

HSC BUSINESS SERVICES ORGANISATION

Minutes of Proceedings

The thirty eighth meeting of the Regional Business Services Organisation (BSO) was held on Tuesday 21 June 2012 at 2.00 pm in the Boardroom, BSO HQ, 2 Franklin Street, Belfast.

Present

Mr Alexander Coleman (Chairman)

Mrs Geraldine Fahy

Mr Paddy Anderson (Director of Finance)

Mr Alan Hanna

Mr Hugh McPoland (Director of HR & Corporate Services)

Mr Greg Irwin
Mrs Hilary McCartan

Mr Sean Mahon

Mr Brian McMurray

Mr Gerry Strong

In Attendance

Mr Alphy Maginness – Chief Legal Adviser

Mrs Karen O’Loan – Director of Customer Care and Performance)

Miss Amanda Mills (Secretary to the Board)

1. **Apologies**

Apologies for absence were received from Robin McClelland, David Bingham, Teresa Molloy and Shane Devlin.

2. **Chairman’s Business**

The Chairman welcomed members to this special meeting of the Board to consider in the main the BSO Annual Accounts for 2011/12 and associated papers.

3. **BSO Annual Accounts for 2011/2012**

(i) **Report to those Charged with Governance**

The Director of Finance summarised the main points contained within the NIAO’s Report to those Charged with Governance in respect of BSO for the year ended 31 March 2012. This document was considered and discussed at length at the GAC meeting held earlier in the day. Mr Anderson stated that the NIAO had completed

their audit work which will result in the C&AG providing a qualified regularity audit opinion in respect of £2.5m of expenditure incurred on contracts extended beyond their expiry dates. In all other regards, the opinion on the 2011/12 Financial Statements is unqualified.

Members were taken through each of the Audit Findings which were assessed as Priority 1 and 2 and were advised that an action plan has already been implemented to address the issues highlighted in the report. There were also a number of findings assessed as Priority 3 which were being addressed.

Members noted the recommendations contained in the full body of the NIAO's Report to those Charged with Governance for 2011/12.

(ii) Annual Accounts for 2011/12

The Director of Finance presented the Annual Accounts for the BSO for the year ended 2011/12. He advised that the Governance and Audit Committee (GAC) had considered the Accounts at its meeting held earlier in the day and had recommended that they be submitted for approval by the Board of the Business Services Organisation. In presenting his Executive Summary of the 2011/12 Financial Statements, Mr Anderson highlighted that the BSO reported a surplus of £22k for the Financial Year, well within its Statutory Financial Performance (break-even) Target.

Mr McMurray, Chair of the GAC reaffirmed that the NIAO have confirmed that the BSO will receive a qualified regularity audit opinion for the 2011/12 Accounts and, once approved by the Board of the BSO, the Audit Certificate will be incorporated into the Accounts.

Members considered the Executive Summary for the 2011/12 Accounts which provided members a flavour of the key issues contained therein.

The Board endorsed the GAC's recommendation and agreed that the Annual Accounts of the BSO for 2011/12 should be signed by the Chairman, Chief Executive and Director of Finance.

(iii) 2011/2012 Letter of Representation

Members noted paper BSO 44/2012 which set out the Letter of Representation from the BSO to the Comptroller and Auditor General. The Director of Finance advised that the Letter of Representation confirms that the Financial Statements and other presentations to the auditor are sufficient and appropriate and without omission of material facts to the financial statements, to the best of management's knowledge.

Members were advised that the Letter of Representation will be signed by the Chief Executive and will be sent in tandem with the Annual Accounts.

(iv) Annual Report for 2011/12

The Director of Customer Care and Performance presented the Annual Report for 2011/12 and advised that the financial statement for the year ended 31 March 2012 was now contained in the report. He advised that the GAC had considered the Annual Report at its meeting earlier in the day and had recommended that it be submitted for approval by the Board of the Business Services Organisation.

The Board endorsed the GAC's recommendation and agreed that the Annual Report of the BSO for 2011/12 be approved for publication on the BSO website and sent to the appropriate organisations.

(v) GAC Annual Report to BSO for 2011/12

Mr McMurray presented the GAC Annual Report to BSO which set out the work of the Governance and Audit Committee (GAC) for 2011/12. This document was considered at a meeting of the GAC earlier in the day and recommended that it be submitted to the Board for information.

Mr McMurray acknowledged the valuable help and advice he has received from GAC members throughout the year, particularly from Geraldine Fahy and Hilary McCartan.

Members noted the Report with interest.

(vi) Client Year-End Accounts Update

The Director of Finance tabled a progress report which summarised the year-end work completed on behalf of NIGALA, NISCC, NIPEC and PCC who receive a full statutory accounting service and also on behalf of the HSCB and PHA for whom BSO provides financial information to support the production of their respective Financial Statements.

The progress report highlighted that significant progress has been made with the clients concerned – all have been issued with unqualified accounts for 2011/12 which were delivered to the respective audit committees in time and to a high standard. Members commended the Director of Finance and his staff on this achievement.

Members noted the Client Year-End Accounts Update with interest.

4. Digitalisation of Records in the Scanning Centre

The Director of Human Resources and Corporate Services presented paper BSO 47/2012 which set out a proposal that the new scanning centre would retain paper copies for a period of two months and digital copies in accordance with the requirements set out in the Department's guidelines for managing records in HSC organisations in NI – "Good Management Good Records" (GMGR). He explained that BSO is in the process of establishing a Scanning Centre which will support the new Finance Procurement and Logistics (FPL) System. This scanning system will result in a significant number of paper invoices being processed in the BSO and the

reliance on digital records will significantly reduce the potential costs for off-site storage.

Members approved the proposal subject to the provisions that the two month period should be following payment of the invoice.

5. **Update of Management of Contracts**

The Director of Finance updated members on the issues raised in the Management of Contracts Internal Audit report which provided a Limited Assurance and resulted in a qualified regularity opinion in respect of the BSO's 2011/12 Accounts. He advised that a detailed written paper would be presented to the July Board meeting on this issue.

Members were briefed on an overview of the work undertaken since the May Board meeting. As discussed at the last Board meeting an Action Plan has been agreed by both the Chairman and the Chief Executive to address the issues emerging from the Audit Report.

The action plan contains five key actions for PALS which were outlined to members, namely:-

- (i) PALS will take immediate action to secure some temporary form of bridging arrangement to ensure that the eight non-compliant contracts identified in the audit report will be compliant in 2012/13. Five composite work packages have been provided to NHS Supply Chain who have agreed to take these packages on a temporary basis to regularise the position.
- (ii) A Recovery Team will be established to work on regularising all contracts.
- (iii) SMT will review progress on a weekly basis.
- (iv) An Accountability Review meeting which will be chaired by the Director of Operations will meet on a monthly basis.
- (v) The Board will be updated on a monthly basis.

The Chairman stressed his concern re this matter and stated that every issue addressed in the audit report must be acted upon in a robust and rigorous manner. To that end he advised that he was intending to ask the Chief Executive through the DHSSPS to request the Department of Finance and undertake a thorough independent review of PALS in order to provide himself and the Board with an assurance that Pals is compliant with Government procurement guidance

Members noted the interim position.

6. **Update from Board Sub-Group re Gartner Report**

The Chairman tabled to members a note of a meeting of the Board Sub-Group held on 15 June 2012 which considered the recommendations proposed by Gartner relating to the operation of HSC Data Centres. The sub-group endorsed the recommendations at the meeting which were classified as high and medium priority. The high priority recommendations were to be actioned immediately, whilst the medium priority recommendations would have a 12 month duration.

The high priority recommendations were as follows:-

- To implement the recommendations from the HP (Microsoft) Report regarding changes to the infrastructure to improve failover;
- To develop a policy for firmware upgrades and embed this approach into data centre operations.

With regard to the first recommendation it was suggested and agreed that testing validation in a secure environment must be undertaken. A report of the validation testing will subsequently be presented to SMT.

An action plan was also considered and agreed by the Sub-Group which included:-

- The establishment of a project team to implement the recommendations of the Gartner report over a 12 month period;
- The appointment of a Project Manager to lead the project over this period. The Project Manager would report to a BSO Director who does not have line management responsibility for ITS, who in turn would report on progress to SMT.
- The Board Sub-Group would meet on a quarterly basis to oversee the implementation of the project.

Members noted the position and it was agreed that the Board would be updated on a regular basis on progress.

7. **Reward and Recognition Event**

The Director of Human Resources and Corporate Services presented paper BSO 48/2012 which contained the application form and information pack relating to a Reward and Recognition event. Members were reminded that they endorsed the Reward and Recognition Scheme in January 2012 and agreed that they would be involved in the judging process which is expected to take place in late August/early September. The actual event is scheduled to take place on Thursday 27 September 2012 prior to the Board meeting.

The HR Directorate will be in contact with non-executive directors regarding the judging process following the closing date for receipt of applications - 31 July 2012.

Further details of this event will follow in due course.

Members noted the position.

8. **Any Other Business**

(i) **Missing Prescription Pads**

The Director of Human Resources and Corporate Services alerted members that BSO have been contacted by two GP Practices who had ordered prescription pads but to date have not received them. The HSCB and the DHSSPS have been advised of this potential serious incident and efforts are on-going to locate the prescriptions.

Members noted the position.

9. **Date of Next Meeting**

The next meeting of the BSO Board will take place at 11.00 am on Monday 9 July 2012 in the Boardroom, BSO HQ, 2 Franklin Street, Belfast.

The Chairman thanked everyone for attending and closed the meeting.

Chair

Chief Executive

Date _____