

SOUTH EASTERN HEALTH & SOCIAL CARE TRUST

Minutes of a meeting of the Audit Committee held on Thursday 7 December 2017 at 12.00 noon in the Boardroom, Trust Headquarters, Ulster Hospital

- PRESENT:** Mr N Brady, Non-Executive Director (Chairman)
Dr M Briscoe, Non-Executive Director
Mrs H Minford, Non-Executive Director
- IN ATTENDANCE:** Mr N Guckian, Director of Finance & Estates
Miss I Low, Board Secretary & Assistant Director, Risk
Management & Governance
Mr Brian Grimley, Assistant Director, Financial Services (Acting)
Mrs C McKeown, Head of Internal Audit, BSO
Mr S Knox, Audit Manager, Northern Ireland Audit Office
Ms M Maginnis, Director, Grant Thornton
- OBSERVER:** Mr J Mulholland, HSC Sponsorship Branch, DoH
- APOLOGIES:** Mrs J O'Hagan, Non-Executive Director
- ABSENT:** None

ACTION

CHAIRMAN'S BUSINESS

Mr Brady reported that Mr Peter Wilson, Assistant Director, Procurement and Logistics Service (PALs) had attended the briefing session pre today's meeting and gave a very informative presentation on this service area. It covered a wide range of areas and certainly helped members in getting a better understanding of the services provided by PALs and the current issues in the HSC around procurement.

A suggestion was made that this item would be of benefit to all Non-Executive Directors (and Directors) and it would be helpful at any further sessions to include more information in relation to pharmaceutical issues, agency staff and domiciliary care issues. It was agreed, therefore, that Miss Low would ask the Chairman to add this item to a future Trust Board workshop agenda. Members noted that Mr Wilson had extended an invitation to members to visit PALs offices/warehouses should they wish to do so. It was also agreed that a copy of the presentation would be circulated to all members of the Committee.

IL

IL

Mr Brady welcomed Mr Jerry Mulholland, DoH representative, who was attending the meeting in an observer capacity (as per the Department's letter dated 10 July 2009 which sets out the background and the context by which Departmental officials attend ALB's Audit/Assurance Committee meetings). Mr Brady explained that today's meeting was 'light' in terms of business as the

previous meeting in October 2017 had dealt with a significant amount of business.

1.0 DECLARATION OF POTENTIAL CONFLICT OF INTERESTS WITH ANY BUSINESS ITEMS ON THE AGENDA

Mr Brady invited members to declare any items of potential conflict of interest with business items on the agenda. None were received and the business of the meeting proceeded.

2.0 MINUTES OF THE PREVIOUS MEETING HELD ON 12 OCTOBER 2017

The minutes of the meeting held on 12 October 2017, having been previously circulated, were taken as read and agreed as a true and accurate record.

3.0 MATTERS ARISING FROM THE MINUTES

For action /discussion

3.1 Update from IA Progress Report (12/10/17) re time recorded for Claims Management Audit

Further to discussion at the last meeting in respect of the time recorded for days to complete management responses for the Claims Audit, Mrs McKeown confirmed that she had reviewed this matter. She noted that as regional co-ordination was required to finalise regional reports, such reports are expected to be amongst the 25% that take longer than the 5 week target to finalise. The matter will be reviewed again by Internal Audit at the year-end in the production of year end reports.

CMcK

For information/noting

3.2 Update – Governance Statement – query regarding the submission date of business case for Mental Health Inpatient Capital Business Case

Members noted that the above item was raised at the recent Ground Clearing meeting held on 20 November 2017. It will also be raised at the Mid-Year Accountability meeting with the DoH on Thursday 7 December 2017.

3.3 Updated Mid-Year Assurance Statement

Members were advised that the Trust had submitted its Mid-Year Governance Assurance Statement by the due date of 13 October 2017. Subsequent to this, DoH raised some queries/suggestions. These were duly considered and a revised statement was submitted to the DoH on 8 November

2017. A copy of the updated statement was circulated with the papers for the meeting, for information.

3.4 NIAO Self-Assessment Checklist

Members noted that the amendments discussed and agreed at the Audit Committee meeting held on 12 October 2017 had now been incorporated into the final document.

3.5 Update – Procurement & Catering Audit 2017/18

Members noted that this item is linked to the stock catering system. An action plan is in place to address the recommendations made by Internal Audit by Mr Thompson, Assistant Director, Patient Experience.

3.6 Update on IA Recommendations – Reminder to Directors regarding timely responses to outstanding recommendations

Members noted that Mr Guckian has reminded all Directors regarding timely responses to outstanding recommendations in Internal Audit Reports.

4.0 NEW BUSINESS ITEMS

For Approval and/or Discussion

4.1 Update – Test Drilling

Members received, for information, a short report on the results of the Department of Health (DoH) exercise to review the standard of Business Cases in Arms' Length Bodies. Consequently, all HSCs Trust were requested to report on test drilling results to their respective Audit Committees.

In presenting the report, Mr Guckian gave a short overview to the background to this matter. By way of introduction he said that DoH test drilling of 2016/17 quarters 1 and 2 Below Delegated Limits (BDL) capital business cases into Red/Amber/Green demonstrated that the Trust needed to enhance the standard of their BDL capital business cases to be compliant with Northern Ireland Guide and Expenditure Appraisal and Evaluation (NIGEAE).

Previous test drilling feedback was satisfactory and was not reported via a RAG rating. DoH then increased scrutiny as a result of the delegated limit increasing to £1.5m (ICT still £250k) from September 2016.

This resulted in a working group being established to address the aforementioned issues. Background information was also provided in detail in the paper in relation to Capital Funding and BDLs 2015/16 and 2017/18 which Mr Guckian also addressed during the ensuing discussion.

Members noted that the DoH advised the Trust of the RAG rating for 2016/17, quarters 1 and 2 on 6 January 2017. This demonstrated that the Trust BDLs were not achieving NIGEAE standards. This feedback generated significant work to address the potential issues in 2016/17, quarters 3 and 4 plus developing an Action plan for 2017/18.

It was noted that the DoH took a different approach to these quarters test drilling by selecting 2 high value BDLs per Trust, reflecting the revised delegated limit increasing from £500k to £1.5m. The DoH selected the Trust's CT scanner - £1,063k and Endoscopes £445k BDLs to test drill. Feedback from DoH on 21 July 2017 reported that both BDLs test drilled were rated green. A significant improvement from previous tests.

Mr Guckian then reported on the 7 items listed in the action plan for 2017/18 which were undertaken in January to June 2017. The DoH has requested the Trust's BDL database for 2017/18 and they will select a random number of cases for testing purposes. The results of test drilling for quarters 1 and 2 for 2017/18 are awaited.

A lengthy discussion ensued and Mr Guckian responded to members' queries on this subject matter. He advised that 153 business cases had been undertaken by service leads. In response to Mr Knox's query he explained the differences for capital and revenue business cases. He also clarified the arrangements for new services ie, Investment Proposal Template/s which he would countersign in conjunction with the Director of Planning, Performance & Informatics.

In response to Dr Briscoe's question, Mr Guckian outlined the types of cases chosen for test drilling by the DoH. Mr Guckian also outlined the procurement rules that apply to the types of projects outlined in the paper.

Finally, Mr Brady thanked Mr Guckian for his very comprehensive report and confirmed he was satisfied with the assurances provided to the Committee.

For information/noting

4.2 BSO Final Assurance Letter as at 30/09/17

Members received, for information, a copy of a letter and

enclosure from Mr Mclvor, Chief Executive, BSO, dated 15 November 2017 regarding the BSO Mid-Year Assurance Statement as at 30 September 2017. The purpose of this was to advise members of the governance arrangements which were in operation in BSO in the first six months of the 2017/18 financial year.

A short discussion ensued and no queries or concerns were raised in respect of this communication. Members duly noted the assurances given by Mr Mclvor in the covering letter with regard to the Internal Audit reports issued to date.

4.3 NI Public Sector Chairs' Forum – In Camera Breakfast with the Comptroller & Auditor General

Miss Low advised members of the above event which was held this morning (7 December 2017) at 08.00 am in the HSC Leadership Centre. Unfortunately, Mr Brady was unable to attend however, it was noted that a further event will be held in January 2018 when Mr David Sterling, Head of the Civil Service has agreed to host an innovation lab to review governance arrangements. It was noted that the Chairs' Forum is happy to feedback the issues raised at this discussion into the process.

4.4 HSC Whistleblowing Framework & Model Policy

Miss Low advised members that a letter had been issued dated 3 November 2017 by Mr Andrew Dawson, Director of Workforce Policy (Acting) to all Chief Executives enclosing a new framework for HSC Whistleblowing and Model Policy. This had been developed, in collaboration with HSC colleagues, in response to the recommendations arising from RQIA's Review of the Operation of HSC Whistleblowing Arrangements.

All HSC organisations are required to adopt the Model Policy and may tailor it to take account of their individual organisation's policies and procedures. Mr Guckian confirmed that the lead Director in relation to this matter is Mrs Weir, Director of Human Resources & Corporate Affairs. It was noted that the DoH, in due course will monitor the implementation and effectiveness of these arrangements.

4.5 NIAO – Managing the Risk of Bribery & Corruption – A Good Practice Guide for Managing the Public Sector

Members, received for information, a copy of the press release and Good Practice Guide for Managing the Risk of Bribery & Corruption for the Public Sector. Mr Guckian stated that the NIAO representatives would be speaking to Directors of Finance about this important subject matter in

the next few months. All Trusts have adopted common policies and procedures in respect of this matter.

Reference was made by Mr Grimley to the Trust's zero tolerance approach to fraud and it was agreed that any NEDs who had not already seen the Trust's Fraud Response Plan/Policy and Anti-Bribery Plan/Policy (via Induction Pack) can access these on request from Miss Low.

ALL

5.0 **REPORT FROM THE INTERNAL AUDITORS**

5.1 **Progress Report to Audit Committee dated 7 December 2017**

Members received, for consideration, the Progress Report to Audit Committee dated 7 December 2017 which had been circulated with the papers for the meeting. In presenting the report, Mrs McKeown highlighted pages 1 to 4 of the report which detailed the key information contained in the report, as detailed below:-

- Key Performance Indicator information;
- Definition of Levels of Assurance and Prioritisation of Findings and Recommendations;
- Progress Report 2017/18 on Audit Assignment broken down by current status, date of consideration by the Audit Committee and overall level of assurance.

With regard to the KPI information, Mr Brady noted an upward trend in the statistics and said that he hoped that this would continue. In response, Mrs McKeown acknowledged that Internal Audit has missed some of their targets and outlined the reasons for same together with remedial action taken. Mr Grimley stated that good close working exists between Internal Audit and the Financial Governance teams and he hoped to see a continuing trend in quicker response times to Internal Audit reports.

The following reports were reviewed and discussed during the meeting:-

5.1.1 ***Cash Management in Social Services Facilities – Satisfactory Assurance***

Mrs McKeown presented the key findings of the above report. Six facilities were visited. There were two key findings and management action has been agreed to ensure these are addressed. Mr Guckian reminded members that this report, in previous years, had generated more recommendations and was glad to see that previous actions

implemented had assisted in the assurance level for this report.

5.1.2 Non Pay Expenditure 2017/18 – Satisfactory Assurance

Mrs McKeown presented the key findings in respect of the above report. There were 4 key findings and a range of actions have been agreed to address these by management. A lengthy discussion took place. A number of queries were raised by members in relation to the number of FPM users and the term 'super users' and these were satisfactorily addressed by Mrs McKeown and Mr Guckian at the meeting.

Queries were also raised by Mr Knox in relation to the issue about direct award contract (finding 4.1) and Mr Guckian explained the background to this issue and the proposed management action to address the finding. In addition, discussion also took place about the contract rates (finding 3.1 and 3.2) especially with regard to the use of one particular contractor by Prison Healthcare which is used to supply nurses to work within this area when there are staffing issues/shortages. It was noted that this was a long standing issue across all HSC Trusts and is largely associated with the lack of supply of nurses. The supplier is currently off contract because they decided not to participate in our last tendering process (Jan 2014) however we are currently engaged in a new tendering process and Prison Healthcare Agency cover will be considered again as part of this process.

6.0 REPORT FROM THE EXTERNAL AUDITORS

There were no reports from External Audit.

7.0 REPORT ON INCIDENTS OF THEFT/FRAUD AND WHISTLE-BLOWING AND NFI MATCHES

Mr Grimley provided a verbal report in respect of the above item. Since the last meeting in October 2017 there were no new cases of theft/ fraud reported. There are 7 live cases with movement in 2 cases which have been referred to the PSNI for action (criminal investigation). One case has been closed with successful recovery of the money (circa £5k) and the second which involves a suspected fraud of circa £15k the individual will be called for interview.

In respect of this case, if proven, the pension of the staff member will be reduced. Mr Grimley briefly outlined the background to this case which had led to the staff member being dismissed.

A general discussion took place on the Trust's Zero Tolerance approach to fraud and the current policy in place together with strategies to promote same. Reference was also made to a future

training event in relation to Procurement and Contract Management which also includes reference to roles and responsibilities of all staff in terms of fraud, bribery, corruption etc and means for staff to protect themselves.

Mr Guckian reported on the work of the Secondary Care Fraud Group which includes HSC Trusts working very closely with Counter Fraud. He cited two examples of very good work by this Trust (Estates Works Contracts and Overseas Patients) which have been shared for learning purposes.

With regard to Dr Briscoe's query in relation to overseas patients, Mr Guckian summarised the current arrangements to manage this client group and also to recover debts, as appropriate. With regard to continuing healthcare work, Dr Briscoe asked if this was an issue. In response, Mr Guckian confirmed it is but it does very much depend on the definition of 'continuing healthcare'. The last recommendation that went to the Minister recommended that the definition should be closely aligned with acute hospital care. However, the boundaries are unclear and this can cause confusion. The Trust currently uses the CRAG guidelines. In England there have been lots of challenges to these guidelines under law as continuing healthcare must be met by the state. In Northern Ireland acute hospital care is funded by the state; residential and nursing care is self-funded by the patient/client.

Dr Briscoe suggested that the Trust should ask the DoH for further clarity about the definition and queried should this item be a matter for a Trust Board workshop. In response, Mr Guckian outlined the action to date including, issue raised with the Deputy Permanent Secretary (Finance) and awaiting further clarity regarding definition. This could lead the Trust into a Judicial Review case.

Members expressed their unhappiness about the lack of clarity regarding the definition. Following discussion, it was agreed that Mr Guckian would pursue an answer from the DoH for discussion at the next meeting. If the matter is not resolved, then members may wish to consider escalating the matter further via the Chairman and Chief Executive. Dr Briscoe wished to highlight that she was involved with this issue during her tenure at the DoH.

NG

8.0 ANY OTHER BUSINESS

9.1 Compliments of the season

Mr Brady concluded the meeting by wishing all members a Merry Christmas and a Happy New Year for 2018.

9.0 DATE AND VENUE OF NEXT MEETING

It was agreed that the next meeting should be held on **Thursday 15 February 2017 at 12 noon in the Board Room, Trust**

Headquarters, Ulster Hospital.

There will be NO briefing session pre the next meeting at 11.30 am as the Chairman will be meeting with External Audit (11.30 am) and Internal Audit (post meeting) respectively.

IL