

MINUTES

**Minutes of the Governance and Audit Committee
Thursday 3rd February 2017 at 10:00am,
Fifth Floor Meeting Room, 12/22 Linenhall Street,
Belfast, BT2 8HS**

PRESENT:

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

IN ATTENDANCE:

- | | |
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| Mr Ed McClean | - Director of Operations |
| Miss Rosemary Taylor | - Asst. Director, Planning and Operational Services |
| Mr Paul Cummings | - Director of Finance, HSCB |
| Ms Tracey McCaig | - Head Accountant, HSCB |
| Mrs Catherine McKeown | - Internal Audit, BSO ASM |
| Mr Brian Clerkin | - ASM |
| Mr Brian O'Neill | - NI Audit Office |
| Mr Robert Graham | - Secretariat |

APOLOGIES:

None

		Action
1/17	Item 1 – Welcome and Apologies	
1/17.1	The Chair welcomed everyone to the meeting. There were no apologies.	
2/17	Item 2 - Declaration of Interests	
2/17.1	The Chair asked if anyone had interests to declare relevant to any items on the agenda. No interests were declared.	
3/17	Item 3 – Minutes of previous meeting held on 6 October 2016	
3/17.1	The minutes of the previous meeting, held on 6 October 2016,	

were approved as an accurate record of the meeting, subject to an amendment in paragraph 62/16.8. Mrs McKeown advised that the Internal Audit definitions are not used across the UK.

4/17 Item 4 – Chair’s Business

4/17.1 There was no Chair’s Business

5/17 Item 5 – Matters Arising

62/16.9 Reclassification of Internal Audit Reports

5/17.1 Ms Mann-Kler asked if previous Internal Audit recommendations will be re-classified. Mrs McKeown said that this option was being kept under consideration, but advised that all year-end audits will be completed following the old classifications.

65/16.4 Child Death Overview Function

5/17.2 Ms Mann-Kler asked if there was any update in terms of the transfer of the Child Death Overview function to PHA. Mr McClean said that he was not aware of any further progress on this. The Chair added that his interest is to understand the nature and workload implicit in this transferred activity to PHA.

6/17 Item 6 – Corporate Governance

Corporate Risk Register as at 30 December 2016 [GAC/01/02/17]

6/17.1 Miss Taylor presented the updated Corporate Risk Register and said that no new risks had been added, and that no risks had been deleted since the previous review.

6/17.2 Ms Mann-Kler asked, with regard to Risk 26 around market testing, whether there were any skills available within the HSC that PHA could utilise. Miss Taylor said that this was an issue across the sector. Mr Cummings advised that he sits on a regional Procurement Board chaired by the Permanent Secretary and that there is a 3/5 year strategy to assure compliance with EU procurement regulations. He pointed out that with Brexit some of this legislation may no longer apply, but this is yet to be determined. He added that the new regulations have not led to

efficiencies, but increased costs.

- 6/17.3 Mr McClean said that PHA has a 5-year Procurement Plan which is being worked through on a phased basis in line with PHA's investment priorities. He added that there have been changes in terms of support arrangements provided by BSO, but in his opinion, the key issue is not the procurement itself, but in the planning processes within regional organisations. He said there is a gap in translating the aspirations of organisations into the requirements of the specifications that form the core of the procurement exercise.
- 6/17.4 Mr McClean advised that last year, PHA carried out its own in-house review of procurement capacity and capability and that there were some gaps that needed to be addressed.
- 6/17.5 Ms Mann-Kler asked about any key messages for the health sector. Mr McClean said that undertaking procurement exercises requires a cultural change in terms of being able to translate requirements into a specification, and how to ensure that there are tangible benefits for a community's health and wellbeing.
- 6/17.6 Mr Drew noted that there was no reference within the risk to the possibility of legal challenge. Mr McClean said that PHA and BSO are very mindful of legal challenge and try to minimise any obvious flaws that could be subject to challenge. Mr Cummings said that the risk of legal challenge is a different risk, and that this risk relates to the timing of procurement exercises, not the process itself.
- 6/17.7 The Chair said that there remains an issue for non-Executives in understanding the information presented within this risk and how up to date that information is. He added that it is a valid point that there should be a reference to legal challenge. With regard to capacity, he asked whether this meant a reduction in the number of staff. Mr McClean explained that some key staff have been lost, particularly in the area of Health Improvement, but he added that in his opinion, PHA is ahead of the game, but that there is scope for improvement.
- 6/17.8 Mr Mahaffy asked whether there was training in procurement to ensure that all specifications have been screened from an equality and human rights perspective. Mr McClean said that

staff do receive such training. Mr Mahaffy asked if PHA was confident that guidelines are adhered to. Mr McClean said that he was confident about this.

- 6/17.9 The Chair asked whether it was within PHA's risk appetite to have a 5-year plan to cope with all procurement requirements. Mr McClean said that was reasonable and pointed out that there are capacity issues for the community and voluntary sector in terms of how many procurement exercises they can deal with at one time. He added that PHA would work closely with providers. The Chair asked whether there should be a fuller discussion on this given that this task had already been on the Register for a period of five years. Mr McClean said that there is usually a fuller discussion at the PHA Board meeting when the updated Procurement Plan Report is brought to the Board. Mr Cummings added that PHA is operating under the Regional Procurement Board social care procurement plan.
- 6/17.10 Ms Mann-Kler asked about Risk 30 regarding the Lifeline contract, and options for a client relationship management system. Miss Taylor explained that a new information system needs to be developed that both PHA and the service provider can use. Ms Mann-Kler asked if this would improve communication. Miss Taylor said that it would allow different providers to share information and PHA to monitor the contract.
- 6/17.11 Mr Drew asked about a risk to service provision and continuity. Miss Taylor said that PHA would need to receive a decision regarding the future contract very soon. Mr Drew said that it was highly unlikely that there will be a new service provider in place by March 2018. The Chair agreed, and asked what could happen, given the current political situation. Mr McClean said that there will always be a Minister, but that issues of service continuity are flagged up with the Department of Health, and that PHA will maintain the existing arrangements until there is a decision made. He added that PHA had raised this issue at its most recent Sponsorship Review meeting with the Department.
- 6/17.12 With regard to Risk 34, Ms Mann-Kler noted that it is not a new situation for PHA to not have a confirmed budget for the year ahead. The Chair noted that PHA has some additional responsibilities with regard to unscheduled care, but he asked what demands this placed on PHA staff. Mr Cummings

explained that there are weekly meetings which involve PHA and HSCB staff, and that there are ongoing discussions with regard to the funding of these posts.

- 6/17.13 Members considered Risk 35 relating to property asset management. Ms Mann-Kler noted that there are resource issues for PHA in this area. Miss Taylor advised that PHA is in the process of moving out of Ormeau Baths and Alexander House and that this will greatly reduce the number of contracts it has to manage as most of PHA staff will be located on premises managed by HSCB. She added that this may result in the level of risk being reduced.
- 6/17.14 Ms Mann-Kler asked whether there will be further implications for PHA in terms of future efficiencies and how this may impact on Risk 36 which relates to service development and screening staffing issues. Mr McClean said that Dr Carolyn Harper would be able to provide fuller detail, but it was his understanding that existing staff are being used to cover key areas and there is a recruitment exercise under way. Mr Drew asked if there was a risk to the public. Mr McClean explained that these individuals do not provide a service on the ground, but are responsible for the planning of programmes. Mr Drew asked what would happen in the event of further delays. Mr McClean said that PHA is monitoring this risk closely.
- 6/17.15 The Chair noted that the progress on PHA's Performance Management report with regard to the Diabetic Retinopathy Screening Programme is currently rated as "amber". Mr McClean said that PHA has been trying to recruit, but that there have been no applicants for the posts.
- 6/17.16 Ms Mann-Kler asked whether Risk 37 relating to PHA's web development and web maintenance functions would be reduced or actioned in due course. Mr McClean advised that PHA's recent experience of external contracts in this area has not been satisfactory. He said that the previous PHA staff were fully embedded in this work, but that the salary that the HSC pays is much less than the private sector. He said that despite some initial difficulties, arrangements are more satisfactory now, however there are no financial savings for PHA. Ms Mann-Kler asked whether the HSC transformation programme would impact on this. Mr McClean said that the Department of Health had

been undertaking a review of communications, but that this would form a small area of that. He added that going forward; this is a very important element of PHA's business. Mr Drew agreed that PHA should have its own in-house expertise so it can provide immediate communication to the general public.

6/17.17 Ms Mann-Kler asked about Public Health England. Mr McClean said that their web presence is not as big as that of PHA, and that it operates within the main UK Government web portal whereas PHA has different sites for different areas.

6/17.18 With regard to Risk 38 concerning the review of functions and reorganisation, Ms Mann-Kler asked if there was any further progress given the current political situation. Mr McClean said that the Transformation Implementation Group (TIG) meetings are continuing to take place, as well as the various workstream reporting to the main group.

6/17.19 Members noted the Corporate Risk Register.

Gifts and Hospitality Register [GAC/02/02/17]

6/17.20 Miss Taylor advised that the Gifts and Hospitality Register update was for the full year 2015/16 and the year 2016/17 for the period up to 30 September 2016. She noted that the number of gifts declared was small, but assured members that there is a process in place.

6/17.21 Members noted the Gifts and Hospitality Register.

Review of Standing Orders [GAC/03/02/17]

Review of Standing Financial Instructions [GAC/04/02/17]

Review of PHA Scheme of Delegated Authority [GAC/05/02/17]

6/17.22 Mr McClean advised that with regard to Standing Orders, the main change at the most recent review was the updating of the name of the Department of Health, and some other minor typographical changes.

6/17.23 Mr Drew asked about delegated limits as he noted that the Board does not approve contracts, and cited the example of the Lifeline contract extension. Mr Cummings said that it was important to differentiate between what is strategic and what is operational.

Mr Drew said that some of the amounts of money involved are substantial. Mr Cummings said that PHA Standing Orders comply with Departmental guidance on the levels of delegated limits. Ms McCaig said that a separate discussion, outside of Standing Orders, would be more appropriate to deal with areas the Board felt they should be more involved in.

6/17.24 Mr Drew said that he felt uncomfortable that, given the size of the Lifeline contract, that there was no discussion and that the Board was not involved in the decision to extend the Lifeline contract. Mr Cummings said that the Board has been extensively involved in the discussions around Lifeline.

6/17.25 Mr McClean said that PHA has sought to ensure that the Board is kept informed of progress, in terms of both departmental and ministerial expectations. He noted that at this stage there are no alternative providers. The Chair suggested that keeping members informed by e-mail would be appropriate. Mr McClean agreed to take that suggestion on board.

6/17.26 Ms Mann-Kler said that she was also surprised to find out about the contract extension, given the complexities of the contract. Mr McClean said that there are significant mechanisms in place within the PHA to monitor this.

6/17.27 Members approved the Standing Orders, Standing Financial Instructions and Scheme of Delegated Authority and these will be brought to the PHA Board on 16 February for approval. The Chair noted that this recommendation to PHA Board for approval is contingent upon a further recommendation from GAC that Board should review the levels of delegation applying to Board with particular reference to contracts awarded and renewal thereof.

7/17 Item 7 – Information Governance Action Plan Update [GAC/06/02/17]

7/17.1 Miss Taylor advised that the Information Governance Steering Group had received this update in January 2017. She said that the format of the Plan will be reviewed going forward.

7/17.2 Miss Taylor said that there is a lot of work ongoing, and that PHA is currently completing the Information Management Controls

- Assurance Standard self-assessment. She added that a major piece of work on small cell size publication had been completed.
- 7/17.3 Miss Taylor advised that the review of Information Asset Register had been marked as “amber” as this work had not been completed as scheduled by IAOs. Information Asset Registers are, however, reviewed by IAOs. She said that, with regard to an electronic records management system, this work was being put on hold given the potential for reorganisation as part of the wider HSC transformation.
- 7/17.4 Miss Taylor said that the work programme of the Records Management Working Group had been delayed due to the vacancy in the Information Governance Manager post, but was now moving forward. She said that SIRO and IAO training was being provided in March for all Information Asset Owners. She finished her update by noting that there were some issues to be resolved with the Leadership Centre in terms of the data available on the uptake of e-training.
- 7/17.5 Mr Drew recalled that the Data Breach Response Policy, which the Committee had previously reviewed, was robust. He asked if there was a single Information Register. Miss Taylor explained that there are Information Asset Registers for each directorate. Mr Drew asked how many FOI requests the PHA would receive. Miss Taylor said that the number of requests may vary, and that the number of requests does not always indicate the complexity of the request.
- 7/17.6 The Chair said that he had two issues with regard to training, the first being the compliance rates, and the second being the reliability of the data. He asked whether compliance could be incorporated as part of staff appraisal. Mr McClean said that this could be looked at.
- 7/17.7 Ms Mann-Kler asked about third party contracts and how PHA ensures that they fulfil their requirements. Miss Taylor said that social care contracts are reviewed annually.
- 7/17.8 Members noted the Information Governance Action Plan update.

8/17 Item 8 – Finance

Fraud Liaison Officer Update Report [GAC/07/02/17]

8/17.1 Ms McCaig advised that there was no further update with the one current open fraud case. She said that she had enclosed, for information, a copy of the Annual Theft and Fraud Report for all departments across Northern Ireland. Ms Mann-Kler said that this report was very helpful.

8/17.2 Members noted the Fraud Liaison Officer update report.

Timetable for the Annual Accounts and Report Process 2016/17 [GAC/08/02/17]

8/17.3 Mr Cummings presented the timetable for the development of the Annual Report and Accounts, but noted that the period between Easter and the May Day holiday will reduce the number of working days for his staff to complete the accounts. He said that he was having discussions with the Department of Health to obtain a resolution. Mr Clerkin said that while it is ultimately for the Department to decide when the accounts must be ready, he would be more content to receive a completed set of accounts shortly after the deadline, rather than incomplete accounts on the deadline.

8/17.4 The Chair asked if there would be an impact for the Governance and Audit Committee, and when it can meet to consider the accounts. Ms McCaig said that the timetable for GAC meetings should be unaffected.

8/17.5 Members noted the proposed timetable for the Annual Accounts and Report process.

9/17 Item 9 – External Audit: PHA Audit Strategy 2016-17 [GAC/09/02/17]

9/17.1 Mr Clerkin advised members that ASM will conduct the audit on behalf of the Northern Ireland Audit Office. He outlined the approach that will be taken to the audit, and highlighted a presumed risk in material misstatement, and other risks, including the ability to break even, and the reliance on third party organisations. He also pointed out that although PHA's R&D funding is classified as capital expenditure, it will not be treated

as such under the Accounting Standards.

9/17.2 Members noted the PHA Audit Strategy.

10/17 Item 10 – Internal Audit Progress Report [GAC/10/02/17]

10/17.1 Mrs McKeown said that Internal Audit had conducted an audit into travel expenses, including car parking, and had provided a limited assurance. She noted that PHA staff have access to car parking spaces, but often they are not fully utilised and staff claim for on-street parking. She said that guidance should be issued.

10/17.2 Mrs McKeown advised that the study of a sample of travel claims had shown over-claiming, with home to base mileage not always deducted. She said that there are a number of Priority Two recommendations, but that management have accepted all recommendations.

10/17.3 Mrs McKeown informed members that an audit of risk management had been completed with a satisfactory level of assurance provided. She advised that there was one Priority Two recommendation which related to controls and implementation dates.

10/17.4 The Chair asked about the numbers of agency staff working in PHA. Miss Taylor said that the number is small, and that most are admin and clerical staff.

10/17.5 Members noted the Internal Audit progress report.

11/17 Item 11 – Single Tender Action Register [GAC/11/02/17]

11/17.1 Miss Taylor advised that Single Tender Action (or Direct Award Contract) register is for the period up to 30 September 2016. She explained that any DAC must be signed off by the appropriate Assistant Director or Director and then sent to PALS before coming back for Chief Executive or Director of Operations approval. She added that DACs over a certain limit must be approved by the Permanent Secretary.

11/17.2 Miss Taylor said that the number of DACs is low, with only five recorded, three of which are rated as green and two of which are rated as amber. She explained that the two rated as amber

relate to the appointment of locum consultants in PHA, on the advice of BSO HR.

11/17.3 Members noted the Single Tender Action register.

12/17 Item 12 – AHP Assurance Framework [GAC/12/02/17]

12/17.1 In the absence of Mrs Tennyson, Mr McClean said that the Framework has been updated following on from previous iterations that the Committee will be familiar with. The Chair noted that the Department will be developing a regional framework to supersede the PHA framework and asked if PHA will have a role. Mr McClean anticipated that PHA would have a role.

12/17.2 The Chair raised a concern about compliance with training, but he conceded that this may be due to capacity issues, or it may be a management problem. Mr McClean said that Mrs Tennyson may be able to elaborate further on this at a future meeting.

12/17.3 Members noted the AHP Assurance Framework.

Note - The agenda included by mistake an Item 13 which related to an issue not related to the Governance and Audit Committee.

13/17 Item 14 – Any Other Business

13/17.1 Ms Mann-Kler advised members that she has agreed to take on the role of Non-Executive Director lead for whistleblowing.

13/17.2 Mr Cummings advised members that Ms McCaig would shortly be leaving the Health and Social Care Board to take up a post in the Northern Health and Social Care Trust. Members congratulated Ms McCaig on her appointment.

14/17 Item 15 – Date and Time of Next Meeting

Date: Wednesday 12 April 2017
Time: 9:30am
Venue: Fifth Floor Meeting Room
Belfast
BT2 8BS

Signed by Chair: Brian Coulter

Date: 12 April 2017