

Draft Minutes of the Audit, Risk and Governance Committee (ARGC)

Zoom Conference
23 November 2021, 16.30 – 18.10pm

Present:

Name	Details	Initials
Caroline Spillane	Committee Chair	CS
Bernadette Costello	Committee member	BC
Dónall Curtin	Committee member	DC
Tony McNamara	Committee member	TMcN
Martin Higgins	Committee member	MH

In Attendance:

Phelim Quinn	Chief Executive Officer	PQ
Kathleen Lombard	Board Secretary & Chief Risk Officer	KL
Sean Angland	Acting Chief Operating Officer	SA
Joan Heffernan	Quality and Risk Manager (minute taker)	JH
██████████	Associate Director, DHKN (for C&AG) *part of the meeting	██
██████ ██████	Partner, Mazars *part of the meeting	██
David Murphy	Forecast Planning and Analysis Accountant, HIQA *part of the meeting	DM

No apologies were recorded.

1. Quorum

A quorum was present and the meeting was duly convened.

2. Conflict of interest

No conflicts were declared.

3. Minutes of 21 September 2021

The Committee reviewed the minutes of 21 September 2021. KL advised that she had received an email from DC on the previous evening, requesting that observations he made at the meeting of 21 September be included in the minutes. CS stated that she

did not have sufficient time to review the comments. KL advised that she has sought corporate governance advice on the recording of independent views in meeting minutes.

It was noted that the other committee members had not sight of **DC's comments**. It was agreed that consideration of the draft minutes be deferred to the next meeting of the committee when all members are updated on changes requested and such changes are considered in light of best practice corporate governance advice.

CS requested that in respect of future minutes, draft minutes should be issued within 10 working days of the meeting where possible and that observations by committee members on the draft minutes should be submitted within 10 working days after then.

DC also suggested that the meeting pack and draft minutes be circulated 10 days in advance of the meeting date. It was agreed that this would not be feasible due to the importance of having the most up-to-date information provided by the Executive and inputs from other Committees. It was also noted that this is not in line with the format of the Board and other committees of the Board which is to issue papers wherever possible at least one full week in advance of meetings.

4. Review of actions

KL advised that the majority of the actions have been completed but noted on the action relating to the HR report, that further information will be added to the report for the next Board meeting. In addition, KL highlighted that the questionnaires for the annual committee evaluation were included in the committee papers as requested and asked that any further feedback on the questionnaires be provided. Subject to any remaining feedback, the final version of the evaluation forms will be issued shortly to all members for completion.

5. Matters arising

There were no matters arising.

6. Emerging Issues

KL advised the Committee that the tenure of the Chair of the committee is due to expire at the end of November. CS acknowledged that she has discussed this with the Chairperson of the Board and that a new Chair will be appointed at the next Board meeting in line with the practice of rotating committee chair responsibility. CS stated that she has indicated her willingness to remain on the committee as a member as requested by the Chairperson of the Board.

7. Controller and Auditor General (C&AG) – report on audit of 2020 financial statements

CS welcomed [REDACTED] of DHKN to the meeting and referred the committee to the audit completion memorandum for the audit of the 2020 financial accounts that was included with the committee papers.

█ advised that DHKN were contracted by the C&AG to carry out the audit of the 2020 financial statements and summarized the findings of the audit as follows:

- No significant findings were found in relation to internal controls, revenue recognition, accounting estimates, and no material audit adjustment was required
- No significant balance sheet events were found and
- No instances of actual or suspected fraud was noted.

█ explained that the C&AG issued their report at the end of April 2021 with one qualification regarding non-compliance with FRS 102 in respect to accounting for pensions, which applies to bodies under the aegis of the Department of Health (DOH). This is consistent with previous findings and is similar to other public sector bodies under the aegis of the DOH.

█ advised that there is one item identified in the management letter which proposes that the recording of the Board's views of the effectiveness of the internal controls is strengthened.

The Committee welcomed the positive C&AG report as outlined by █. The early date of completion of the audit was noted and HIQA and the C&AG were complimented on the efficiency of completing this process.

In response to the committee's queries, █ responded that:

- No further opportunities for improvement were identified other than the one outlined in the management letter and this finding is of a minor nature.
- The cooperative nature of the finance manager and her team was appreciated during the audit process and enabled the audit to be completely efficiently
- DHKN has been contracted by the C&AG for a three year cycle to include 2022 and
- **DHKN had met with the lead for HIQA's internal audit function and a copy of HIQA's internal audit plan was provided to them.**

CS requested the members of the Executive absent themselves to allow the committee members to engage with the external auditor to ensure that there were no other unresolved issues of concern and to make the external auditor aware of any emerging risks or governance issues, in line with requirements of the Code of Practice for the Governance of State Bodies. PQ, SA, KL and JH left the meeting at this point.

Following the discussion with the committee members only, █ left the meeting. Upon return of the Executive, CS advised that no issues had been highlighted by █.

DC commented that in future years, we should seek a representative from the Office of the C&AG (they being the auditors) to present to the Committee rather than the subcontractors they use to assist them in their role as auditor. Others members reported that in their experience it was common practice that contractors to the C&AG attended such meetings.

8. Internal audit programme – update and plan for 2022

██████████, from Mazars (internal auditor) joined the meeting and presented to the committee on the following matters:

- Internal Audit Plan for 2022 – Mazars had reviewed the existing internal audit plan and **HIQA’s risk areas and objectives**. ██████ advised that -
 - He had met with the Chair of the Committee to ensure that Mazars were fully briefed in respect of the work of the committee and the internal audit programme
 - He considered that the internal audit plan is appropriate to the risk areas but that other audits can be added should something more important arise
 - that the scope of the culture audit will be important and will be discussed with the committee in advance and
 - the planned audits for 2023 will be reviewed at this time next year in light of work done during 2022.

In respect of the planned audits, the committee noted that the planned audits related for the most part related to medium rated risks and asked for consideration to be given to prioritizing the High Risk items due for audit in 2023 to be done in 2022 in place of medium risk items. ██████ clarified that high and medium items will be covered during the three-year audit cycle and changes if required, can be made in agreement with the Committee.

The committee unanimously agreed the internal audit plan for 2022.

8.1 Follow-up on previous audit recommendations

█████ presented the follow up review of the implementation of previous internal audit recommendations, advising that the review focused on 17 open recommendations from seven previously audited areas. ██████ outlined the outcome of the review and summarized the current implementation status of the recommendations. He explained that there are no significant exposures and that substantial work is ongoing to address outstanding recommendations but some are dependent on long term projects such as the PRISM replacement project. It was noted that the recommendation relating to the timeline for the tracking of staff training was dependent on the procurement of a new software system which is scheduled for 2022.

The Committee noted the progress made on the implementation of the recommendations and that revised timelines have been provided for those outstanding.

8.2 Remaining audit work for 2021

█████ updated the committee on the remaining audit work for 2021 as follows:

- The Annual Review of Internal Controls is ongoing. It was noted that **this year’s** internal controls audit is more comprehensive than in previous years and has a much broader focus outside of financial controls

- Project Management – ongoing
- Cyber Security – commencing before end of month

KL advised that the reports for these audits will be presented to the ARGC at the meetings in early 2022. ■ left the meeting at this point.

9. Finance Report

David Murphy (DM) Forecast Planning and Analysis Accountant joined the meeting at this point and presented a revised format for the finance report for the period ending October 2021. Key points were highlighted including:

- The expenditure to date in 2021 and the percentage variance with budget
- The income level is ahead of revised budget due to a timing difference in grant drawdown
- Grant details for the Nursing Home Expert Panel (NHEP) recommendations against allocation for 2021
- Net income over expenditure to date
- 2021 spend on the ICT Programme against the start of year budget of submission.

The committee complimented the revised reporting format. In response to the **committee's questions, SA and DM confirmed the following:**

- In terms of recruitment, there is an under spend as some roles were filled internally. However, this factor will be incorporated into next year's **allocation**
- There is a significant gap in planned ICT program spend - however this is multiyear programme and will involve differing spends on an annual basis
- Costs relating to the NHEP programme are primarily salary related. Delays in recruitment have had an impact but this will be factored into the 2022 allocation
- Employee pension contributions are taken from staff and treated as income for the organisation which appears as a negative cost to the organisation. However, it was agreed to revisit the descriptor used in the accounts, as it is incorrect, and this will be changed going forward.
- ICT spend is drawn down as required in arrears, when HIQA incur the expenditure and
- An underspend is developing in the range of 500K by end of year.

In addition, SA provided an overview of the levels of authority for budget spend and the control structure and system. The Committee complimented the Executive on the format and content of the revised report, noting that it was very clear and comprehensive. SA explained that there are now three accountants reporting to the finance manager and this has enhanced and increased capacity and functionality.

PQ advised that agency staff dependency has been reduced and a number of agency posts were converted to permanent posts during 2021. In line with revised processes and increased controls, the CEO signs off on all agency staff requests.

10. CEO Assurance Report and Risk Management report

KL introduced the CEO assurance report and explained that the purpose of the report is to outline the controls that are operating in HIQA so that there is a sound basis for the **ARGC's annual report the Board in January and for the Board's review of the** effectiveness of internal controls as required by the Code of Practice for the Governance of State Bodies.

PQ highlighted the following from his assurance report;

- the key controls for managing HIQA including the management structure, the systems, procedures and practices, reporting to the Board and its committees, the quality risk and compliance framework and the management of control issues and
- the areas for controls improvement and how they are incorporated into the business plan for 2022.

KL also highlighted the report from the Quality and Risk management function that is appended to the CEO report which sets out a range of developments relevant to the consideration of the effectiveness of the risk management function.

KL advised that this report will go to the Board from the Chair of the ARGC in January 2022 and will be underpinning by sources of assurance such as the individual Directorate assurances, internal audit reports and the C&AG report.

The Committee considered the assurances outlined and noted that the report provides a solid framework **for considering the effectiveness of HIQA's internal controls**. It was noted that the internal controls audit currently underway will provide a further comprehensive external source of assurance for the Board.

11. Risk report

KL presented the corporate risk report noting that two corporate risks have been closed since the previous report to the committee in September. This included:

- Risk 16-146 – the context for this risk has changed and controls for engagement and resourcing are now integrated into the preparatory process for new developments
- Risk 18-235 – stronger controls and actions have been developed which have brought this risk within appetite.

No questions were raised from the committee in relation to the risk report. KL added that an additional module on the corporate performance and risk reporting system (Vision) for monitoring statutory compliance will be launched shortly. It will provide a **live register of HIQA's** statutory compliance requirements which will be reviewed by the EMT on an annual basis. It will facilitate gaps to be identified, the allocation of actions to address these and the tracking of those actions.

11.1 Report on risks reviewed by other board committees

The report outlining the risks review other committees of the board was noted.


12. AOB

CS noted that this was PQ's final attendance at the ARGC meeting as his will be retiring as CEO at the end of 2021. As Chair of the committee, she thanked PQ for his support and the generosity of his time to the Committee.

Signed:



Caroline Spillane
Chair



Kathleen Lombard
Board Secretary

Review of Actions Following from the ARGC Meeting of 23 November 2021

	Action	Person Responsible	Timeframe
1	Approval of September minutes deferred to January meeting. KL to see governance advice on recording individual views of committee members.	KL	Jan meeting
2	Practice whereby draft Committee meeting minutes are issued within 10 working days of the meeting to be established and comments in relation to those draft minutes to be returned within 10 working days of receipt.	KL/Committee members	Ongoing
3	Issue the committee evaluation forms to the committee members	KL	December 2021
4	KL to speak to IT support re HIQA email access for Committee member	KL	Immediate
5	The committee to meet with Mazars again in early 2022 for an update on the findings from completed Q4 audits.	KL	January 2022
6	The assurance report will go to the Board from the Chair of the ARGC in January 2022 with recent audit reports.	KL	January 2022

	Carried forward actions	Person Responsible	Timeframe
1	A report on staff turnover to be included in the next Board report	SA/SM	1 December

Recurrent actions

	Carried forward actions	Person Responsible	Timeframe
1	Inform committee between meetings of risks escalated or de-escalated to the corporate risk register.	KL/PQ	As arises
2	Future ICT reports to include budget versus actual costs and planned versus actual timelines	BK	Ongoing