

**Minutes of the third meeting of the Public Health Agency Governance
and Audit Committee held at 11.30 am on Thursday 14 January 2010,
in Ormeau Avenue Unit, Belfast**

Present:

Mrs J Erskine	Chair
Mr T Mahaffy	Non Executive Director
Mr S Nicholl	Non Executive Director
Mr R Orr	Non Executive Director

In attendance:

Mr S Boyd	Partner, PricewaterhouseCoopers
Mr P Cummings	Director of Finance, HSC Board
Mr N Gray	Audit Manager NIAO
Ms J McCaw	Internal Auditor, BSO
Mr E McClean	Director of Operations, PHA
Mr M Pitt	Partner, PricewaterhouseCoopers
Miss R Taylor	Assistant Director of Planning and Corporate Services, PHA

Apologies:

Mrs C McKeown Head of Internal Audit, BSO

It was noted that the DHSSPS sent their apologies for this meeting; a representative is expected to attend at least one meeting during the year.

1/10 CHAIR'S BUSINESS

The Chair advised members that in view of the Audit Committee Self Assessment Checklist received from the National Audit Office (NAO), a number of areas of good practice have been identified. She will extend

an invitation to the PHA Chair and Chief Executive to attend Governance and Audit Committee (G&AC) meetings while bearing in mind that they are not members of the Committee.

The Chair has received a copy of a letter from the HSCB Director of Finance which will be discussed under Item 7 on the agenda.

2/10 MINUTES

The minutes of the meeting held on 6 October 2009 were agreed and signed.

3/10 MATTERS ARISING

3.1 Lay membership

It has been proposed that two lay members will be appointed, one with financial expertise and one from a clinical and social care governance background, to sit on both PHA and HSCB Governance and Audit Committees. Mr Cummings stated that there are clear benefits of the same person advising both committees as there are issues common to both organisations. He stressed that there is no conflict in sitting on both committees as the appointments are in an advisory capacity. The recruitment advertisement has been forwarded to the Chair for her approval and the terms of reference will be made available to committee members.

Members nominated the Chair to take part in the recruitment process.

3.2 Sub-committee – complaints

It was agreed to defer setting up a sub-committee to deal with complaints until the current schedule of training for board members has been completed.

3.3 Internal audit

The mid-year assurance statement has been completed. Mr Cummings reported that this had formed part of the accountability review with

DHSSPS. Although there had been no formal written response, there were no negative issues raised or matters of concern arising.

3.4 External audit

The Northern Ireland Audit Office (NIAO) has sub-contracted the external audit of PHA annual accounts to PricewaterhouseCoopers (PWC). Mr Pitt, PWC will have overall responsibility for the audit and Mr Boyd will work on the audits of both PHA and HSCB. Both will attend PHA G&AC meetings. PWC has already met with Mr Cummings and representatives from the finance team. At the next G&AC meeting, the external auditors will present their audit plan for the 2009/10 annual accounts.

4/10 Finance

4.1 Annual accounts schedule

Referring to Paper GAC/02/10, Mr Cummings advised members that he has written to Mr McClean pointing out that there are difficulties in delivery of the PHA annual accounts and suggested that the issue needs to be included on the PHA risk register. He outlined some of the concerns affecting the ability to deliver the accounts in time to meet the DHSSPS deadline.

The financial transactions of the PHA are still an integral part of the four Health and Social Services Board (HSSB) ledgers. The structure of the PHA means that its finance is made up of sections of the HSSBs, programme funds in the DHSSPS, former Health Promotion Agency and other functions. In addition, the DHSSPS has not finalised the format for this year's accounts. As the PHA is a Non Departmental Public Body (NDPB), the format previously used by HSSBs is no longer appropriate. Mr Cummings stated that the production of annual accounts is a massively complicated project and the situation has been made worse as new finance staff have not yet been appointed to replace those who have resigned.

It is hoped that the format of accounts will be agreed with the DHSSPS in the next two weeks but this is outside Mr Cummings' control. He has written to both the Chief Executive of the PHA and the HSCB highlighting

the risk. The risk is not about integrity of the financial information or a qualified opinion on the accounts but the main issues are the amount of work involved and that some matters are outside the control of the Director of Finance. Mr Cummings has met with the external auditors who are fully aware of the position.

Although two temporary members of staff from a commercial accounts company have been employed to work on the project, staff turnover is having a significant impact, with the loss of a senior member of staff and the Chair of a project working group leaving post in early February.

Mr Cummings pointed out that it may be necessary to have an extraordinary board meeting at which the annual accounts will be presented but at this stage, it is difficult to be clear about timescales.

Mr Cummings also has concern over the availability of prior year figures which are used for comparative purposes.

Mr Nicholl expressed the view that the figures for the previous financial year are vital in order to show the reduction in amount of investment.

The Chair asked if board members should have known of these concerns earlier given that there is only 10 weeks until the end of the financial year. Mr Cummings explained that it was only when staff began to look at complications of providing figures for the past two years that the scale of the difficulties became apparent. Usually, the DHSSPS would have issued a manual of accounts by this stage in the year but the 2009/10 manual is still being developed, therefore, the risks have been caused by a combination of factors.

In response to a query from Mr Mahaffy on what the worst case scenario would be, Mr Cummings replied if the PHA and HSCB accounts were not produced on time, DHSSPS would not be in a position to submit their accounts to the Assembly. This could be an issue of concern for Assembly members.

Mr Gray said that in light of the Review of Public Administration (RPA), the NIAO would take an understanding approach, advising that the level of materiality is relatively high allowing some scope for error. While

acknowledging this, he emphasised that there is a risk and it is a significant issue.

Mr Nicholl recorded that the risk has been recognised and a subsequent action plan will be implemented. Mr Orr agreed that in terms of accountability it is appreciated that the change in accounting format, required by DHSSPS, has caused difficulties. Nevertheless, it is also important to acknowledge that efforts are being made to meet requirements and address the risk.

Mr Cummings presented Paper GAC/03/10 explaining that the new format of accounts and alterations to the cash regime will result in changes in how financial information is presented. Figures will be provided for “grant-in-aid” rather than income minus expenditure equalling a surplus or deficit of funds. There are ongoing discussions with the DHSSPS about how expenditure and income between HSC organisations is accounted for and presented.

When agreement has been reached, Mr Cummings or one of the HSCB finance team will present the new format of accounts to members.

Action: Mr Cummings

Mr Cummings left the meeting

5/10 Governance

5.1 Information Governance Update

Miss Taylor presented Paper GAC/01/10 which sets out the PHA’s legal responsibilities and the standards required for Information Governance. The Paper includes an action plan for work to be carried out by the end of March 2010. Key areas will be awareness training for staff which will be done in partnership with the HSCB, production of a publication scheme and development of a two year Information Governance Strategy.

5.2 Controls Assurance Update

Miss Taylor provided an update on controls assurance, explaining that PHA staff are currently working with HSCB colleagues to prepare baseline assessments. A meeting had taken place with internal audit to agree the process and share information across the three HSC organisations. Two areas have been identified where problems may be anticipated: records management and emergency planning. Processes are being developed in these areas and management are working closely with internal audit to address any weaknesses.

5.3 Risk Register

Miss Taylor advised that the process of building up the PHA's risk register was underway. Workshops have taken place with directors and key staff with the aim of producing a new register for the Agency Management Team and G&AC approval in March. This is dependent on registers for each function being completed.

Mr McClean pointed out that the PHA had inherited different approaches from the legacy organisations but a refocused method allowed staff in each of the functions to contribute to ownership of the process. The risk register will inform roll out of the corporate plan.

Mr Nicholl highlighted this as an important piece of work particularly for the G&AC who need to be comfortable with the process.

Members were assured that strategic risks were picked up through early identification at directorate level with the adoption of a matrix approach.

The difficulty with production of the 2009/10 annual accounts, discussed earlier has been placed on the risk register.

6/10 Internal audit

Ms McCaw presented a progress report on internal audit work but stressed that she was not in a position to give a verbal report on findings.

Mr McClean assured members that if a major issue came to light, the management response would be immediate remedial action.

The four internal audit regional offices are being streamlined with staff structures to be populated by the end of March 2010.

Mr Nicholl left the meeting.

7/10 NAO Audit Committee Self Assessment Checklist

Members agreed that they would discuss Paper GAC/04/10 by exception. Questions in the Checklist have been designed for a “yes” or “no” response. There was a consensus among members that while the PHA G&A Committee has not yet met all the requirements due to it only being established in June 2009, that it will endeavour to do so. Therefore, a “yes” response is provided apart from the few exceptions which are not applicable to the PHA G&A Committee. The document will be used to form an action plan detailing how the Committee will develop its procedures. The external auditors and NIAO representative were in agreement with this approach.

The Chair advised members that she has written to the Chairs of the HSCB and BSO G&ACs suggesting a meeting to discuss common issues and responsibilities. It was agreed that the Chair of the PCC G&AC should also be contacted.

Members were requested to provide any comments on the Checklist to the Chair by Tuesday 19 January 2010.

Action: Chair and members

8/10 Any other business

There was no other business.

9/10 Date of next meeting

The next meeting will be held on Thursday 4 March 2010 at 10am in the PHA Conference Room, 18 Ormeau Avenue, Belfast, BT2 8HS

