

SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

Minutes of the Audit Committee Meeting of the South Eastern Health & Social Care Trust held on Thursday 19 June 2025 at 10.30am via MS Teams

PRESENT: Mrs S Henderson, Non-Executive Director (Chair)
Mr N McKinley, Non-Executive Director
Mr K McMahon, Non-Executive Director
Mr K Donaghy, Non-Executive Director
Mrs A Quirk, Non-Executive Director

IN ATTENDANCE: Mr J Patton, Chair of Trust Board
Ms R Coulter, Chief Executive
Ms W Thompson, Deputy Chief Executive, Director of Finance,
Contracts & Estates
Ms L Campbell, Assistant Director, Financial Services
Ms L Benson, Head of Financial Accounting & Financial Governance
Mrs S Murphy, Audit Manager, NI Audit Office (NIAO)
Mr D McKinney, Assistant Head of Internal Audit, BSO
Mrs J Shortall, Associate Partner, Sumer Northern Ireland
Mrs M McNally, Assistant Director, Risk Management &
Governance/Trust Board Secretary
Executive Support Manager, Trust Headquarters (minutes)

OPENING REMARKS

Mrs Henderson opened the meeting and covered a number of housekeeping matters. **Mrs Henderson** extended a warm welcome to Mr Patton and Ms Coulter who were in attendance.

1.0 APOLOGIES

Mrs McKeown (Head of Internal Audit, BSO) and Mrs Kane (Director, NIAO).

2.0 DECLARATIONS OF POTENTIAL CONFLICTS OF INTEREST

None declared.

3.0 MINUTES OF THE PREVIOUS MEETING HELD ON 8 MAY 2025

Agreed without further amendment.

4.0 MATTERS ARISING

Noted (**SET/AC/35/25**).

5.0 ITEMS FOR DECISION

5.1 DIRECTOR OF FINANCE BRIEFING: SUMMARY OF CHANGES TO ANNUAL REPORT & ACCOUNTS 2024/25

Members received, for consideration, **SET/AC/36/25 Director of Finance Briefing: Summary of Changes to Annual Report & Accounts 2024/25**. **Ms Thompson** summarised changes made to the version considered on 8 May 2025 referring to a number of presentational changes as well as incorporation of feedback received from DoH, Internal Audit, External Audit and NEDs. **Ms Thompson** highlighted a change to the Remuneration Report which now included average remuneration for AfC staff compared to the overall average remuneration. **Ms Thompson** also outlined changes made to the Governance Statement which now included updated Trust Board and Committee attendance figures.

Ms Thompson explained the main change to the figures in the Accounts related to Capital Expenditure with a reduction in the provisional figure of £27.7m to a final total of £27.3m as the initial number had been the allocation rather than expenditure figure. **Ms Thompson** confirmed the revenue surplus, expenditure, total assets less total liabilities and money in the bank financial headline figures were unchanged on the draft version.

5.2 ANNUAL REPORT AND ACCOUNTS 2024/25

Members received, for decision, **SET/AC/37/25 Annual Report & Accounts 2024/25**.

Ms Thompson explained the main elements included the Performance Report, the Accountability Report (including the Governance Statement) and the Annual Accounts, including the Primary Statements and notes to the Accounts and the Patients'/Residents Monies Accounts. **Ms Thompson** reported the Annual Accounts had been subject to External Audit and were presented for approval before being tabled at Trust Board.

Members reviewed the Directorates' Performance Overviews as well as the detail contained within the Finance Report. Members noted narrative set out on Page 4 that SET is aware it does not currently comply with Public Contract Regulations for the procurement of some social care services. Members were advised that within the Primary Statements, total (cash and non-cash) income was £1,248m (an increase from £1,221m) and expenditure was £1,248m (also up £1,221m in the previous financial year), the Statement of Net Expenditure reported a surplus of £0.03m with the statutory breakeven position achieved. Members noted segmental spend analysis as follows:

- **Staff Costs - £679m** (or 54% of total costs and equating to an increase of £29m in 2023/24)
- **Care Home & Domiciliary Care - £259m**
- **Supplies and Services - £94m**
- **Children's Social Care - £44m**
- **Establishment, Transport & Premises - £40m**
- **Other Expenditure (including non-cash costs) - £131m**

Within Capital Investment, Members were advised of a significant programme totalling £27.3m in spend including £12.8m for specific ring fenced capital projects, £1.9m for ICT projects/replacement equipment and

£12.6m on other estates projects. Members also noted a separately audited set of Accounts for Charitable Funds had been endorsed by the Charitable Funds Committee yesterday.

Following discussion, **Mrs Henderson** commended everyone involved in the production of the Annual Report and Accounts. **Mrs Henderson** acknowledged the tremendous efforts made to reduce the in-year deficit gap and thanked all staff for their contribution before noting that had the Trust not received £30.8m of non-recurrent funding there would have been an equivalent sized deficit as opposed to the small surplus of £33k so the financial position remained extremely pressurised. **Mrs Henderson** concluded by seeking and received approval for the draft Annual Report and Accounts subject to the inclusion of required amendments. Members also endorsed the draft Letter of Representation to be signed by Ms Coulter in due course.

6.0 REPORT FROM EXTERNAL AUDIT

6.1 REPORT TO THOSE CHARGED WITH GOVERNANCE (RTTCWG)

Members received, for discussion, **SET/AC/38/25 Report To Those Charged with Governance**.

Mrs Shortall stated the RTTCWG was NIAO's summary of key matters arising from the External Audit of the 2024/25 financial statements which was likely to see the C&AG certify with an unqualified audit opinion without modification subject to the clearance of final audit review points and review of revised Annual Report & Accounts incorporating previously advised changes to the Public Funds Accounts. **Mrs Shortall** advised uncorrected misstatements would reduce the net assets position by £4.883m as follows:

- **Reclassification: payroll payables held in receivables - £3.225m**
- **Reclassification: payments on account - £1.521m**
- **Reclassification: capital accruals held in POP accruals - £1.01m**
- **Reclassification: discount received on purchases of drugs - £835k**
- **Unadjusted entry recognising changes in provisions between April 2025 and May 2025 - £4.883m**

Mrs Shortall advised that, following receipt of the Charitable Funds financial statements, a reduction in the audit materiality was applied from that reported in the audit strategy, due to the encashment of investments during the financial year. **Mrs Shortall** stated the overall materiality reduced from £174k to £160.8k and error reporting threshold reduced from £8.7k to £8k. **Mrs Shortall** confirmed there were no priority one recommendations in relation to regularity and the internal control environment identified during the audit. **Mrs Shortall** noted the Head of Internal Audit's Annual Opinion as having provided satisfactory assurance but had highlighted a number of limited assurances in areas such as IT Supply Chain Security, Management of Contracts with Voluntary Organisations and Absence Management and agreed SET should remain focused on implementing outstanding recommendations. **Mrs Shortall** explained the outcome relating to the PSNI

Holiday Pay significant risk advising the method used to determine the provision was consistent with the regional model and available data.

Mrs Shortall highlighted one main finding arising in respect of Direct Award Contracts (DACs) assessed as a Priority 2 recommendation namely that procurement procedures are reinforced to all staff and action taken to ensure DACs are approved prior to expenditure being incurred. **Mrs Shortall** noted SET should consider if the two months' notice given to requestors that their DAC is due to expire was sufficient and that SET should continue to liaise with regional colleagues on spend associated with Waiting List Initiatives - where DACs are the only feasible option – to consider what can be done differently to enable approvals prior to spend being incurred.

Mrs Shortall stated the audit was substantially complete subject to clearance of the outstanding matters previously referred to and subject to resolution, the Accounting Officer may sign the Annual Report and Accounts together with a letter of representation though highlighted two small typographical drafting errors which **Ms Campbell** undertook to amend. **Mrs Shortall** stated the Committee should consider whether the uncorrected misstatements should be corrected and advised written endorsement of management's reasons for not correcting these misstatements should be recorded in the minutes. **Ms Murphy** recorded thanks on behalf of NIAO to Ms Thompson, Ms Campbell, Ms Benson and the Sumer team for their assistance throughout this process.

Mrs Henderson welcomed the Report highlighting only one finding and one associated recommendation had been made. **Mrs Henderson** thanked External Audit colleagues for their partnership with SET and advised the RTTCWG would also be discussed at the Board meeting later today. **Mrs Henderson** then sought and obtained agreement from Members with the content of the RTTCWG. Members also endorsed the draft Letter of Representation to be signed by Ms Coulter in due course. On the issue of management's reasons for not correcting the uncorrected misstatements, **Ms Thompson** stated this would require DoH financial cover to do so but on this occasion it had not been forthcoming. As such, **Mrs Henderson** sought and obtained agreement this information is recorded in the minutes.

7.0 REPORT FROM INTERNAL AUDIT

7.1 BSO INTERNAL AUDIT GENERAL REPORT 2024/25

Members received, for discussion, **SET/AC/39/25 BSO Internal Audit General Report 2024/25** with **Mr McKinney** confirming SET was Organisation 4 listed therein. **Mr McKinney** advised 85% of outstanding Priority 1 & 2 audit recommendations across HSCNI at 2024/25 year-end were fully implemented – the highest recorded level and up from 82% in 2023/24. **Mr McKinney** reported 63% of audit assignment assurances were wholly Satisfactory which was up from 49% in 2023/24 adding key learning themes from Limited/Unacceptable audits could be summarised as follows:

- Patient Journey/Flow audits often result in limited assurance opinions but these are often the most value adding audits

- The need to strengthen and consistently apply robust contract management arrangements remains a persistent theme
- The need for consistent application of process in respect of management of complaints including identification of learning and ensuring this learning is implemented across the clients.

Mr McKinney noted that, across HSCNI, 9 Priority 1 recommendations were made which was a significant reduction compared to previous years (45 Priority 1s in 2023/24 and 31 in 2022/23) before outlining a number of good practice and improvement observations identified during 2024/25. **Mr McKinney** stated the ambition should be for Trusts to sustain the improved position relating to Satisfactory assurances with the risk to the sustainability of some overall annual Satisfactory assurance opinions in future years remaining. **Mr McKinney** summarised SET's outcomes highlighted a number of key issues to remain mindful of including the operation of first and second line assurances, definition and application of risk appetite, utilisation of shared learning, development of Epic reporting, procurement/contract management and timely implementation of audit recommendations.

Mrs Henderson thanked Mrs McKeown in her absence, Mr McKinney and the Internal Audit team for their efforts in support of SET during 2024/25.

8.0 ITEMS FOR ESCALATION

Ms Thompson advised a summary of today's discussion would be reported to Trust Board as they consider final approval of the Annual Report & Accounts.

9.0 ANY OTHER BUSINESS

Ms Coulter thanked everyone for their work in support of SET's overall assurance processes which - in her role as Accounting Officer - she was very appreciative of.

10.0 DATE AND VENUE OF NEXT MEETING

Mrs Henderson advised the next meeting would be held on Thursday 2 October 2025 at 12 noon in Trust Headquarters, Ulster Hospital, Dundonald before declaring the meeting closed at 11.15am.