

**MINUTES**

**Minutes of the Governance and Audit Committee  
Thursday 20 June 2013 at 11.30am,  
held in Conference Rooms 3 & 4,  
2<sup>nd</sup> Floor, Linenhall Street, Belfast, BT2 8HS**

**PRESENT:**

Mrs Julie Erskine	Chair
Mrs Miriam Karp	Non-Executive Director

**IN ATTENDANCE:**

Mr Ed McClean	Director of Operations, PHA
Miss Rosemary Taylor	AD Planning & Operational Services, PHA
Mr Owen Harkin	Acting Director Finance, HSCB
Mr Simon Christie	AD Finance, HSCB
Mr Denver Lynn	Northern Ireland Audit Office
Ms Laura Allen	Pricewaterhouse Coopers
Mr Martin Pitt	Pricewaterhouse Coopers
Mr David Charles	Internal Audit, BSO
Mr Mark Anderson	Sponsor Branch DHSSPSNI
Mrs Oriel Brown	AD Nursing, PHA (for item 12)
Mrs Cathy McAuley	Secretariat

**APOLOGIES:**

Mr Thomas Mahaffy	Non-Executive Director
Mr Paul Porter	Non-Executive Director
Mrs Pat Cullen	Director of Nursing, PHA

**32/13 | Item 1 – Welcome and Apologies**

Mrs Erskine welcomed everyone to the meeting and noted apologies.

**33/13 | Item 2 – Declaration of Interests**

Mrs Erskine asked if anyone had any interests to declare relevant to any items on the agenda.

None were declared.

**34/13 Item 3 – Chair’s Business**

**34/13.1** Mrs Erskine advised members she met with Mr McMurray, Chair of GAC, BSO on 14 May 2013, to highlight her concerns and the findings identified from the Internal Audit report relating to the new financial systems introduced by BSO.

**35/13 Item 4 – Minutes of the GAC Meeting held on 15 April 2013**

**35/13.1** Members agreed the minutes of the GAC meeting held on 15 April 2013 as an accurate record of the meeting, subject to one amendment on page 1, Mr Mark Anderson, DHSSPS, requested to be recorded as being in attendance.

**36/13 Item 5 – Matters Arising**

3/13.2 – Code of Conduct and Accountability

**36/13.1** Mr Harkin advised members he had just received a response from DHSSPS regarding the issue of whether non-executives could sit on both Audit Committee and the Remuneration Committee. Mr Harkin to share the response at the next GAC meeting.

Mr Harkin

**37/13 Item 6 – Annual Accounts Including Governance Statement and Annual Report**

**37/13.1** Mr McClean presented the PHA Annual Report 2012/13 and the Governance Statement to members for recommendation for PHA board approval.

**37/13.2** Members recommended the report and the governance statement for board approval.

Mr McClean

**37/13.3** Mr Christie presented the PHA Accounts for the year ended 31 March 2013 and summarised the

report to members.  
Members recommended the report for PHA board approval.

**38/13**      **Item 7 - External Auditor's report to those charged with Governance**

**38/13.1**      Mr Pitt presented the External Auditor Report to those charged with Governance to members for noting and gave a verbal summary of the report including the key risks identified in the Audit Strategy which included the significant risks of material misstatement, regularity, propriety and losses and reliance on third party organisations.

**38/13.2**      Mr Pitt advised that through discussion with HSCB Finance on behalf of the PHA and the testing of the system, they had obtained an understanding of the procedures in place to ensure the integrity of the financial information provided by BSO cognisant of the IT issues arising in the payroll and FPL systems.

**38/13.3**      Mr Pitt further advised that the HSCB Financial team agreed with all the recommendations made in the report and said that it is a priority for the management team on behalf of the PHA during 2013/14 to regain a stable environment and a quality service form the BSO in relation to the Finance, Procurement and Human Resources, Payroll and Travel systems.

**38/13.4**      Mr Pitt noted that most of the action required to regain financial stability was outside the direct control of the PHA, and that this was a very challenging remit for 2013/14, but he was assured following discussion with HSCB Finance on behalf of the PHA that a performance mechanism was in place to address this.

**38/13.5**      Mr Harkin advised that he is currently engaging with BSO colleagues to address the concerns and this work would continue over the coming months.

**38/13.6** Mr McClean noted that the Chief Medical Officer, Dr Michael McBride had written to the Chief Executive PHA, Dr Eddie Rooney seeking assurances on the PHA expenditure and administration budget and that the PHA's ability to comply with this relied greatly on accurate financial information systems.

**38.13.7** This item to be kept under review and will be kept on the agenda.

**38.13.8** Members noted the report.

**38/13.9** Mr Pitt left the meeting at 12.10 pm.

**39/13** **Item 8 - Internal Audit**

*Item 8.1 - Progress Report*

**39/13.1** Mr Charles presented the Internal Audit Progress Report as at March 2013 for noting and gave a verbal summary of the report; this included financial review 2012/13 carried out by Internal Audit during January 2013. The report included the priority 1 and priority 2 weakness identified.

**39/13.2** Mr Charles advised members that Internal Audit had provided limited assurance in relation to the financial processes including the new financial systems and this had been provided on the basis of on-going significant issues with the FPL and HRPTS systems. Mr Charles said that Internal Audit did recognise that many of the significant issues identified in the report were reliant on BSO to resolve rather than being matters that only PHA could solely address.

**39/13.3.** Mrs Erskine added that given the seriousness of the report, and reflecting the levels of concern expressed by members, that she would write to Mr McMurray, Chair GAC BSO requesting a full detailed action plan. Mr Charles said that Internal Audit recognised the on-going work of staff across

Mrs Erskine

all relevant organisations to identify and resolve system and process issues. He said that management had accepted all recommendations.

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| <b>39/13.4</b> | Mr Christie said he would share the BSTP Regional corrective plan with members.   | Mr Christie |
| <b>39/13.5</b> | Members noted the progress report.  |             |
| <b>40/13</b>   | <i>Item 8.2 – Head of Internal Audit Report</i>   |             |
| <b>40/13.1</b> | Mr Charles presented the Head of Internal Audit Annual Report for the year ended 31 <sup>st</sup> March 2013 for noting and gave an overview of the audit assignments for this period.                  |             |
| <b>40/13.2</b> | Members noted the annual report.  |             |
| <b>41/13</b>   | <i>Item 8.3 – Internal Audit Charter</i>  |             |
| <b>41/13.1</b> | Mr Charles presented the Internal Audit Charter for approval and gave an overview of the audit charter.   |             |
| <b>41/13.2</b> | Members approved the Internal Audit Charter.  |             |
| <b>42/13</b>   | <b>Item 9 – Annual meeting with Auditors (External and Internal) without officers present</b>   |             |
| <b>42/13.1</b> | Officers left the room for this part of the meeting.  |             |
| <b>43/13</b>   | <b>Item 10 - Corporate Governance</b>   |             |
| <b>44/13</b>   | <i>Item 10.1- PHA Corporate Risk Register</i>   |             |
| <b>44/13.1</b> | Mr McClean presented the Corporate Risk Register as at the 31 March 2013 for approval.  |             |
| <b>44/13.2</b> | He confirmed 1 new risk with a ‘High’ risk grading had been added: <ul style="list-style-type: none"><li>• Staff capacity to procure services in line with Public Procurement Policy and Law;</li></ul> |             |

<b>44/13.3</b>	<p>And 2 risks were de-escalated to Directorate Risk Registers;</p> <ul style="list-style-type: none"> <li>• Management of Lifeline Contracts</li> <li>• Facilities Management (including Health and Safety) capacity.</li> </ul>	
<b>44/13.4</b>	<p>Members approved the PHA Corporate Risk Register, and noted it would also go to the PHA board meeting.</p>	
<b>45/13</b>	<p><i>Item 10.2 – PHA Assurance Framework</i></p>	
<b>45/13.1</b>	<p>Miss Taylor presented the PHA Assurance Framework report 2013/15 as reviewed at April 2013 to members. Members were asked to approve the amendments to the Assurance Framework 2013-15 as at 1 April 2013.</p>	
<b>45/13.2</b>	<p>Members approved the amendments to the PHA Assurance Framework as at 1 April 2013.</p>	
<b>46/13</b>	<p><i>Item 10.3 - Compliance with Controls Assurance Standards 2012/13 Update</i></p>	
<b>46/13.1</b>	<p>Miss Taylor presented the Compliance with Controls Assurance Standards 2012/13 update. Members were asked to note progress for the year 2012/13.</p>	
<b>46/13.2</b>	<p>Miss Taylor said the PHA is required to annually assess and report their levels of compliance with the standards, in supporting the PHA Governance Statement. She said PHA submitted its self-assessment scores to the Department by the 7 May 2013, and that on-going work was continuing to prepare action plans to address any gaps in compliance.</p>	
<b>46/13.3</b>	<p>Members noted progress for the year 2012/13 and it was agreed the Controls Assurance Standards would be shared with PHA board to note the</p>	<p>Miss Taylor</p>

comparisons between 2010-11, 2011-12, 2012-13.

**47/13 Item 11 – Single Tender Actions for Goods and Services Procurement 2012/13**

**47/13.1** Mr McClean presented the Single Tender Action for Goods and Services Procurement 2012/13 report to members for noting and gave an overview of the STA process.

**47/13.2** Mr McClean advised 26 STA applications were submitted to PALS during 2012/13, and 4 of the applications were subsequently withdrawn as it was determined the STA process was not applicable.

**47/13.3** Mr McClean said of the remaining 22, 18 were rated 'green' which indicates to proceed with procurement without any risk, 3 were rated as 'green/amber' indicating a minor risk which needs to be monitored, 1 was rated 'red' due to the value of the contract, this procurement related to the storage and distribution of influenza vaccines, and he advised this STA was approved by the Permanent Secretary.

**47/13.4** Members noted to STA report.

**48/13 Item 12 – Serious Adverse Incident Learning Report**

**48/13.1** On behalf of Mrs Pat Cullen, Mrs Oriel Brown presented the Serious Adverse Incident Learning Report dated 1 October 2012 – 31 March 2013 to members for noting.

**48/13.2** Mrs Brown gave an overview of the main findings of the report, the key regional learning and actions taken and the proposed SAIs reported to the HSCB. She advised during the period 1 October 2012 – 31 March 2013 the HSCB received 204 SAI notifications which represented an increase

on the previous 6 months.

**48/13.3** Mrs Brown said the key aim of the SAI reporting and learning process is to reduce the risk of recurrence within the reporting organisation and across the HSC as a whole.

**48/13.7** During discussion Mr Lynn suggested that further SAI reports should be linked to NIAO reports for the safety of services by the Health and Social Care Trusts. Mrs Brown agreed to report this back to the Director of Nursing.

Mrs Brown

**48/13.8** Members noted the report.

**49/13** **Item 13 – Date of next meeting**

Date: 3 October 2013

Time: 9.30am

Venue: Public Health Agency

Conference Rooms 2 & 3

2<sup>nd</sup> floor, 12-22 Linenhall Street

Belfast.

Signed: \_\_\_\_\_

Date: 3 October 2013