

SOUTH EASTERN HEALTH & SOCIAL CARE TRUST

Minutes of a meeting of the Audit Committee held on Wednesday 6 June 2018 at 1.00 pm 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
Mrs J O'Hagan, Non-Executive Director
- IN ATTENDANCE:** Mr N Guckian, Director of Finance & Estates
Miss I Low, Board Secretary & Assistant Director, Risk
Management & Governance
Mr B Grimley, Assistant Director, Financial Services (Acting)
Mrs C McKeown, Head of Internal Audit, BSO
Mr S Knox, Audit Manager, NIAO
Mrs B Bourke, Director, Grant Thornton
- APOLOGIES:** Mr H McCaughey, Chief Executive
- ABSENT:** None

ACTION

CHAIRMAN'S BUSINESS

At the outset, Mr Brady welcomed everyone to the meeting and advised that there was no workshop pre today's meeting which was to approve the draft Annual Report and Accounts. Members were advised that Mr McCaughey was unable to join today's meeting due to a conflicting TIG meeting. However, Mr Guckian had briefed him (and EMT members) on the Annual Report and Accounts and the draft Report to those Charged with Governance (RTTCWG).

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 3 MAY 2017

The minutes of the previous meeting held on 3 May 2017, having been previously circulated, were taken as read and agreed as a true and accurate record

3.0 MATTERS ARISING FROM THE MINUTES

Members noted that an update on the matters arising was deferred to the next meeting.

4.0 NEW BUSINESS ITEMS

For Approval and/or Discussion

4.1 Draft Annual Report of the Audit Committee – 2017/18

Members received, for consideration and approval, a copy of the final version of the Annual Report of the Audit Committee for 2017/18 which had previously been discussed at the meeting on 3 May 2018. Miss Low confirmed all comments received had been incorporated into the final draft version. A short discussion ensued and members approved the content of the final report for submission to the Trust Board at its meeting later today.

Mr Brady thanked Miss Low and Mr Grimley for a short but comprehensive report which clearly demonstrated the work of the Audit Committee during the year.

4.2 Presentation of the draft Annual Report and Accounts [including the Governance Statement and the Letter of Representation]

Members received, for consideration and approval, the final version of the Annual Report and Accounts (including the Governance Statement) and the Letter of Representation which had been circulated with the papers for the meeting. Members noted that detailed discussion on previous drafts had taken place at the meeting held on 3 May 2018 therefore only new or exception issues would be discussed at today's meeting.

In presenting the papers, Mr Guckian said that overall, the Annual Accounts represent an organisation which is well managed. The Accounts were completed within the required timescales and earlier than on previous occasions. Mr Guckian said that until the Accounts are laid in the Assembly that any minor amendments/typographical errors should be forwarded to him, for incorporation into the final document.

An unqualified opinion was provided by External Audit. There were no Priority 1 findings. There were two Regional Priority 2 findings, which will appear in each Trust's reports.

Mr Guckian also commended NIAO and Grant Thornton on the production of the Report to those Charged with Governance as this was the first time that the report had included management responses at this early stage to the Audit Committee.

The key changes since the last meeting were discussed. Members noted that a number of issues were de-escalated during the year: Urology, leases and the Data Protection Act undertaking. Two new control divergences were added during the year: Cardiology in the Downe Hospital and recruitment and retention in Community Mental Health teams.

Mr Knox referred to the draft Letter of Representation and advised that there was a change to the narrative of the fraud section since the version issued yesterday and that this would be amended post today's meeting.

NG

A short discussion ensued and Mr Guckian responded to Mrs O'Hagan's query in relation to the Hyponatraemia report and Dr Briscoe's comments regarding the additional control divergence in relation to the Community Mental Health Team. Reference was also made to discussions at previous Audit Committee meetings in relation to the level of investment in Mental Health services and the trend analysis work Mr Guckian had agreed to undertake in respect of this matter.

Continuing, Mr Knox thanked Grant Thornton for the production of their report which was a lot faster than previous years. He also commented that the template for the accounts requires some changes and this is something that the NIAO will take up directly with the DoH. Mr Brady asked to be kept apprised of the outcome of this work. Mr Knox also made reference to the common issues across all HSC Trusts in respect to Domiciliary Care and Accruals. He also commended the Trust on the content and format of the Annual Report.

SK

During discussion, Mrs O'Hagan said that she would have liked to have seen more information in respect of PPI and hoped that this could be accommodated in next year's report.

Dr Briscoe said that this was a very good idea however there was quite a lot of information in the report on patient experience and co-production but recognised it was not directly linked back to the PPI section. Overall, it was an excellent document, clear and easy to read.

Following discussion, Mr Guckian confirmed that he had no hesitation in recommending the Annual Report & Accounts (including the Governance Statement and Letter of Representation subject to inclusion of Mr Knox's amendment) to the Accounting Officer for signing at the Confidential Trust Board meeting later today.

For Information/Noting

4.3 Draft Charitable Funds Accounts and Letter of Representation

Members received, for consideration and approval, a copy of the draft Charitable Funds Accounts and Letter of Representation which had been circulated with the papers for the meeting. In presenting the papers, Mr Guckian said that the Charitable Funds Committee met prior to the Trust Board meeting and the Annual Accounts were discussed in detail. Expenditure of Charitable Funds during the year was £358k plus £72k on governance of the funds, giving a total of £430k.

There was an unrealised loss reported during the year, due to turbulent markets. Income totalled £346k (£209k donations and £137k investment income). The Trust Funds were now valued at £5.8m (against £6m last year). Mr Guckian stated that consideration is being given to amalgamating a number of funds and to the establishment of Directorate funds. Donors are encouraged to give donations to general funds rather than specific restricted funds.

Mr Guckian commended the work carried out by the Charitable Funds Committee. Mrs O'Hagan highlighted her previous experience of utilising charitable funds and how her organisation had addressed the issue of fund utilisation by changing the wording in their documentation.

Mr Guckian said that members of the Charitable Fund Committee had recommended approval of these Accounts and Letter of Representation (which would also need to be amended to take account of Mr Knox's change) and these will be presented, for approval, at the Confidential Trust Board meeting later today.

5.0 REPORT FROM INTERNAL AUDITORS

There was no business under this section

6.0 REPORT FROM THE EXTERNAL AUDITORS

6.1 Draft Report to those Charged with Governance

Members received, for information, a copy of the draft RTTCWG for 2017/18 which had been previously circulated with the papers for the meeting. In presenting the draft report, Mrs Bourke summarised the key matters arising from Grant Thornton's audit of the 2017/18 financial statements for the benefit of those charged with governance. She thanked Mr Guckian and Mr Grimley for their co-operation during the audit process.

Mrs Bourke said that it was proposed that the Comptroller & Auditor General will certify the 2017/18 financial statements with unqualified audit opinion, without modification. There were no adjustments made to the statement of comprehensive net expenditure nor the statement of financial position.

Uncorrected misstatements would increase spend and decrease net assets by a further £1.2 m. The full list of adjustments was noted on page 11 of the report. No report on the accounts was required.

Mrs Bourke summarised the key audit findings which included a review of internal controls, accounting systems and procedures to the extent considered necessary for the effective performance of the audit. No Priority one recommendations in relation to regularity and the internal control environment were found.

Reference was also made to the arrangements for the management of information and personal data which was in line with GDPR and the Data Protection Act 1998. Mrs Bourke then highlighted the specific actions for the Audit Committee in respect of the report as detailed below:-

- To review the findings set out in the RTTCWG, including the draft letter of representation and audit certificate at Appendix 1 and 2 respectively;
- To consider whether the unadjusted misstatements, set out in the identified misstatements section (page 11) should be corrected.

Following the ensuing discussion, members confirmed that they had fully reviewed the findings in the report and were content with same and that they had also considered the unadjusted misstatements set out in the identified misstatements section (page 11). They agreed that these should not be corrected on the basis that they were not material.

Mrs Bourke then outlined the salient points from the key sections of the report as listed below:-

- Section 2 – Audit Scope;
- Section 3 – Significant Risks;
- Section 4 – Audit Findings;
- Members noted that classification of accruals -v- provisions may affect next year's accounts. A discussion took place in respect of this matter and to aid members' understanding at the request of Mr Brady, Mr Guckian outlined the difference in accruals and provisions.

- The issue re Domiciliary Care was also noted as a regional issue. Compliance with prompt payment policy issue was also discussed and the decrease in the percentage of compliance which had fallen. Mr Brady asked that the Trust try to achieve 95% compliance in the incoming year and this was agreed by members. Mr Guckian advised that was a system issue.
- Brief reference was made to the control weakness identified in bank reconciliations and the completeness of liabilities within the Charitable Funds. Mr Guckian responded to members queries accordingly.

NG

With regard to the appendices, it was noted that the letter of representation would be amended to take account of the change to the fraud section mentioned earlier and the audit certificates were satisfactory. Finally, Appendix 3, implementation of prior year recommendations was duly noted. Mr Knox concluded by saying these were a good set of accounts with few queries.

Following discussion, Mr Brady then sought, and received, approval to recommend the draft Annual Report and Accounts for 2017/18 (including the Governance Statement) together with the Letter of Representation to be signed by Mr McCaughey (as Accounting Officer) at the Trust Board meeting later today at 1.00 pm subject to inclusion of any revisions as agreed at this meeting.

NG

Mr Brady, on behalf of members, then thanked Mr Knox and Mrs Bourke for a comprehensive presentation of the draft Report to those Charged with Governance. He also thanked Mr Guckian and Mr Grimley (and finance team/s) and Grant Thornton (and respective staff) for all their hard work in completing the audit report despite the challenging DOH audit timetable. He also commended Internal Audit for all their work during the year. Finally, he also thanked Miss Low for her outstanding support of himself personally and the Committee throughout the year.

7.0 ANY OTHER BUSINESS

There were no items of any other business raised at the meeting.

8.0 DATE AND VENUE OF NEXT MEETING

It was agreed that the next meeting should be held on **Thursday 4 October 2018 at 12 noon in the Board Room, Trust Headquarters, Ulster Hospital.**

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