SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

Minutes of the Audit Committee Meeting of the South Eastern Health & Social Care Trust held on Thursday 5 February 2026 at 12 noon in the Boardroom, Trust Headquarters, Ulster Hospital, Dundonald and 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 W Thompson, Deputy Chief Executive, Director of Finance, Contracts & Estates
Mrs R Gibbs, Director of Adult Services & Healthcare in Prison (Item 6.2 only)
Ms L Campbell, Assistant Director, Financial Services
Mr J Irwin, Auditor, NI Audit Office (NIAO)
Mrs C McKeown, Head of Internal Audit, BSO
Mr D McKinney, Assistant Head of Internal Audit, BSO
Mr B Clerkin, Managing Partner, Sumer Northern Ireland
Mrs M McNally, Assistant Director, Risk Management & Governance/Trust Board Secretary
Mr S Adgey, DoH HSC Sponsorship Branch (observer)
Mr S Martin, Executive Support Manager, Trust Headquarters (minutes)

OPENING REMARKS

Mrs Henderson opened the meeting welcoming the Chair of Trust Board, Mr Patton, as part of his beginning of the year attendances at all Board Committees, Mr Simon Adgey from DoH HSC Sponsorship Branch as well as Mr John Irwin from NIAO.

1.0 APOLOGIES

Mrs S Murphy (Audit Manager, NIAO), Mr T Wilkinson (Director, NIAO) and Ms K Hoy (Fraud Liaison Officer, SET).

2.0 DECLARATIONS OF POTENTIAL CONFLICTS OF INTEREST

None declared.

3.0 MINUTES OF THE PREVIOUS MEETING HELD ON 4 DECEMBER 2025

Agreed with a minor amendment highlighted by Mr Adgey.

4.0 MATTERS ARISING

Noted (**SET/AC/01/26)** with Members agreeing to defer consideration of whether to invite Directors to attend Audit Committee when their Directorates have been referred to a number of times in relation to high values cases set out in the Report

on Incidents of Theft, Fraud and Whistleblowing. Members also received an update on efforts t in respect to the recommendations highlighted within NIAO's recent Report on the Performance of Restricted Procedures within HSC Trusts.

5.0 ITEMS FOR NOTING

5.1 DIRECT AWARD CONTRACTS (AS OF 19 JANUARY 2026)

Members noted the tabled Report (**SET/AC/02/26)** which summarised active contracts including twenty nine (29) DACs approved this financial year - a considerable reduction compared to the same period in 2024/25 which had seen forty one (41) DACs approved. **Ms Campbell** explained how SET would continue to raise awareness of the need to be compliant with procurement regulations by planning 12 months in advance as per PaLS guidance. **Ms Campbell** acknowledged 58% of DACs had been approved after the contract start date during this financial year and advised 54 DACs were still active of the 251 created since September 2019 with the value of active DACs standing at £17.1m.

Members sought detail on capacity issues being experienced by PaLS following notification their IT team could not take on any additional projects and how this impacted on SET's SLA. **Ms Campbell** provided relevant background information and context while also highlighting the likely impact of the implementation of the new Equip platform as well. Members raised concern that PaLS' capacity issues appeared to be unlikely to change in the medium term which would encourage further use of DACs as a means of managing locally. **Ms Thompson** explained the importance of SET continuing to demonstrate Value for Money in such situations and advised how this was tested.

Members also explored the position in relation to music licences as set out in the Report.

Mrs Henderson referred to the recent NIAO publication on the performance of restricted procedures as well as SET's activity as set out in the Report and sought clarity on how such procedures were taken forward. **Ms Thompson** provided context by referring to the work of the Plastics team and how a patient with a suspect mole may need to have it removed for it be checked.

5.2 NIAO COMPTROLLER & AUDITOR GENERAL (C&AG) REPORT ON FINANCIAL AUDIT FINDINGS 2025

Members considered the tabled Report (**SET/AC/03/26**) with **Ms Campbell** providing a summary of its content. **Mrs Henderson** referred to mention of confidence in encompass performance data and highlighted that the C&AG had expressed she would be keeping a watching brief on this given the significant investment that has been made into the system. Mrs Henderson also highlighted how the C&AG was very much looking to see how sustainability could be demonstrated within the next Annual Report & Accounts. **Ms Thompson** provided an update on SET's efforts to date co-ordinated through the Sustainability Sub-Committee which

would be detailed to Trust Board via a new Sustainability Plan due to be tabled in the next number of months.

Members were conscious a number of recommendations were relevant to other Board Committees with remits relating to unsupported legacy systems, corporate governance, raising concerns, encompass and the environmental data for sustainability reporting. **Mr Irwin** stated there were a number of additional areas relevant to HSC Trusts highlighted by the C&AG within her Report particularly with regards to the use of DACs and special payments. Members sought assurance from Mrs McNally how SET would ensure all relevant recommendations are taken forward by the appropriate Committee. **Mrs McNally** outlined how this would ordinarily be taken forward internally and agreed to confirm the position in respect of these recommendations.

5.3 COMMITTEE ANNUAL REPORT & REVIEW OF EFFECTIVENESS 2025/26

Members reviewed the tabled Report (**SET/AC/04/26**) with **Ms Campbell** summarising the content as currently drafted and acknowledging feedback received to date. **Ms Campbell** asked for feedback to be provided ahead of the final draft being presented for Committee approval in May 2026.

5.4 COMMITTEE PROGRAMME OF WORK (PoW) 2026/27

Members received the tabled document (**SET/AC/05/26)** for decision with **Ms Campbell** noting a minor amendment compared to 2025/26. Following discussion, Members approved the PoW as presented.

5.5 COMMITTEE TERMS OF REFERENCE (ToR) ANNUAL REVIEW

Members reviewed the tabled Report (**SET/AC/06/26**) with **Ms Campbell** agreeing to cross-reference the ToR with the recently approved Internal Audit Charter.

Mr McMahon highlighted the importance of including reference to inviting the relevant Director to present to the Committee where there has been a finding of an Unacceptable Level of Assurance. **Mr McKinley** cautioned against wording that might be interpreted in such a way that it becomes overly restrictive and agreed to provide an appropriate form of words that might be useful.

6.0 REPORT FROM INTERNAL AUDIT

6.1 COMMITTEE PROGRESS REPORT 2024/25

Members reviewed the tabled Report (**SET/AC/07/26**) with **Mrs McKeown** advising 83% of SLA audit days had been delivered to date before providing a general update on the other KPIs listed therein.

Mrs McKeown provided a comprehensive briefing on her findings in relation to the **Self-Directed Support (SDS) With Focus on Management of**

Direct Payments 2025/26 Audit noting an Unacceptable level of Assurance in relation to the Management of Direct Payments with four significant findings impacting on the assurance provided relating to irregular spend, monitoring of non-compliance, insurance and Access NI checks. A number of other key findings centred of SDS documentation, guidance and training for staff and annual reviews. Members were advised that – in total – this resulted in two Priority 1 and twelve Priority 2 recommendations.

Ms Thompson responded by confirming all of the recommendations had been accepted and acknowledging there was a significant amount of work to be taken forward which had already commenced at pace. **Ms Thompson** provided a background to how Direct Payments had been rolled out and the impact that the pandemic had had.

Mrs McKeown also briefed Members on the outcome of **the Management of Encompass Issues 2025/26 Audit** confirming there had been Limited Assurance in relation to management of performance reporting encompass issues and Satisfactory Assurance in relation to management of other encompass issues. **Mrs McKeown** stated there was a good process around identifying and reporting issues as well as tracking their resolution but the challenge centred on stubborn performance reporting issues with a real need for clarity over associated processes. **Mrs McKeown** explained the one significant finding related to the fact that all SOMs required for statutory reporting are not yet ready for submission and SET does not have oversight of target timeframes against which the Programme Team are working to ensure outstanding issues are resolved resulting in a gap in assurance. **Mrs McKeown** stated she appreciated this matter is a regional issue but the risk of the absence of the operational performance reporting was a risk to SET. **Mrs McKeown** also outlined a number of other key findings and confirmed Management had accepted the recommendations.

6.2 ACTION PLAN TO IMPLEMENT DIRECT PAYMENT AUDIT RECOMMENDATIONS

Members reviewed the tabled Report (**SET/AC/08/26**) with **Mrs Henderson** inviting Mrs Gibbs to present to Members on how SET planned to address the issues raised in the Audit.

Mrs Gibbs provided a detailed briefing on how her Directorate were already taking forward the actions set out in the document in order to make improvements before outlining the milestones they would be holding themselves to account to. **Mrs Gibbs** confirmed she was chairing a group of relevant senior operational managers and Directors who have clients in receipt of Direct Payments. **Mrs Gibbs** provided context on some of the challenging issues that had arisen while attempting to make progress on clarifying process noting many of the service users involved had a wide range of complex needs.

Mrs Quirk asked if SET had looked at the statistics on what percentage of carers were family members with **Mrs Gibbs** confirming this information was not available before explaining how the pandemic had allowed for flexibility in this space so that family members could then become the

carers when before this had not been the case. **Mr McMahon** asked who was liable for the payment of tax and national insurance and **Mrs Gibbs** replied it would be the recipient as they would be the employing authority.

Mr Donaghy commented he recalled the introduction of Direct Payments and the idea of flexibility being a key principle of how the scheme was meant to work. **Mr Donaghy** cautioned that there was a risk of undermining this whole area by emphasizing a very small proportion of non-compliance while disregarding the overall benefit that can be given by people taking responsibility for the care of the relatives. **Mr Donaghy** supported the need for key controls without being over-prescriptive and supported the direction of travel set out in the Action Plan.

Mrs Henderson thanked both Mrs Gibbs and Mrs McKeown noting an Unacceptable Level of Assurance was not where we wanted to be as a Trust but this provided an opportunity to more closely consider individual care plans and make positive change to ensure service users are receiving the support needed. **Mrs Henderson** added there was much work for the Task and Finish Group to progress and Members would appreciate a further update at a future meeting.

7.0 REPORT FROM EXTERNAL AUDIT

7.1 NIAO EXTERNAL AUDIT STRATEGY

Members reviewed the tabled Report (**SET/AC/09/26**) with **Mr Irwin** stating the Strategy set out how NIAO will examine of SET's 2025/26 Financial Statements for Public Funds, Charitable Trust Funds as well as Patient and Resident Monies.

Mr Clerkin explained how the strategy set out how External Audit plan to carry out the audit of the 2025/26 financial statements and key risks. **Mr Clerkin** highlighted the main issues contained within the Report as below:

- Key Messages;
- Significant Audit Risks;
- Materiality;
- Audit approach;
- Other Risk Factors; and
- Audit timetable, fees and staffing

Mr Clerkin referred to Page 2 thereof and the necessity for Members to assure themselves they complete the actions listed therein as a Committee. **Mr Clerkin** detailed the Significant Audit Risks of which there were three listed within the document. **Mr Clerkin** highlighted the importance of maintaining a strong internal control environment with underlying governance arrangements adding where internal audit reports indicated repeat limited or unacceptable assurance ratings that this would cause the External Audit team some concern in terms of the risk that systems are not operating as expected particularly in relation to financial systems. **Mr Clerkin** discussed the significant risk associated with the implications of an overall financial deficit given the statutory duty on SET to

break even which would likely give rise to a qualification in relation to regularity if not met. **Mr Clerkin** stated it was important Members remained mindful of this in the months ahead.

Mr McKinley queried a mention of the Governance and Audit Committee within the document and **Mr Clerkin** undertook to have this amended to read Audit Committee. **Mr McKinley** noted the reference to external audit assessing the approach by Management with regards to efforts to break even and asked if that would include using source material such as the Confidential Board discussions where Management present to Members on issues such as – perhaps in this instance - perceived irregularities arising as a consequence of Ministerial Directives. **Mr Clerkin** explained his team would review all minutes from the various parts of SET's governance arrangements - including confidential elements – in order to understand the extent to which key issues had been discussed and decisions taken to discern how disclosures within the Governance Statement reflect reality.

Following discussion, **Mrs Henderson** sought and obtained confirmation from Members that they had read and agreed to the Report as tabled.

8.0 ITEMS FOR ESCALATION

Members agreed to escalate the issue of the Unacceptable level of Assurance provided by Internal Audit following their review of Self-Directed Support (SDS) With Focus on Management of Direct Payments so that all Board Members are made aware of its findings as well as the actions being taken by Mrs Gibbs and her team to seek to rectify those gaps in assurance identified.

9.0 ANY OTHER BUSINESS

None.

10.0 DATE AND VENUE OF NEXT MEETING

Mrs Henderson advised the next meeting would be held on Thursday 2 April 2026 at 12 noon in Trust Headquarters, Ulster Hospital, Dundonald before closing the meeting at 1.27pm.