

Minutes of the PSI Audit and Risk Committee held on-line due to the COVID-19 public health emergency, on Tuesday 30th November 2021.

Agenda Item 1 – Private Committee Time

Issue
The Committee met in private session at the start of the meeting. No members of PSI staff were present.

Agenda Item 2 - Attendees & Apologies

Name	Role	Present (Yes/No)
Dr. Paul Gorecki	Chair	Yes
Ms. Fiona Walsh	Committee Member	Yes
Mr. Liam Burke	Committee Member	Yes
Mr. John Given	Committee Member	No
Mr. Peter Dewhurst	Committee Member	Yes
Ms. Niamh O'Regan	Committee Member	Yes
Members of PSI staff in attendance included:		
Dr. Cheryl Stokes	Head of Corporate Governance and Public Affairs	
Mr. Éanna Ó Lochlainn	Governance and Planning Officer	
Mr. Niall Byrne	Registrar	
Dr. Lorraine Horgan	Head of Corporate Services	
Ms. Aoife Mellett	Acting Head of Practitioner Assurance	
Mr. Neil Wall	ICT Manager	
Ms. Malika Hammani	Acting Finance and Operational Performance Manager Designate	
Mr. Brendan Flynn	Acting Finance and Operational Performance Manager	
External Attendee		
Mr. Tony Cooney	Partner, Governance Risk and Compliance, Crowleys DFK (for agenda item 5)	

Colour code: *Red—for decision; Green—for discussion; Blue—for information*

Agenda Item 3

Issue

The Chair invited members of the Committee to declare any conflicts of interest with regard to any of the items scheduled for discussion at the meeting before it commenced.

Information

Members of Committees of Council are subject to Section 9, Schedule 1, of the Pharmacy Act 2007 regarding disclosures of interest, as outlined in Appendix 1 of the meeting agenda.

Decision Approved, and/or Action Requested

No conflicts of interest were declared by any member of the Committee, with regard to the items scheduled for discussion at the meeting.

Agenda Item 4

Issue

Request for Approval of the Minutes of the Audit and Risk Committee meeting held on the 21st of September 2021

Information

The Chair noted that the draft minutes of the Audit and Risk Committee meeting held on the 21st of September 2021 had been circulated to Committee members in advance of the meeting, and that no amendments had been received.

Decision Approved, and/or Action Requested

Decision Approved: The Committee approved the minutes of the Audit and Risk Committee meeting held on 21st of September 2021, on the proposal of Ms. Fiona Walsh, seconded by Mr. Liam Burke.

Agenda Item 5

Issue

Request for Approval of the Internal Auditor's Report on the PSI's ICT Systems.

Information

A copy of the Report had been circulated in advance of the meeting. Mr. Tony Cooney, attending on behalf of the Crowleys DFK, informed the Committee, that significant assurance could be placed on the adequacy and operating effectiveness of controls, and apart from the 2 low priority rated findings, the controls tested operated satisfactorily during the review period. The findings were noted by the Committee. The Committee queried if PSI spam filters were being checked on a daily basis. The Executive agreed to follow up on this. The Executive confirmed that there was an IT hand-off process in place for staff members leaving the organisation. Mr. Cooney confirmed that all PSI contracts with IT service providers had been reviewed during the course of the audit.

Decision Approved, and/or Action Requested

Decision Approved: The Committee was satisfied with management's response to the findings and approved the Internal Auditor's Report on the Review of the PSI's ICT systems, on the proposal of Mr. Liam Burke, seconded by Ms. Niamh O'Regan.

Agenda Item 6

Issue

Update on the Implementation of Internal Audit Recommendations

Information

Dr. Cheryl Stokes updated the Committee on progress relating to the implementation of the internal audit recommendations, with 5 recommendations being proposed for closure as the internal audit recommendations had now been completed. She highlighted that one item in relation to the PSI website was being proposed to close on the basis that it had been incorporated into the website re-development project which would commence at the start of 2022. The Committee noted that 8 recommendations still remained open.

Decision Approved, and/or Action Requested

The update was noted by the Committee.

Agenda Item 7

Issue

Request for Approval of the PSI's Risk Management Framework

Information

Following feedback received at its meeting on September 21st 2021, and further subsequent amendments, a revised draft of the PSI Risk Management Framework was presented to the Committee. The Committee queried a statement in the Framework relating to the level of assurance internal audit reports could be expected to provide the PSI's stakeholders. The Executive clarified that it was the fact of the PSI having an internal audit process, rather than necessarily the contents of each internal audit report per se, which was intended to provide the PSI's stakeholders with assurance.

Decision Approved, and/or Action Requested

Decision Approved: The Committee approved the Risk Management Framework and agreed it should be tabled at the next meeting of Council by the committee Chair, for its consideration and approval, on the proposal of Ms. Niamh O'Regan, seconded by Ms. Fiona Walsh.

Agenda Item 8

Issue

PSI's Protected Disclosure Framework.

Information

The Committee was informed that the general scheme for a proposed Protected Disclosures (Amendment) Bill 2021 was published on 12 May 2021. The purpose of the Bill was to transpose EU Directive 2019/1937 (the "EU Whistleblowing Directive") into law. Transposition was due to be completed by 17 December 2021, however, the Government had announced it would not be in a position to transpose the Directive until Quarter 1 2022. The PSI as part of its preparation for the changes arising from the transposition of the Directive, had drafted a Protected Disclosure Framework, to enable the Committee to provide feedback. A final version would be brought to the Committee following the publication of the Act.

Decision Approved, and/or Action Requested

The briefing was noted by the Committee. The Chair invited the Committee to provide any further comments in relation to the documents, and noted that the documents would come before the Committee again for final approval.

Agenda Item 9

Issue

Request for Approval for Recommendation to Council on the Appointment of an External Auditor

Information

The Committee was asked to consider the recommendation of the Registrar in respect of the provision of Accounting, Audit and Financial Advisory Services and to approve the recommendation of the appointment of Crowe Ireland as the Service Provider under a new contract in accordance with the proposal outlined in this briefing note for submission to Council, for its consideration and approval at its 16 December 2021 meeting.

The Committee queried if Crowe Ireland had provided non-audit services to the PSI in the past. The Executive confirmed it had, most recently a relatively small piece of work in 2017, but that there was currently no contract of this nature in place with Crowe Ireland. The Executive confirmed there was no legal requirement for the PSI to change its External Auditors, other than the auditors' tenure, as set out in the terms of each contract, following completion of which, the contract was put out to public tender again.

Decision Approved, and/or Action Requested

Decision Approved: The Committee approved the appointment of Crowe Ireland for the provision of accounting, audit, and financial advisory services to the PSI, for submission to Council for consideration and approval at its 16 December 2021 meeting, on the proposal of Mr. Peter Dewhurst, seconded by Ms. Fiona Walsh.

Agenda Item 10(a)

Issue

PSI Corporate Risk Register

Information

Dr. Cheryl Stokes updated the Committee on PSI's Corporate Risk Register a copy of which had been circulated to Council in advance of the meeting. The Committee was informed that a new risk had been added to the register which related to levels of turnover of staff in key position in the PSI at a time of significant change arising from the business transformation and organisation development projects. The Committee were also informed of the impending departure of the Registrar at the end of December.. The Committee was informed that Lorraine Horgan had been appointed as Interim Registrar and that the transition in the lead up to the departure of the Registrar, would be carefully managed.

Decision Approved, and/or Action Requested

The update was noted by the Committee.

Agenda Item 10(b)

Issue

Education and Registration Department Risk Register

Information

The Committee was informed the this would be the last presentation of the Education and Registration Department's Risk Register, as under the PSI's new operating model, the role of this department was being subdivided between the Practitioner Assurance Business Area and the Community Pharmacy Assurance Business Area. Questions were invited from the Committee. The Committee had no questions.

Decision Approved, and/or Action Requested

The update was noted by the Committee. The Committee requested that prior risk scores, be included for comparison in future issues of the risk register. The Executive informed the Committee that as part of the roll out of the new Risk Management Framework that all Business Area Risk Registers would be updated using the new format.

Agenda Item 11

Issue

Presentation on the PSI's new operating model

Information

The Registrar provided a presentation to the Committee on the PSI's new operating model. Questions were invited from the Committee. The Committee queried what its remit was in relation to the new operating model and were informed by the Executive that the presentation was for information purposes only, and the no action was required from them. The Committee requested details of the consultancy costs incurred on the project. The Committee was informed that consultancy costs amounted to a total of €125,000 plus VAT payable over a period of 2 years.

Decision Approved, and/or Action Requested

The presentation was noted by the Committee.

Agenda Item 12(a)

Issue

Q3 Financial Management Accounts to 30 September 2021

Information

The Committee was informed that total income for the period was €5.878m which was under budget by €123k or 2%. This compared to income of €5.911m in the same period last year. Pharmacist and pharmacy registrations were behind forecast figures (-6% and -1%). Department of Health IOP funding had been received in July and September 2021. Total payroll costs for the period were €2.34m, which was €563k or 19% under budget. There were some posts budgeted for that were due for Council approval that were paused pending development of the new organisation structure. Sanction for these positions from the Department was paused in first half of 2021, but they would be progressed in Q4 2021. Total temporary staff costs for the period were €381k, which is €133k or 54% over budget. The Committee queried the reasons for the drop in income from pharmacist registration. The Executive stated that it was a reflection on the assumptions that had been made as part of budget planning in 2020.

Decision Approved, and/or Action Requested

The presentation was noted by the Committee.

Agenda Item 12(b)

Issue

Overview of the Pay Costs which had been Capitalised as part of the PSI's Business Transformation Programme

Information

The Committee was provided with briefing on the pay costs which had been capitalised as part of the Business Transformation Programme, over the life of the project. These had been included in the PSI's 2020 Financial Statements and would also be included in its 2021 Financial Statements. The Committee noted it would be good practice to include reference to the matter in an explanation of variance. The Executive concurred.

Decision Approved, and/or Action Requested

The briefing was noted by the Committee.

Agenda Item 13

Issue

Update on draft PSI Service Plan and Budget for 2022

Information

The Committee was informed that the PSI continued to take an Activity Based Budgeting (ABB) approach, rather than relying solely on historical costs for its budgeting. The expenditure being proposed in the 2022 budget would be funded from a combination of current, and projected registration income fee revenue, accumulated reserves, and an appropriate operating deficit for the year, set at €350K. The Committee was informed that the Strategic Financing Review currently underway, envisaged reserves being set aside to cover certain operating and strategic costs in 2022, including Fitness to Practise (FTP) costs, to the extent not covered in the operating budget. The projected income for 2022 was to be set at €8.025m, and the total proposed expenditure budget for 2022 was €9.104m, of which it was being proposed that €726k be funded from the reserves, leaving a projected deficit of €0.353m.

The Committee noted that the temporary staff budget was being increased and queried the reason for this. The Committee was informed that this was due to costs arising from the transitioning to the new operating model, whilst sanctions for new posts was being

awaited from the Department of Health. It was expected that, subject to sanctions being received, temporary staff costs would be run down during 2023.

Decision Approved, and/or Action Requested

The briefing was noted by the Committee.

Agenda Item 14

Issue

Reports on major incidents, near misses, and lessons learned, and acted upon.

Information

Dr. Cheryl Stokes informed the Committee that no accidents, incidents, or near misses had occurred in the PSI since the last meeting of the Committee.

Decision Approved, and/or Action Requested

The update was noted by the Committee.

Agenda Item 15

Issue

Any Other Business

Information

The Registrar took the opportunity to thank the Committee for their work during his term of office as PSI Registrar.

Decision Approved, and/or Action Requested

The Committee thanked the Registrar and wished him well in his new role.

The meeting finished at: 12:15pm

Signed:

Chair

Date