

Title of Meeting	Meeting of the Public Health Agency Governance and Audit Committee
Date	8 June 2023 at 10am
Venue	5 th Floor Meeting Room, 12/22 Linenhall Street, Belfast

Present

- Mr Joseph Stewart - Chair
- Mr John Patrick Clayton - Non-Executive Director
- Mr Robert Irvine - Non-Executive Director
- Ms Deepa Mann-Kler - Non-Executive Director

In Attendance

- Mr Stephen Wilson - Interim Director of Operations
- Mr Stephen Murray - Interim Assistant Director of Planning and Business Services
- Ms Caren Crockett - Head Accountant, SPPG
- Ms Andrea Henderson - Assistant Director of Finance, SPPG
- Mr David Charles - Internal Audit, BSO
- Ms Colette Kane - NIAO
- Mr Roger McCance - NIAO
- Ms Christine Hagan - ASM
- Mr Robert Graham - Secretariat

Apologies

- Ms Tracey McCaig - Director of Finance, SPPG

28/23 | Item 1 – Welcome and Apologies

- 28/23.1 Mr Stewart welcomed everyone to the meeting. Apologies were noted from Ms Tracey McCaig.

29/23 | Item 2 - Declaration of Interests

- 29/23.1 Mr Stewart asked if anyone had interests to declare relevant to any items on the agenda.
- 29/23.2 Mr Clayton noted that within the Governance Statement, there are references to Public Inquiries, and how the PHA is responding to these, and therefore given Unison’s involvement with Inquiries, he felt he should declare an interest.

30/23 Item 3 – Minutes of previous meetings held on 20 April 2023

30/23.1 The minutes of the previous meeting, held on 20 April 2023 were **approved** as an accurate record of that meeting subject to a minor amendment in paragraph 21/23.9 and an amendment to the reference to the point when Mr Clayton left the meeting.

31/23 Item 4 – Matters Arising

31/23.1 Mr Stewart went through the actions arising from the last meeting.

31/23.2 For action 1, Ms Henderson reported that she had provided information on agency spend for 2022/23 and out of a total of £1.3m, £10k was “off contract” and that the expenditure was all incurred during the first quarter. Mr Clayton noted that across the HSC there is a move to limit “off contract” spend due to its higher cost, so it is reassuring that the level of spend within PHA is low.

31/23.3 For action 2, Mr Stewart noted that information on cervical screening has been sent to Ms Mann-Kler and she confirmed that she has received this.

31/23.4 For action 3, Mr Stewart noted that the Corporate Risk Register is due to be reviewed at the end of June and consideration will be given to including a risk around the Refresh and Reshape work.

31/23.5 For action 4, Mr Stewart advised that Ms Karyn Patterson would be presenting an update on the implementation of the recommendations emanating from the recent Staff in Post lookback exercise.

At this point Ms Patterson joined the meeting.

31/23.6 Ms Patterson thanked members for the opportunity to present this update and advised that she had shared an overview of the progress made in advance of the meeting.

31/23.7 Ms Patterson reported that following the look back exercise a clean sweep of the Organisational Management (OM) structure was carried out during March with the help of managers and following that a series of information sessions was held to remind managers of their responsibilities with regard to keeping OM structures up to date and ensuring Staff in Post (SiP) reports were reviewed. She explained that the SiP reports are now available through a Sharepoint site which has made them more accessible. She advised that since June, reports have been presented to the Agency Management Team (AMT) showing how long it has taken managers to complete actions on HRPTS and any issues with timelines are being picked up with Directors on a case-by-case basis. She added that reports are also being brought to AMT with regard to the return of the SiP reports.

- 31/23.8 Mr Stewart commended Ms Patterson for what he said was a comprehensive report and said that he was pleased to see the work that has been completed to date. Ms Mann-Kler echoed this.
- 31/23.9 Mr Clayton asked whether the level of staff turnover is one of the causes that has brought PHA to this situation. Ms Patterson agreed that there has been a lot of change and a lot of new managers who have to learn the processes but added that HRPTS is not the easiest system to use. She said that within directorates there are changes going on within teams which is affecting the OM structure. She advised that there has been positive feedback from the sessions with managers.
- 31/23.10 Mr Clayton commented that it is timely that this training is taking place now given that the organisation is going through the Reshape and Refresh programme. Ms Mann-Kler asked if this work has highlighted a skills gap. Ms Patterson agreed that there could be an element of that and advised that AMT has made these manager sessions mandatory. Ms Mann-Kler asked if this work has led to any change in culture or any reflection by staff. Ms Patterson commented that through the Reshape and Refresh programme there is a communication and culture workstream so that will keep a spotlight on this work.

32/23 Item 5 – Chair’s Business

- 32/23.1 Mr Stewart said that members will be aware that he will be taking on the role of Interim Chair of the PHA during the months of July and August which means that he will be looking to one of the Non-Executive members of the Committee to chair the meeting that is scheduled to take place in August.

33/23 Item 6 – Internal Audit

Internal Audit Progress Report [GAC/23/06/23]

- 33/23.1 Mr Charles presented the latest Internal Progress Report and advised that all of the Internal Audit work for 2022/23 has now been completed with a report being presented today on the audit of recruitment processes. He advised that a limited level of assurance has been given based on a number of significant findings.
- 33/23.2 Mr Charles said that there is a number of challenges that exist around recruitment processes and that the eRecruit system is not sufficient to meet the needs of the HSC. He advised that on average it can take 95 days to recruit a post which is 42 days more than the UK benchmark. He reported that a Programme Board has been established to implement transformation of the process, adding that the previous 12 months have been challenging and turbulent for recruitment. He explained that a recommendation has not been made in that area because there is already so much work going on and to do so would not contribute anything additional. He said that a similar audit to this one

has been carried out across a number of HSC organisations and the findings are largely similar.

- 33/23.3 Mr Charles advised that managers need to complete Recruitment and Selection training in two parts and it was found that in a majority of cases managers had not completed both parts. He reported that PHA's performance management arrangements with regard to recruitment processes were not deemed to be suitably robust. He said that although there is an SLA in place between PHA and BSO HR, reporting arrangements need clarified as BSO HR captures information on performance against monthly KPIs, but this information has not been shared with PHA. He advised that management has accepted all of the recommendations.
- 33/23.4 Mr Stewart said that this was a comprehensive audit and it illustrated some of the issues around the protracted nature of recruitment that he and the Chief Executive have suspected.
- 33/23.5 Mr Clayton commented that this was an extremely useful report and while the Committee knows that there are issues with BSO's system, there are parts that are within PHA's control which need to improve, namely the parts before BSO's involvement and the parts after. He suggested that there needs to be a more holistic risk placed on the Corporate Risk Register with regard to staff and recruitment issues, and then once the scope of the risk is determined, then mitigating actions can be put in place. With regard to training, he suggested that there should be KPIs put in place to monitor this, but if it only relates to a small number of staff, he said that it may be easier to bring them together to do a training session, and therefore increase the uptake rate.
- 33/23.6 Ms Patterson explained that when a manager is completing shortlisting online, they are asked if they have completed training and many managers may tick this box genuinely believing that their training is up to date. She said that through the previous eLearning system it was a lot easier to determine if training was up to date, but under the new system it is now much easier. She added that there is an issue in that BSO may not have a record of when a manager completed face to face training if it was undertaken in another HSC organisation. Mr Clayton noted that a similar issue had been discussed at the previous meeting with regard to Information Governance training.
- 33/23.7 Ms Mann-Kler said that this was a timely report and noted that there are elements that are within the control of PHA and a huge swathe that are outside PHA's control. She noted that this report highlighted a gap in her knowledge of the HR function. She asked if BSO is resourced adequately in terms of fulfilling those elements that are within its control. She also asked how much recruitment is carried out on an annual basis, and if PHA has information on retention and attrition rates. She noted that in other organisations she would see annual reports. She asked how the Committee will be kept informed on progress.

- 33/23.8 Ms Patterson replied that she has been working in BSO since January and behind the scenes there are other teams which are under significant pressure. She advised that at any other time PHA would have around 40/45 ongoing recruitment exercises so there is a regular stream. With regard to the attrition rate, she advised that the recruitment rate is 6% compared to a turnover rate of 10% so over time this will create a problem. She highlighted that there are issues for PHA in terms of retirements, and also the inability to recruit medical consultants.
- 33/23.9 Mr Wilson said that since Ms Patterson took up post, there has been a huge impact with greater visibility around HR performance and regular meetings with Directors. He commented that the audit was helpful as there was perhaps a perception that all of the issues lay outside PHA, but there are issues within PHA. He agreed that there is an issue in terms of line managers familiarising themselves with the recruitment system when required, but he acknowledged that the new eLearning system is a game changer. He added that PHA regularly messages staff to remind them to keep their mandatory training up to date and AMT is committed to monitoring this. He conceded that the area of KPIs is a challenge in terms of determining ones that are meaningful. He advised that Ms Patterson is providing real time information to AMT.
- 33/23.10 Ms Mann-Kler asked if PHA is undertaking exit interviews as these can be a rich source of information. She commented that there should be more publicity about what the public sector has to offer as an employer. Ms Patterson advised that while exit interviews are not done routinely, a form has been developed following work carried out by the Organisation Development and culture workstream of the Refresh and Reshape programme and this will hopefully be rolled out in the next couple of months. She agreed that PHA needs to be better at selling itself and this links to the KPIs in terms of faster recruitment.
- 33/23.11 Ms Mann-Kler said that this is an area that would be of interest to the Board. Mr Clayton agreed and said that it would be useful to revisit this when PHA is doing business planning. He said that due to the profile of PHA's current workforce, there are going to be challenges in the future. He agreed that there is no point in having KPIs that are not meaningful.
- 33/23.12 Mr Stewart commented that having worked in recruitment for 3 decades, he found the process in the HSC to be appalling and that it needed to be simplified. He said that if processes cannot be streamlined, then the whole system is designed to fail. He advised that PHA needs to look at its internal processes and put sensible timelines in place. He said that this is an important area and that the Board has been concerned about the level of vacancies in PHA and the inability to fill them. He agreed that the appointment of Ms Patterson has been positive and PHA can already see the benefits. He queried why PHA does not have its own system to manage its own recruitment given it has 400 staff. He said that the report should be circulated to all Board members in advance of

the meeting on 22 June (**Action 1 – Mr Graham**).

33/23.13 Members noted the Internal Audit Progress Report.

Shared Services Update [GAC/24/06/23]

33/23.14 Mr Charles advised that PHA relies on 4 different Shared Services and since the last Committee meeting, Internal Audit has conducted audits in 2 areas – Payroll and Recruitment. For Payroll, he reported that a satisfactory level of assurance was given to elementary processes, but there remains a limited level of assurance in place for other processes, including HMRC Real Time Information (RTI) Reconciliation, historic sickness absence and overpayments. He said that since the last audit Payroll is moving in the right direction but some issues remain. He noted that the impact on PHA would be less than on other organisations.

33/23.15 Mr Charles reported that a limited level of assurance was given with regard to recruitment processes with many of the issues already covered earlier in the meeting. He advised that there are issues arising from the new Amicus system, which is delaying recruitment, and there are other systems which are reliant on manual entry. He added that there is an issue with regard to KPIs and the need for these to provide real time information.

33/23.16 Mr Charles advised that these reports go to BSO and it is for BSO to take forward the recommendations, but it is useful for PHA to have visibility of these audits.

33/23.17 Members noted the Shared Services Update.

Head of Internal Audit Annual Report [GAC/25/06/23]

33/23.18 Mr Charles presented the Head of Internal Audit Annual Report and reported that in terms of performance, Internal Audit met its targets in terms of issuing and finalising reports on a timely basis. He advised that Internal Audit completed 5 audits, 3 of which resulted in a satisfactory level of assurance, and 2 with a limited level of assurance. He added that the 2 limited assurance audits related to screening and recruitment and between them 5 significant findings were found.

33/23.19 Mr Charles advised that Internal Audit carried out 1 consultancy exercise which related to an independent review commissioned as a result of a fraudulent payment.

33/23.20 Mr Charles reported that Internal Audit conducted follow up reviews of outstanding recommendations from previous audits and that 78% of these were fully implemented. He added that the Committee received updates on Shared Services audits and he gave an overview of how Internal Audit meets its quality assurance requirements.

- 33/23.21 Mr Charles advised that for the year ending 31 March 2023, Internal Audit is providing a satisfactory level of assurance on the adequacy and effectiveness of PHA's framework of governance, risk management and control.
- 33/23.22 Mr Clayton noted the reference to challenges in recruitment for Internal Audit and asked if there would be any impact on the delivery of the audit programme. Mr Charles replied that Internal Audit has been able to recruit to some key positions and that the situation is better than this time last year. Mr Stewart noted that a programme to train auditors has commenced. Mr Charles confirmed that this is the case and that in addition to bringing in some students, some senior roles have been filled. Mr Stewart said that bringing in trainees is the way forward.
- 33/23.23 Mr Stewart said that on behalf of the Committee, he wished to thank Mr Charles and Mrs McKeown for the work that they have undertaken during the last year and the good working relationship they have with the Committee. Mr Charles thanked Mr Stewart for his comments.
- 33/23.24 Members noted the Head of Internal Audit Annual Report.

34/23 Item 7 – Finance

Annual Report and Accounts incorporating Governance Statement and Letter of Representation [GAC/26/06/23]

- 34/23.1 Ms Henderson advised that there is a tight timetable for the preparation of the Annual Report and Accounts and that in line with the Department Circular a draft was sent to NIAO on 5 May, and also shared with members, and that the final signed accounts are to be returned to NIAO by 23 June with the audit certificate being released after that date.
- 34/23.2 Ms Henderson outlined that the Annual Report and Accounts is split into 3 sections, the performance section, the accounts and the financial statements. She said that the performance section is completed by PHA and noted that members will have seen a draft. She advised that based on the last performance management report presented to the last Board meeting, changes were made to the ratings table on page 10. She added that the section on rural needs was removed, and that in the accountability section a biography for Dr Stephen Bergin has been included.
- At this point Mr Clayton left the meeting having declared an interest earlier in the meeting.*
- 34/23.3 Moving onto the Governance Statement, Ms Henderson advised that this is sent to PHA's Sponsor Branch and that there is a prescribed layout. She highlighted that there was one data incident reported and that in the section on fraud there is information on one case. She gave an overview of the section on independent assurance noting the

inclusion of the overall Internal Audit opinion. She advised that the section on Internal Control Divergences shows that 1 has been closed, 5 remain live and there are 3 new areas with the new areas relating to Public Inquiries, SBNI expenditure and accommodation.

At this point Mr Clayton re-joined the meeting.

- 34/23.4 Ms Henderson advised that NIAO had raised a query in the Remuneration Report with regard to the information in the financial disclosure table. She explained that the information presented is based on payments made to individuals and that the completion of this is carried out in a standard way across the HSC so the query has been raised with the Department. She highlighted that PHA's staff costs reduced, mainly due to the closure of the Contact Tracing Centre.
- 34/23.5 Mr Clayton asked about consultancy spend and noted that the spend on EY is classed as staff substation. Ms Henderson confirmed that this is the case and this was double checked with the Department. She added that PHA is required to complete a return on consultancy spend.
- 34/23.6 Ms Henderson advised that the figure relating to SBNI expenditure on page 110 needs to be amended and that in relation to the £104k loss, she advised that the relevant Bank has been pressed for an update and that the Bank has offered to attend a future Committee meeting.
- 34/23.7 Ms Henderson said that the last part of this section is the Comptroller and Audit General's certificate which is presently unsigned.
- 34/23.8 Ms Henderson thanked PHA colleagues for their work in completing large parts of the Report. Mr Stewart thanked Ms Henderson for going through the Report and highlighting the changes made.
- 34/23.9 Mr Clayton asked for more information on the staff survey referred to on page 107. Mr Wilson explained that this was an online survey carried out as part of the Reshape and Refresh programme which was promoted at the staff engagement sessions with the aim of getting staff to record their views on the programme and to use the information as a baseline. He added that this is line with the Statement of Works. He acknowledged that there is room for improvement but said that the survey will be repeated periodically. Mr Stewart asked if the frequency has been determined, to which Mr Wilson responded that it would be the intention to do this following each phase but to also undertake pulse survey. Mr Stewart commented that it is difficult to get much out of a survey if it is carried out so frequently. Mr Wilson noted that this work is line with the communication and engagement elements of the programme. Mr Clayton said that scores seems low and it may be worth looking further into this, but Mr Wilson advised that EY had said that the scores are better than in most other organisations. Ms Mann-Kler said that she would be interested to see the next set of results.

34/23.10 Ms Henderson reported that the Accounts section showed that PHA finished the year with a surplus of £236k which is within the break-even target. She noted that there is little change in some of the figures from the previous year, but she pointed out that the total of “trade and other receivables” has increased to £6m due to matters relating to SEUPB (Special EU Programmes Body) which will be picked up in the Report to those Charged with Governance. She explained that the debt relates to the CHITIN programme and the auditor had raised this as a risk, but PHA has received €550k in May and correspondence from the Director of SEUPB that 2 further transactions will be completed next week. She added that this is not a PHA issue, but that SEUPB is going through a closure process and she was not overly concerned.

At this point Mr Irvine left the meeting.

34/23.11 Ms Henderson explained that there was a delay in the SEUPB project which led to a delay in claims being made and that action has been taken to increase the focus on this. Mr Stewart said that it is essentially a timing issue. Ms Henderson agreed and said that while there is a backlog she would be confident that the matter will be resolved.

34/23.12 Ms Henderson advised that the cost of other liabilities is impacted by new accounting treatment for leases. She took members through the rest of the notes to the accounts.

34/23.13 Ms Henderson said that there are some minor amendments to be made to the Annual Report and Accounts and she thanked the auditors for conducting an expedient audit.

34/23.14 Mr Stewart thanked Ms Henderson for her overview of the accounts.

34/23.15 Subject to minor amendments, members **APPROVED** the Annual Report and Accounts which will be presented to the PHA Board on 22 June.

35/23 Item 8 – External Auditor’s Report to those Charged with Governance (Draft)

35/23.1 Mr McCance said that he was pleased to present the draft Report and paid tribute to the work of SPPG and ASM. He advised that the report summarises the key matters from the audit of the PHA’s financial statements and that the outcome is that the financial statements will be signed off with an unqualified audit opinion.

35/23.2 Ms Hagan reiterated that the proposed audit opinion is an unqualified one with no modifications and no adjustments, but there will be a minor classification change. She noted the issue of SBNI expenditure already discussed, but added that there are no other matters of irregular expenditure.

- 35/23.3 Ms Hagan reported that during the course of the audit there were 3 Priority 1 findings. She advised that the audit is substantially complete, and said that ASM is independent. She said that ASM is aware of one data handling incident, and added that during the audit it had access to personal data, but it discharged its responsibilities for handling that data appropriately.
- 35/23.4 Ms Hagan advised that there were no changes to the scope of the audit and that no significant additional risks were identified. In terms of the findings from the audit, she said that the audit process went smoothly. She reported that IFRS 16 relating to leases was implemented this year and the impact of this is within the financial statements. She advised that accounting estimates were accurate and although some suggestions were made regarding narrative disclosures, not all of these were accepted.
- 35/23.5 Ms Hagan said that the next section related to the findings from the audit, of which 3 were Priority 1 and she outlined the definition of each level of Priority.
- 35/23.6 Ms Hagan advised that the first finding related to the issue of illegal expenditure incurred by SBNI which has been reported to the Committee as well as to the Department of Health. She said that there is a Priority 1 recommendation in relation to the accountability arrangements.
- 35/23.7 Mr Stewart commented that the Board has long held concerns about PHA's responsibility in hosting SBNI. He said that this has been raised with the Department, with EY and it will be raised with the Permanent Secretary at the forthcoming Accountability Review meeting. He added that there will now be meetings held between the Chief Executive and the Chair of SBNI, which places extra work on the Chief Executive.
- 35/23.8 Mr Clayton said that he appreciated this recommendation was in draft and may be revised but said that it would be useful to know what the situation is with regard to the MOU and having stronger scrutiny. He noted that the Chief Executive is Accounting Officer for an organisation that he is not in charge of the running of. Ms Mann-Kler asked if this is normal and Mr Wilson replied that it is not good practice. Ms Kane agreed that it is not normal and said that it may apply in tribunal type organisations. Mr Stewart commented that the Chief Executive is relying on what he is being told and that is not adequate.
- 35/23.9 Ms Henderson noted that she has not yet had an opportunity to discuss this finding and said that it is not realistic to expect to get a revised MOU and that the MOU may not be the appropriate vehicle. She outlined the example of how BSO hosts SPPG, but there are accountability arrangements in place for different directorates and that sort of approach may be better. Mr Wilson added that the MOU is an MOU between PHA, SBNI and the Department and it took over a year to complete the

- last revision. Mr McCance advised that the Department will have a similar finding with regard to the irregular expenditure.
- 35/23.10 Ms Hagan advised that the second Priority 1 finding related to the £104k fraudulent payment. She noted that all organisations are at risk of cyber fraud. Mr Stewart said that the Board had received a full briefing on this and he commended the speediness of the notification from Ms McCaig at the time. Ms Henderson noted that the recommendations made by Internal Audit have all been fully implemented.
- 35/23.11 Ms Hagan reported that the third Priority 1 finding concerned payroll controls where 2 weaknesses have been identified, one relating to SiP reports and the other to a situation where a leaver was on the payroll for over a year. She said that across the HSC there has been a weakening of controls which she suggested was not helped by the pandemic, but added that basic payroll controls should be in place.
- 35/23.12 Ms Henderson commented that it was helpful that Ms Patterson provided an update on the programme of work undertaken with regard to SiP reports earlier in the meeting. She added that in other organisations the level of SiP returns would be low so she said that she did not wish the impression to be given that this is an issue that goes throughout the PHA.
- 35/23.13 Mr Stewart said given the rate of expansion in PHA over a short period of time, he was not surprised at this finding and this is why when he asked for an audit of the Contact Tracing Centre, he wanted Payroll to be included in the terms of reference.
- 35/23.14 Ms Hagan advised that there was a finding in relation to the SEUPB debtor, but noted the assurances given earlier in the meeting that the funding will be paid to PHA. Mr Stewart said that he hoped that this would be the case given the work that has been undertaken. Ms Kane said that it may be helpful for PHA to have this finding in its report.
- 35/23.15 Mr Clayton noted that this issue has been ongoing since May 2020 and asked if PHA has any sense as to the cause. Ms Henderson said that she was not aware of the source of the issue. Mr Stewart suggested that the Committee should write to the Assistant Director to ask for more information **(Action 2 – Mr Stewart)**.
- 35/23.16 Ms Hagan said that the last finding related to the disclosure of remuneration to senior executives and how this is recorded as accruals, rather than actual payments, but she noted that this is an issue across the HSC. She added that there has not been a request to make any adjustments to the accounts. Ms Henderson advised that there are some issues for PHA in terms of how the information in the relevant table is presented but she would aim to get clarification.
- 35/23.17 Ms Hagan advised that there were no adjustments made to the accounts

following the audit.

35/23.18 Ms Hagan said that the draft report contains a number of appendices, namely the letter of representation which will be signed off at the Board meeting, the proposed audit certificate and the progress against previous Priority 1 recommendations, of which there were none.

35/23.19 Members noted the draft Report to those Charged with Governance.

36/23 Item 9 – SBNI Declaration of Assurance

36/23.1 Mr Wilson advised that the SBNI Declaration of Assurance needs to be amended as the cost of the unlawful payment is incorrect and SBNI will be asked to address this.

36/23.2 Mr Wilson noted the reference to the review of the MOU which he said is timely and PHA will follow up on this in the context of the finding of the External Auditor's findings. He advised that the SBNI Board is at full complement and that the organisation has an Assurance Framework and Risk Register in place.

36/23.3 Ms Henderson noted that there was an audit recommendation in relation to indemnity of independent panel Chairs and this is not referenced in this document.

36/23.4 Mr Stewart said that the unlawful payment was a lapse in process.

36/23.5 Members noted the SBNI Declaration of Assurance.

37/23 Item 10 – Any Other Business

37/23.1 There was no other business.

38/23. Item 11 - Annual meeting with Auditors (External and Internal) without Officers present

38/23.1 Following the conclusion of the meeting, officers left the room and members held a meeting with representatives from Internal and External Audit.

39/23 Item 12 – Details of Next Meeting

Tuesday 1 August 2023 at 10am

Fifth Floor Meeting Room (or via Zoom).

12/22 Linenhall Street, Belfast, BT2 8BS

Signed by Chair:

Joseph Stewart

Date: 12 September 2023