

52/17.11 Miss Taylor advised that work has been ongoing with Trusts to get MOUs and Data Access Agreements in place. She also highlighted the work to complete a Privacy Impact Assessment in relation to the COSURV system.

52/17.12 Mr McClean asked if there was a risk of any of the objectives rated “amber” being rated “red”. Miss Taylor said that this should not be the case; however it is dependent on maintaining staff momentum to complete the training. Reminders are sent out to staff and Information Asset Owners receive a list of their staff showing who has completed the training.

52/17.13 Miss Taylor moved on to the GDPR Action Plan and explained that the new regulations will be coming in soon and that the legislation is currently going through Parliament. She said that the key issue for PHA relates to accountability. She added that while the HSC has a sound information governance foundation, changes and enhancements will be required as the practical details

become clearer.

52/17.14 Mr Coulter asked about the training for staff. Miss Taylor advised that there is a regional subgroup looking at this; she added that the current training is likely to be compliant with the new regulations, but if there are any changes it will be updated and staff will be kept informed.

52/17.15 Members noted the Information Governance and GDPR Action Plans update.

53/17 Item 9 – External Auditor’s Report to those Charged with Governance 2016-17 [GAC/46/10/17]

53/17.1 Mr Clerkin advised members that the NIAO Report to those Charged with Governance had been presented at the last meeting as a draft report, but it has now been finalised and was being tabled for information.

53/17.2 Members noted the Report to those Charged with Governance.

54/17 Item 10 – PHA Mid-Year Assurance Statement [GAC/47/10/17]

54/17.1 Mr McClean presented the PHA Mid-Year Assurance Statement. He drew members’ attention to section 10 and advised that Dr Carolyn Harper will be bringing an update to the PHA Board on the Diabetic Eye Screening Programme.

54/17.2 Mr McClean told members that the pause in campaigns, due to the non-recurring removal of the campaigns budget, has been added as a new Internal Control Divergence.

54/17.3 Mr Coulter suggested that there should be a reference to the finance training undertaken by the non-executives, possibly within the section on Board Self-Assessment. Mr McClean agreed to review this.

54/17.4 Subject to amendment, members **approved** the Mid-Year Assurance Statement, which will be brought to the

PHA Board for approval.

**55/17 Item 11 – SBNI Declaration of Assurance
[GAC/48/10/17]**

55/17.1 Mr McClean explained that PHA hosts SBNI and that SBNI is required to produce this Declaration of Assurance. He said that from his perspective there were no major issues of concern.

55/17.2 Mr Cummings said that he would raise a concern he had with SBNI directly as he was unclear about the narrative in the finance section.

55/17.3 Ms Mann-Kler asked how the priorities of the SBNI work-group are determined as she felt that digital addiction was an important issue. Mrs Turbitt explained that there is a multi-agency business planning day at which these themes are agreed. She suggested that digital addiction is not a safeguarding issue and Mr Cummings added that it was more likely to be a social care issue coming under the auspices of HSCB. Mr McClean noted that as part of PHA's Health Improvement work, there is an objective dealing with giving children and young people the best start in life.

55/17.4 Members noted the SBNI Declaration of Assurance.

56/17 Item 12 – Any Other Business

56/17.1 There was no other business.

57/17 Item 13 – Date and Time of Next Meeting

Date: Thursday 7 December 2017
Time: 9.30am
Venue: Fifth Floor Meeting Room
Belfast
BT2 8BS

Signed by Chair: **Leslie Drew**

Date: **22 February 2018**