

## **SOUTH EASTERN HEALTH & SOCIAL CARE TRUST**

### **Minutes of a meeting of the Audit Committee held on Thursday 4 October 2018 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 B Burke, Director, Grant Thornton
- OBSERVER:** Ms H Hagan, Sponsorship Branch, Department of Health
- APOLOGIES:** Mrs J O'Hagan, Non-Executive Director
- ABSENT:** None

#### **CHAIRMAN'S BUSINESS**

Mr Brady reported that Mrs Caroline Fleming, Assistant Director, Financial Performance & Capital and Mr Cormac Daly, Costing and Commissioning Accountant, had attended the briefing session pre today's meeting and gave a very informative presentation on the subject of Reference Costs. It covered a wide range of areas and certainly helped members in getting a better understanding of this subject matter.

Mr Brady welcomed items for future presentations from members and highlighted the following four areas which were duly agreed:-

- Prompt Payment/Debt (item agreed for the 6 December meeting);
- Encompass Programme;
- Payroll Shared Services; and
- Outcome of debrief report in respect of Exercise Siberia (23/4/18)

Mr Brady welcomed Ms Hilda Hagan, 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).

Finally, Mr Brady said that the agenda for today's meeting was quite busy however quite a number of papers were for information/noting and business would concentrate on items for action/discussion. He also reminded members

#### **ACTION**

that a 'Closed Meeting' of the committee would be held immediately following this meeting.

**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 MEETINGS HELD ON 6 JUNE 2018**

The minutes of the previous meetings held on 6 June 2018, having been previously circulated, were taken as read and agreed as a true and accurate record.

**3.0 MATTERS ARISING FROM THE MINUTES**

**3 May 2018 – For Action/Discussion**

**3.1 Update – Definition of Continuing Healthcare**

Members received, for information, a letter dated 31 July 2018 from the Head of the Community Care Unit, DoH which was circulated with the papers for the meeting. The letter reminded Trusts of the outcome of the public consultation exercise in respect of this matter. It also reminded Trusts that in the interim period, until such times as any revisions to the current arrangements have been agreed and implemented, the extant Departmental guidance as set out in ECCU 1/2010 'Circular Care Management, Provision of Services and Charging Guidance' continues to apply. In particular, paragraphs 17 and 88 were highlighted.

It was noted that Trusts remain responsible for ensuring that assessments of need for individuals are carried out in a timely manner and that those needs are met in the most appropriate way. A short discussion ensued. Dr Briscoe acknowledged that this was a difficult area to sort out. Mr Guckian undertook to keep members apprised of further developments in this matter as and when they arise.

**NG**

**3.2 Update – Draft Annual Report & Accounts – Query by Dr Briscoe Regarding Trend Analysis of Expenditure – Mental Health & Learning Disability**

Members received, for information, a copy of a report prepared by Mr Guckian's team in respect of the above item which was circulated with the papers for the meeting following a previous query raised by Dr Briscoe. In presenting the paper, Mr Guckian said that the financial analysis was based on spend on patients and clients availing of services within the Trust with a high level of adjustment for the cost of services delivered by Belfast HSC Trust for our residents.

With regard to Mental Health spend for SET, this showed substantial growth over the five year period at 18.78% which is in excess of growth in total Trust spend. There has been significant spend in Acute Services (as a result of revenue consequences and demography). However, Mental Health Services have grown at a faster rate than Trust-wide expenditure.

The figures also showed that SET Mental Health growth is greater than other Trusts over the period. In relation to the share of overall spend, SET in contrast to other Trusts has maintained investment over the five year period, at 6.9%. When compared to the Northern Ireland, Mental Health share of total SET spend is above the average for NI. The paper also detailed arrangements for Adult Disability Service. This showed that investment growth in this area has far surpassed overall Trust growth at 30.23% over the five year period. This is virtually double overall Trust growth for the same period.

The percentage share of total spend in this area has grown. Members noted that in relation to the five NI HSC Trusts, SET is mid ranked for investment in total Adult Disability as a share of Trust spend. At 18.62%, SET is above NI average for investment in this area. When combined, Mental Health and Adult Disability are well balanced in respect of investments.

Finally, Mr Guckian said that from a financial viewpoint the Trust has been significantly increasing investment and would not currently require a fundamental shift in resourcing within the Trust. It is for the Commissioner/DoH to determine whether current relative investments are reasonable. Given the Trust's position against the NI averages we would not require a strategy to address any inherent investment shortfalls.

A brief discussion ensued and in response to Dr Briscoe's query, Mr Guckian advised that the Trust does hold figures on the GB spend in respect of mental health and this would be difficult to source on the basis that health and social care is managed by two different areas in GB. Dr Briscoe thanked Mr Guckian for a very comprehensive paper and confirmed that this had addressed her query. Mr Brady thanked Dr Briscoe for raising this important issue.

### **3 May 2018 – For Information/Noting**

#### **3.3 Update on the Controls Assurance Programme – Alternative Assurance Arrangements**

Members were advised that a meeting of the Controls Assurance Project Team was held on the 6 September 2018. The name of the group has now been changed to the

Organisational Controls Assurance Group (OCAG) to reflect the change of the work programme following the formal standing down of the former Controls Assurance Programme by the DoH. There are also a number of new templates/assurance statements for some of the former standards, which will be used with immediate effect. If there is no template available, the former evidence list/s will be used, which may include ISO standards/accreditation in some cases.

Members noted that there is now no common scoring system, as with the previous standards and the group will address this issue at their next meeting. This Trust has also taken the decision to continue to monitor against the standards (using both the old and the new templates, as appropriate) and also will probably introduce an assurance statement per standard (as is the case with some of the replacement evidence lists/standards as recently issued by Policy Lead/s, DoH) in order to provide assurance to the Accountable Officer. The production of the baseline assessment will remain as in previous years.

Members also noted that an update on this issue was provided at the last meeting of the Governance Assurance Committee held on 19 September 2018. Mrs McKeown, Head of Internal Audit, was present at this meeting and stated she supported the approach being adopted by the Trust.

**3.4 Update – Queries Raised under Domiciliary Care 2017/18 Internal Audit Report**

Members noted that this matter was discussed at the last meeting and it was agreed that the item should be further discussed post the meeting. The report was subsequently amended and a copy was issued with the papers for the Audit Committee meeting scheduled for 4 October 2018, for information.

**3.5 Update – Cyber Security Exercise – Exercise Siberia – 23/04/18**

Members were advised that a draft debrief report in respect of the above exercise has been prepared and is currently out for consultation with the relevant service area. The outcome of this work will be reported to the Committee in a future 'briefing slot'.

**3.6 Update – Recent Media Issues**

Members noted that an update on the three items raised at the last meeting (HSC Travel Expenditure, Lookback Exercise for Neurology Services, BHSCT and Breast Screening issues in the Republic of Ireland) were discussed at the Confidential Trust Board meeting held on 30 May 2018.

## **6 June 2018 – For Action/Discussion**

There were no items for discussion under this section.

## **6 June 2018 – For Information/Noting**

### **3.7 Annual Report of the Audit Committee 2017/18**

Members were advised that the final version of the above report was presented to, and approved by, the Trust Board at its meeting held on 6 June 2018.

### **3.8 Annual Report and Accounts (including Governance Statement and Letter of Representation) 2017/18**

Members noted that the final version of the Annual Report and Accounts and Letter of Representation was presented to, and approved by, the Trust Board at its meeting held on 6 June 2018.

### **3.9 Charitable Funds Accounts and Letter of Representation 2017/18**

Members were advised that the final version of the Charitable Funds Accounts and Letter of Representation was presented to, and approved by, the Trust Board at its meeting held on 6 June 2018

## **4.0 NEW BUSINESS ITEMS**

### **For Approval and/or Discussion**

#### **4.1 Draft Mid-Year Assurance Statement**

Members received, for consideration, a draft copy of the Mid-Year Assurance statement which had been circulated in advance of the meeting. In presenting the paper, Mr Guckian highlighted the key sections within the report. He also said that this is a 'working document' and further changes had been made to the draft document earlier this morning – a summary of the changes made were highlighted at the meeting.

A short discussion ensued. It was agreed that Mr Guckian would issue a copy of the revised document to members (Non-Executives) for review and comment post today's meeting. Members noted that the final document will be approved by the EMT prior to submission to the DoH by the due date of 12 October 2018.

#### **4.2 Letter from Mr Pengelly (RP2367) dated 15 May 2018 – HSC Travel Audit**

**NG**

Members received, for information, a copy of the above communication from the Permanent Secretary dated 15 May 2018. The letter advises the Trust about the forthcoming HSC Travel Audit for all 17 Departmental Arm's Length Bodies and seeks assurances that organisations are complying in full with the instructions on staff travel as set out in his letter dated 27 September 2016 (Annex A). Mr Brady stated that the outcome of this work for SET would be addressed by Internal Audit at section 5.2 below.

#### **4.3 Letter from DoH dated 07/08/18 – Revenue Business Case Test Drilling 2017/18**

Members received, for information, copy letter from the Director of Finance, DoH dated 7 August 2018 detailing the outcome of the 2017/18 Revenue Business Case Test Drilling. In presenting the results, Mr Guckian said it was a positive outcome for SET and he highlighted the report prepared by Ms Fleming in response to the DoH's letter.

It was noted that the DoH have invited 2 representatives from each HSC body to join them at a meeting on 5 October 2018 to discuss their areas of concern and to consider DoH's proposed changes to the documentation. The Trust will be attending and engaging with the DoH to improve the business case process. In addition, the Trust will reflect upon the lessons learned and recommendations from this exercise and previous drilling exercises. A short discussion ensued and Mr Brady commended Mr Guckian and his team on the outcome of this work.

#### **4.4 Letter from DoH, Deputy Secretary, Resources & Performance Management Group dated 06/08/18 – Validation Work in Response to CFS Review of Domiciliary Care**

Members received, for information, a copy of a letter dated 6/8/18 from the Deputy Secretary, Resources & Performance Management Group regarding the Validation work in response to Counter Fraud Services review of Domiciliary Care.

The letter noted that whilst Trusts had listed out some actions they would take as a result of their own validation exercises, the Internal Audit conclusions, combined with other correspondence with Trusts on this subject coming from the work of the OSC, left the Department with a gap in terms of understanding or articulating to others, exactly what value each exercise had added with providing assurance about the legitimacy of past transactions, a situation that has not been clarified by the reports or summaries provided by all relevant Trusts to date. Trusts were asked to provide assurances on the probability of historic fraud in this case, given the conclusion of Internal Audit. A tabular analysis pro forma was

provided for the Trust to respond to the DoH.

Members also received the detailed response to the Department's letter dated 17 August 2018 provided by Mr Guckain. A short discussion ensued and Mr Guckian responded to members' queries.

#### **4.5 Letter from Mr Pengelly dated 06/08/18 (RP2757) – Further Assurances on Domiciliary Care**

Members received, for information, a letter dated 6/8/18 from the Permanent Secretary seeking further assurances on Domiciliary Care which had been circulated with the papers for the meeting. The Chief Executive duly responded to this letter on 20 August 2018. Mr Guckian highlighted the key issues arising from the DoH letter together with a summary of the main points in the Trust's response.

A discussion ensued. Mrs McKeown highlighted that the Internal Audit report in respect of this matter had been debated at length at the last meeting and the revised report issued with the papers for today's meeting. Management are currently implementing the agreed actions contained in the report. It was noted that some recommendations will require longer term planning. Internal Audit have included this report in the mid year follow up and it will also be included in the year end follow up.

Dr Briscoe noted that the DoH letter tended to focus primarily on finance issues as opposed to quality of care and she asked what assurances did the Trust have or plan to do in respect of the latter. In response, Mr Guckian outlined the current assurance mechanisms in place. In addition, Mrs McKeown highlighted the work of the short life Task & Finish Group chaired by Mr Whittle to review and assess the effectiveness of the Trust governance arrangements for services commissioned from the Independent Sector which had recently been reported at the Governance Assurance Committee on 19 September 2018. Mr Guckian said that the Permanent Secretary's letter focused on the procurement issues; the Deputy Permanent Secretary's focused on the validation work.

In response to Mr Knox's query regarding the payment of hours worked, Mr Guckian explained the arrangements operated by the Trust. Reference was also made to the work of the Compliance Officers who were recently appointed to assist with this work.

#### **For Information/Noting**

#### **4.6 BSO Governance Statement 2017/18**

Members received, for information, letter dated 28 June 2018 from Mr McIvor, Chief Executive, Business Services

Organisation together with final version of their Governance Statement which had been circulated with the papers for the meeting. Mr Brady reminded members that they had already seen previous draft versions of the statement which were discussed at a previous meeting.

#### **4.7 Schedule of Dates for Audit Committee Meetings – 2019**

Members received, for information, a copy of the schedule of dates for Audit Committee meetings to be held in 2019. In presenting the paper, Miss Low said that the document now shows all associated meetings of the Committee such as Closed Meetings and other meetings that the Chairman has either pre or after Audit Committee meetings.

Mr Brady asked members to update their diaries/schedules accordingly.

**ALL**

#### **4.8 NIAO – Media Releases – NFI Report 2016/17**

Members received, for information, a copy of the media release and NIAO report in respect of the National Fraud Initiative: Northern Ireland as issued by the Comptroller and Auditor General for Northern Ireland. Members noted the main findings of the report which covered the reporting period April 2014 to March 2016, noted that around £1.9m of fraud and error was detected through NI data matching for eg, in areas such as rates evasion; pension fraud, error and overpayments and duplicate and erroneous payments to suppliers.

#### **4.9 Update – Gifts & Hospitality and Whistleblowing Policies (Policy Statement on Your Right to Raise a Concern)**

Members received, for information and noting, the extant versions of the Gifts & Hospitality and Whistleblowing Policies (Your Right to Raise a Concern). Miss Low advised policies such as these normally are brought to the attention of the Audit Committee however on this occasion both policies had already been issued and were currently in use. Miss Low also advised that the Gifts & Hospitality Policy had last been updated in March 2018 (minor amendments to section 4.10.3 and pro forma). The Policy Statement of Your Right to Raise a Concern became operational in April 2018 and is based on the regional agreed policy statement in respect of this matter.

### **5.0 REPORT FROM INTERNAL AUDITORS**

#### **5.1 Regional IT Audit 2017/18**

Members received, for information, a copy of the Regional IT Audit 2017/18 which had been deferred from a previous meeting. Mrs McKeown highlighted the key elements of the report and confirmed that SET were organisation 5 in the



report.

## **5.2 Progress Report to Audit Committee dated 4 October 2018**

Members received, for consideration, the Progress Report to Audit Committee dated 4 October 2018 which had been circulated with the papers for the meeting. In presenting the report, Mrs McKeown highlighted pages 1 to 3 of the report which detailed Key Performance Indicators, Audit Assignment, current status, date of consideration by the Audit Committee and overall level of assurance.

In addition, Mrs McKeown sought, and received approval to, the proposal on page 1 of the report for an amendment to the 2018/19 Audit Plan to resource the Travel Audit by the postponement of the planned 2018/19 Performance Management Audit (20 days) until early 2019/20.

In response to Mr Brady's query in respect of the performance levels in the KPI chart, Mrs McKeown said that 5 reports had been in draft; 4 finalised during the period of the report. She expects the levels to rise in the next report now that the Travel Audit had been concluded for all 17 ALBs.

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

### **5.2.1 *Management of Client Monies in Independent Sector Homes***

Mrs McKeown presented the above report which had received Satisfactory assurance for 4 out of 5 Independent Homes visited and Limited assurance for 1 out of 5 Independent Homes visited (Croft Community Supported Living).

She then summarised the one key finding in the report which impacted on the assurance provided in respect of the pooled Mobility account together with the other key findings of the audit report. The report also contained the regional summary position which noted that Internal Audit had conducted visits to a sample of 42 independent homes across the 5 HSC Trusts in Northern Ireland. Twenty-two of these homes were in the fifteen groups listed in the report which operate within the Trust's area or where the Trust has placed clients in one or more homes within these groups.

A short discussion ensued and Mrs McKeown addressed queries raised by members.

### **5.2.2 *Self-Directed Support 2018/19***

Mrs McKeown presented the results of the above audit which had received Satisfactory assurance. This was an improved

position from 2015/16 (Limited assurance) and she commended management in this regard. There were 2 key findings in the report and these were briefly discussed.

### **5.2.3 Compliance with the Permanent Secretary's Instructions regarding Travel**

Mrs McKeown presented the key findings from the above report which had received Limited assurance. The audit focused primarily on travel outside Ireland and Britain and the audit period was from April 2017 to April 2018.

Mr Brady asked, from an Internal Audit programme of work perspective, was there any contingency /reserve days in the plan for this type of work and, if not, should this be something to be considered. In response, Mrs McKeown confirmed that there were no contingency days in the plan for this type of work and advised against this. This was an unusual request during the year which had to be complied with. The programme of work is developed by Internal Audit, in conjunction, with the Trust (as the client) and generally this works very well.

Discussion took place on this report. In terms of the Limited assurance, Mrs McKeown said that this was provided on the basis that 34% of all reviewed trips outside Ireland and Britain (or 44% of the Trust funded trips) in the period April 2017 to April 2018, were not appropriately approved (before travel booking).

The vast majority of overseas travel related to medical staff which had been approved by a Clinical Director. However, whilst this approval was generally received before travel, it was not consistently prior to travel booking, as requested by the Permanent Secretary. Although the Trust has not used the regional framework travel booking provide for the majority of the travel, travel booked by individuals appeared reasonable. There was one significant finding and three key findings which impacted on the level of assurance provided. Management have accepted the recommendations in the report.

A discussion took place on the findings of the report. Mr Guckian then explained the processes in place which resulted in the Limited assurance level but reassured members that there had been no wastage of money. Mr Brady said that he believed that the key issue was a procedural matter which had already been addressed by management post the outcome of the audit.

In response to Mrs Minford's query, Mr Guckian explained the current arrangements with the Trust's appointed travel provider and explained the arrangements for the booking fee. Members also noted that 22 out of 23 trips funded by 3<sup>rd</sup> party organisations, including drug companies were not recorded in

the Trust's Gifts and Hospitality Register. This will be addressed as part of the management actions.

### **5.3 Update on Internal Audit Recommendations (follow up)**

Members received, for information, a copy of the Mid-Year Follow Up report on Outstanding Recommendations 2017/18, which had been circulated with the papers for the meeting.

In presenting the paper, Mrs McKeown highlighted the management and summary section of the paper. In summary, 204 (71%) of the 289 recommendations examined were fully implemented, a further 72 (25%) were partially implemented and 16 were not yet implemented at the time of the review. Of the 289, total recommendations within the report, 3 Priority 1 (1%) are dependent on another HSC organisation to allow full implementation.

Members noted that where recommendations had not yet been implemented the outstanding issues are addressed in line with the agreed revised dates for implementation.

### **5.4 BSO Shared Services Summary Report**

Mrs McKeown provided a verbal update in respect of the above item stating that this report had been referenced in her Mid-Year Assurance Statement. She reported that Limited assurance was provided in respect of the Payroll Shared Services report (not finalised with BSO yet) but agreement had been sought and approved by BSO to allow inclusion in Mrs McKeown's Mid-Year Assurance Statement.

### **5.5 Internal Audit Mid-Year Assurance Statement**

Members received, for information, a copy of the Head of Internal Audit's Mid-Year Assurance Statement which was circulated with the papers for the meeting and formed a substantial part of the body of the Trust's Mid-Year Statement (item 4.1 above).

In presenting the report, Mrs McKeown highlighted the key sections of the report as detailed below and addressed queries raised by members during the ensuing discussion.

- Internal Audit assignments completed and reported on by mid-year;
- Shared Services Audits; and
- Follow up on previous accepted Internal Audit Recommendations.

A breakdown of the status of the implementation of the recommendations was included at Appendix A of the report.

## **6.0 REPORT FROM EXTERNAL AUDITORS**

### **6.1 Final Report to those Charged with Governance**

Members received, for information, a copy of the final version of the RTTCWG issued to Mr McCaughey under cover of a letter dated 26 September 2018 from Mr Lynn, Director, Northern Ireland Audit Office.

Members noted that the draft report had been discussed in detail at the Audit Committee meeting held on 6 June 2018 and there were no substantial changes made to the report thereafter.

## **7.0 REPORT ON INCIDENTS OF THEFT/FRAUD AND WHISTLE-BLOWING**

Members received, for information, a copy of the Fraud Update Paper as at September 2018, which had been circulated with the papers for the meeting. In presenting the report, Mr Grimley said that Table 1 detailed the current position in respect of six new cases reported since the last meeting; Table 2 provided a progress update on cases previously reported to the Audit Committee together with current status.

Mr Grimley also said that the National Fraud Initiative 2018, had been launched and SET is participating in this initiative. This work is co-ordinated by the NAO. A Privacy Notice was issued to all staff in September 2018 which details how personal data which is submitted to the Comptroller & Auditor General for the purposes of NFI will be used. Members will be advised of the outcome of this work in due course.

**BG**

## **8.0 ANY OTHER BUSINESS**

### **8.1 International Fraud Awareness Week: 11-17 November 2018**

Miss Low reported that a letter dated 3 October 2018 had been received from BSO in respect of International Fraud Week which was scheduled to be held 11-17 November 2018. The letter advised that BSO Counter Fraud Services (CFS) is leading on a number of initiatives to take place across the HSCNI.

Participation in this important event provides CFS with an opportunity to work in partnership with the HSC organisations to raise awareness of the detrimental effect of fraud. The approach for this year has changed and CFS will be delivering workshops in the Trust area on 16 November 2018. In addition, a range of other initiatives will be undertaken eg, issue of a staff newsletter, messages on social media etc.

## 9.0 **DATE AND VENUE OF NEXT MEETING**

It was agreed that the next meeting should be held on **Thursday 6 December 2018 at 12 noon in the Board Room, Trust Headquarters, Ulster Hospital.**

IL

A short training session will commence at 11.30 in the Board Room – all members are welcome to attend. The topic for this meeting will be Prompt Payments.

Minutes – Audit Committee – 4 October 2018