

MINUTES

**Minutes of the Governance and Audit Committee
held on 3 June 2016, 10:00 am
CR4, 2nd floor, 12-22 Linenhall Street, Belfast, BT2 8BS**

PRESENT:

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

IN ATTENDANCE:

Dr Eddie Rooney	Chief Executive, PHA
Mr Edmond McClean	Director of Operations, PHA
Miss Rosemary Taylor	AD Planning & Operational Services, PHA
Mr Paul Cummings	Director of Finance, HSCB
Mr Simon Christie	AD Finance, HSCB
Mrs Tracey McCaig	Head Accountant, HSCB
Mrs Catherine McKeown	Internal Audit, BSO
Mr Brian O'Neill	NI Audit Office
Ms Christine Hagan	ASM
Mrs Michelle Tennyson	AD AHP/PPI
Ms Patricia McStay	LSA Midwifery Officer (<i>For Item 12</i>)

APOLOGIES:

Mr Thomas Mahaffy	Non-Executive Director
-------------------	------------------------

33/16	Item 1 – Welcome and Apologies	Action
	The Chair welcomed everyone to the meeting and introduced Ms Deepa Mann-Kler and advised that Ms Mann-Kler would be replacing Alderman Paul Porter on this committee. The Chair recorded his thanks on behalf of GAC to Alderman Porter for his diligent and enthusiast contributions to this committee since 2012.	
34/16	Item 2 - Declaration of Interests	
	The Chair asked if anyone had any interests to declare relevant to any items on the agenda. No interests were declared.	
35/16	Item 3 - Chair's Business	
	The Chair conveyed his thanks to Mr Leslie Drew for chairing the last meeting of the GAC.	

36/16 Item 4 - Notes of previous Meeting – 11 April 2016

The minutes of the previous meeting, held on 11 April 2016, were approved.

37/16 Item 5 - Matters Arising

23/6: Assurance Framework 2015-17

Mr McClean advised that the diagrammatic summary of the framework was being prepared.

38/16 24/16: Local Supervisory Authority Nursing and Allied Health
Item 14 on agenda.

39/16 29/16: GAC Annual Report

A copy of the GAC Annual Report for 2015/16, amended to take account of comments at the previous meeting, was tabled. Members were content with the additional penultimate paragraph, and the Report will now go to the next PHA board meeting.

40/16 Item 6 - Internal Audit Shared Service Update

Mrs McKeown advised that five reports, relating to BSO Shared Services, had been finalised since the last meeting of the GAC. She focused on two reports, Recruitment Shared Services which was provided with an unacceptable level of assurance and Payroll Shared Services which was provided with a limited level of assurance.

41/16 Recruitment Shared Services

Mrs McKeown advised that an unacceptable level of assurance had been awarded and that there were 7 priority 1 findings:

- ERec System Issues
- Standard Operating Procedures
- Performance Management
- Managing Customer Queries
- Information Governance
- User Access Rights
- Customer Issues and Complaints

Mr Drew questioned the testing of software before implementation and asked why these issues had not been identified before the

system went live. In response to this question Mr Cummings said that the software had been purchased with limited resources and has proved to be inappropriate to meet the needs of the HSC organisations.

Mr Coulter advised that whilst this was not the primary responsibility of the PHA, it did raise questions as to what risks it would expose the PHA.

Ms Mann-Kler stated that an unacceptable level of assurance was a major concern and she asked for clarity on the impact on the PHA and questioned the levels of assurance. Mr Cummings replied that the risk for the PHA was less significant than for other HSC organisations including the HSCB.

Members **noted** the report.

42/16 Payroll Shared Service

Mrs McKeown summarised the report and advised it had received a limited level of assurance with 6 priority 1 findings:

- Management of Overpayments
- Authorisation of Manual Payments
- Maternity Payments
- Variance monitoring
- Pensions
- System Access Controls

Members raised their concerns on the priority 1 findings in the report. Ms Mann-Kler noted that there were strong governance issues which needed to be addressed and resolved.

Mr Drew said there was a risk of reputational damage to the organisation unless urgent action was taken to address the implementation of the recommendations. Mr Christie replied that this had already been an issue for the HSC Trusts. Mr Cummings also raised his concern that earlier findings had not been addressed within timescales and that limited assurance for two consecutive financial years was unacceptable. He suggested that the Chair of the BSO Audit Committee be contacted to seek their views on the findings as this issue will be raised at the next PHA board meeting.

Dr Rooney advised that he plans to meet with the Chief Executive BSO and it was noted that the BSO Action Plan to address identified deficiencies will form part of the agenda.

- Dr Rooney to share the aforesaid BSO Action Plan together with his observations arising from his meeting with the BSO CEO with the GAC.
- BSO CEO be invited to attend the next GAC meeting to report on progress on the shared services deficiencies.
- Letter of concern be sent to the Chair BSO GAC.

Members **noted** the report.

43/16 Item 7 - HIA Annual Report

Mrs McKeown presented the HIA Annual report and summarised the key points to members. She advised that there was a satisfactory system of internal control to meet the organisations objectives.

Members **noted** the report.

44/16 Item 8 - Fraud Liaison Officer Update Report

Mr Cummings presented the report to members and advised that there were no new cases of suspected fraud reported since the last meeting. He added that the CFPS continued to investigate the two cases in the last report.

Ms Mann-Kler questioned the cost of the National Fraud Initiative (NFI) to the PHA. Mr Cummings advised that whilst the PHA did not benefit from this initiative, all HSC organisations were required by law to submit data to NFI on a regular basis.

Members **noted** the update.

45/16 Item 9 - Annual Report and Accounts incorporating Governance Statement and Letter of Representation

Mr Chrisite presented the PHA Annual Report and Accounts for the year ending 31 March 2016 including the Governance Statement to members and summarised the report to members for recommendation for PHA board approval.

Miss Taylor advised that two minor changes to the Governance Statement had been requested in respect of the placement of the External Audit section and to move 'Quality, Quantity and Financial Controls' from a resolved to a continuing control issue. Members agreed these changes.

Members recommended the annual report and the annual accounts including the governance statement (with the above amendments) to the PHA board for approval.

**Mr McClean/
Mr Christie**

46/16 Item 10 - External Auditor's Report To Those Charged With Governance (Draft)

Ms Hagan presented the draft report to those charged with Governance to members for noting and gave a verbal summary of the report advising that there were no substantive changes.

Members **noted** the report.

47/16 Item 11 - Annual meeting with Auditors (External and Internal) without officers present

Officers left the room for this part of the meeting.

Auditors present were asked about their view on the impact of the VES upon PHA. It was noted that External Audit is conducting an exercise across organisations on the impact of the VES and this will be reported upon once complete. GAC expressed the import of knowing how such an initiative comprised of a necessary degree of arbitrariness impacted upon PHA essential service delivery as noted in our Corporate Risk Register. Discussion took place around earlier expressed concerns regarding vulnerabilities arising from poor services from BSO with particular reference to the monopoly position of the latter. The positive response of PHA staff to the conduct and findings of audit in general was acknowledged as was the valued contribution of auditors.

48/16 Item 12 - Local Supervisory Authority Nursing and Allied Health Directorate (LSA) Update

The Chair welcomed Patricia McStay to the meeting. Ms McStay gave members a brief update on the recent Internal Audit Priority 2 finding regarding the safe practise and the system of internal control and the CPD hours recorded on the central LSA

database. She said that there were 103 supervisors on the database and that 95 had recorded their CPD to date. She gave a brief overview of the reasons why the 8 remaining supervisors had yet to record their CPD.

The Chair thanked Ms McStay for this update.

Ms McStay left the meeting at 11.30 am.

49/16 Item 13 - Corporate Risk Register (at 31 March 2016)

Mr McClean presented the Corporate Risk Register (as at 31 March 2016) for approval. He confirmed that two new risks had been added:

CR37: Organisation's Web Development and Maintenance Function and

CR38: Review of Functions and Reorganisation.

He also added that one risk had been removed from the register:

CR25: PHA Belfast Accommodation.

Mr McClean advised that there has been progress on the Web Development and Maintenance Function since this was added to the Risk Register.

Members **approved** the Corporate Risk Register and recommended it to the PHA board for approval.

Mr McClean

50/16 Item 14 – Information Governance

IG Update 2015/16 and Action Plan 2016/17

Miss Taylor presented the action plan to members for noting. Ms Mann-Kler asked about Third Party Contracts. Miss Taylor replied that clauses were included in contracts.

Members **noted** the update and action plan.

51/16 Access to Information Policy

Miss Taylor presented the Access to Information Policy for approval.

Members **approved** the Access to Information Policy and recommended it to the PHA board for approval.

Mr McClean

52/16 Data Breach Incident Policy

Miss Taylor presented the Data Breach Incident and asked members to approval the policy.

Ms Mann-Kler asked if penetration testing had been carried out. Miss Taylor replied that generally BSO ITS were responsible for IT systems penetration testing working with PHA in respect of PHA websites.

Members **approved** the Data Breach Incident Response Policy and recommended it to the PHA board for approval.

Mr McClean

53/16 Item 15 - Single Tender Actions for Goods and Services Procurement 2015/16

Mr McClean presented the STA report and advised that there had been an overall reduction in the number of STAs submitted during the 2015/16 financial year.

Members **noted** the report.

54/16 Item 16 - Audit Committee Self-Assessment Checklist

The Chair advised that the Self-Assessment had been reviewed and updated; there were however no significant changes from last year.

Arising from discussion on NED induction Miss Taylor agreed to provide Ms Mann-Kler with relevant GAC documentation and to arrange for a briefing meeting for her.

Members **approved** the Self-Assessment.

Miss Taylor

55/16 Item 17 - SBNI Declaration of Assurance

Mr McClean presented the annual SBNI Declaration of Assurance as at 31 March 2016 to members for noting.

Members **noted** the report.

56/16 | **Item 18 - Date of next meeting**

6 October 2016 at 10.00 am

Signed **Brian Coulter**

Date **6 October 2016**