

SOUTH EASTERN HEALTH & SOCIAL CARE TRUST

Minutes of a meeting of the Audit Committee held on Thursday 8 October 2020 at 12.00 noon in the Boardroom, Trust Headquarters, Ulster Hospital (and via Meeting Platform)

PRESENT: Mr N Brady, Non-Executive Director (Chairman)
Dr M Briscoe, Non-Executive Director (VC)
Mrs J O'Hagan, Non-Executive Director (VC)

IN ATTENDANCE: Ms W Thompson, Director of Finance & Estates
Ms A Henderson, Assistant Director, Financial Accounting &
Financial Services
Ms J McCaw, Internal Audit, BSO (VC)
Ms C McKeown, Internal Audit, BSO (VC)
Mr S Knox, NI Audit Office (VC)
Ms L Paterson, Partner, PricewaterhouseCoopers (PwC) (VC)
Mrs V Walker, Interim Board Secretary & Assistant Director, Risk
Management & Governance
Mr S Martin, Executive Support Services Manager (VC)
(minutes)

APOLOGIES: None

ACTION

CHAIRMAN'S BUSINESS

Mr Brady welcomed everyone to the meeting and advised that a closed meeting between Non-Executive Directors and Audit representatives would take place at the end of the meeting. Mr Brady paid a special welcome to Ms Thompson attending her first Audit Committee meeting since taking up post as Director of Finance and Estates. Mr Brady also advised Members that Mrs Minford had moved to another of the Trust's sub-committees and wished to record the Committee's thanks for her contribution over her tenure.

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 26 JUNE 2020

The minutes of the meeting held on 26 June 2020, 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 – Meeting held on 26 June 2020

There were no items for action/discussion arising from the meeting held on 26 June 2020.

For information/noting

3.1 Update – Terms of Reference for Internal Audit of Governance Arrangements during the Covid-19 emergency

Members received, for information, a copy of the Terms of Reference for the Internal Audit of Governance Arrangements during the Covid-19 emergency which had been circulated with the papers for the meeting as requested by Non-Executive colleagues at the last Audit Committee meeting. Members noted the contents of same and agreed to forward any feedback to Mrs Walker after the meeting.

VW

4.0 NEW BUSINESS ITEMS

For Approval and/or Discussion

4.1 Draft Mid-Year Assurance Statement

Members received, for information, a draft Mid-Year Assurance Statement with the papers for the meeting. In presenting, Ms Thompson advised that the draft Statement had been produced in line with DoH requirements and discussed at a recent Executive Team meeting.

A short discussion ensued. Mr Brady welcomed the paper as providing a comprehensive summary of current issues. Mrs O'Hagan referred to the Management of Consultant Medical Staff 2017/18 Audit Report and the absence of detail on progress to date within the paper. Ms Thompson advised that further explanatory detail is contained within the Internal Audit follow up report. Mr Brady asked whether or not a target date could be included for completion where an action has been cited. Ms McKeown advised that this would be set by Management in conjunction with Internal Audit. Mrs O'Hagan added that it would be of assistance where revised implementation dates are stated that narrative explaining the rationale is included. Dr Briscoe stated that unrealistic targets should be avoided.

Members agreed the draft Statement and noted that a copy of the final statement will be circulated in due course.

4.2 Updated Terms of Reference for the Audit Committee to reflect Covid-19 and HSC Rebuild

Members received, for consideration and approval, a copy of the draft updated Terms of Reference for the Audit Committee to reflect Covid-19 and Rebuild. Mrs Walker updated Members and a brief discussion ensued after which Members agreed to agree the revised Terms of Reference as tabled.

For Information/Noting

4.3 Counter Fraud Action Plan Annual Report 2019/20 – 2020-21

Members received, for information, a copy of the Counter Fraud Annual Report which had been circulated with papers for the meeting. In presenting, Ms Henderson advised Members that a Trust Action Plan had been developed by the Fraud Liaison Officer to support Counter Fraud Activities across the organisation and detailed 11 key areas together with associated actions undertaken

A short discussion ensued. Mrs O'Hagan raised the issue of internal escalation. It was agreed that Chairs of the Corporate Control Committee and SQIIC would be asked to remind Members of the appropriate escalation protocols.

VW

4.4 Schedule of Dates for Meetings – 2021

Members received, for information, a copy of the proposed Schedule of Dates for Audit Committee meetings for 2021 which had been circulated with papers for the meeting.

A short discussion ensued in relation to the timing of the February 2021 meeting and it was agreed that the proposed date of Thursday 4 February 2021 could be amended if it clashed with Trust Board Workshop. It was further agreed that Mrs Walker would amend the schedule of dates accordingly and reissue to all Members once confirmed.

VW

4.5 HSC(F) 30-2020 – Covid-19 Fraud Risks – NIAO Report

Members received, for information, a copy of HSC(F) 30-2020–Covid-19 Fraud Risks which had been circulated in advance the meeting. After a short discussion, Members agreed with Mr Brady's proposal that the Report should be circulated to all Trust Board Members for information.

VW

4.6 NAO Good Practice Guide – Guide for Audit and Risk Committees on Financial Reporting and Management during Covid-19

Members received, for information, a copy of the National Audit Office Good Practice Guide for Audit and Risk Committees on Financial Report and Management during Covid-19 which had been circulated with papers for the meeting. Mrs McKeown advised Members that the Report was a timely reminder of the importance of good practice in controls and operational reviews.

5.0 REPORT FROM INTERNAL AUDITORS

5.1 Progress Report to Audit Committee dated 5 October 2020

Members received, for consideration, the Progress Report to the Audit Committee dated 5 October 2020 which has been circulated with the papers for the meeting. In presenting the Report, Ms McKeown reminded Members that given the impact of Covid-19 on Internal Audit's ability to conduct routine audit work in Quarter 1 and their move to advisory work during that quarter, there is now an under-utilisation of Quarter 1 audit time of approximately 75 days resulting in 373 audit days being the target SLA delivery time for 2020/21.

Ms McKeown highlighted the following report: -

5.1.1 Patient Flow – Management of Appointments Process (Satisfactory Assurance) and Management of Private and Paying Patients (Limited Assurance)

Ms McKeown drew attention to 3 significant findings impacting on the assurance provided namely:

- Revised Operational Guidance for Private Patients, Fee Paying Patients, and Oversea Visitors had not been formally issued to Trust Consultants despite having become operational the previous month.
- The Trust did not have a process in place to ensure all change of status patients were captured for monitoring purposes and to ensure that the process was effectively controlled and documented.
- Waiting List movements not always captured on PAS.

In addition, there were 5 further key findings and an additional finding to take forward. A comprehensive discussion ensued. Ms McCaw advised that significant progress has been made since the time of the audit but it remains a work in progress adding that the PAS code was only recently agreed. Ms Thompson responded to a query from Mrs O'Hagan on the work of the PPP team stating that it fell within the remit of the Medical Director and Director of Hospital Services. Dr Briscoe emphasised that the process must be managed in a controlled manner to mitigate against any risk of waiting list issues arising adding realistic timescales for implementation of recommendations are crucial. Ms McCaw confirmed that all dates are agreed with responsible officers with the Trust having been fully discussed in advance. Mrs O'Hagan commended the good progress made to date and emphasised the need for Management to ensure that Internal Audit are made aware of any possible slippages.

Concluding, Ms McKeown advised that most HSC Trusts have been working through similar issues.

5.1.2 BSO Internal Audit Briefing Paper: Development of Draft HSC Trusts Fraud Risk Assessment Template

Ms McKeown advised that Internal Audit in conjunction with senior staff in BSO CFPU and the Fraud Liaison Officer in each HSC Trust had worked in partnership to ascertain key functional and operational areas where fraud issues were commonly found and designed a template Assessment to help combat fraud. Ms McKeown noted that regionally HSC Trusts were now being asked to take forward the population of an agreed high-level corporate fraud risk assessment. The Fraud Risk assessment should then be rolled out across directorates in a regionally agreed manner taking into consideration existing directorate risk assessment/risk register processes.

Members agreed to approve the recommendation to take forward the Template as requested.

5.2 Mid-Year Follow Up On Outstanding Internal Audit Recommendations 2020/21

Members received, for consideration, the Mid-Year Follow Up on Outstanding Internal Audit Recommendations 2020/21, which had been circulated with the papers for the meeting.

In presenting the report, Ms McCaw highlighted that the Trust had implemented 172 (73%) of the 235 recommendations, 58 (25%) partially implemented and 5 (2%) not yet implemented. Ms McCaw drew attention to the need for further follow up on a number of outstanding IT audit recommendations.

During discussion, Mr Brady stated that while he appreciated the significant workload currently facing colleagues, priority should be placed on clearing the recommendations relevant to this area. Members noted the importance of setting realistic internal timescales and once set working appropriately to achieve them. Ms Thompson agreed to raise the matter with the relevant Director.

WT

5.3 Internal Audit Mid-Year Assurance Statement

Members received, for information, the Internal Audit Mid-Year Assurance Statement from the Head of Internal Audit, which had been circulated with papers for the meeting. In presenting the report, Mrs McKeown noted the Accounts Payable Shared Service and Business Services Team Shared Service Audits both produced a satisfactory assurance level. The reports will be represented to BSO Governance & Audit Committee in October 2020 and a summary of the reports provided to the next Audit Committee meeting.

5.4 BSO Internal Audit General Annual Report 2019/20

Members received, for information, a copy of the BSO Internal Audit General Annual Report 2019/20, which had been circulated in advance of the meeting. Ms McKeown noted that the South Eastern Trust is referred to as "Organisation 4", that Page 2 of the Report outlined the Service Level Agreement and Key Performance Indicators and Page 3 detailed the common areas of limited and unacceptable findings.

Mrs McKeown highlighted additional shared learning focused on five key areas: Management of Community Equipment; Management of Food Allergens; Registration and Inspection of Childminding and Day care Settings; Leased Cars; Completion of WHO Checklist; and Whistleblowing Processes. Mr Brady commented that he was pleased with the follow up performance which Ms Henderson stated reflected the enhanced internal processes in place this year. Responding to a query from Mrs O'Hagan on the evidential basis provided, Ms McKeown noted that it reflects the work conducted by the Internal Audit team.

Dr Briscoe expressed concern that elements of clinical governance appear to be the most common limited category across HSC. Concluding, Mr Brady noted that the report is dated 31 March 2020 and since then the impact of Covid-19 will likely see a markedly different report next year which the Committee will await sight of with interest.

5.5 Internal Audit Strategy and Plan 2020/21 to 2022/23

Members received, for consideration and approval, a copy of the Internal Audit Strategy incorporating the Internal Audit Plan for 2020-23. In presenting, Ms McCaw summarised the key elements of the plan and noted that this is the commencement of a new 3 year planning cycle. Ms McCaw highlighted Page 26 as a summary of planned work and emphasised the flexible approach being taken to ensure audits are relevant and deliverable given the current context.

Mr Brady asked for additional information on the current status of the Encompass Programme. Ms McKeown noted timely information from the Programme Board is key and assured that Internal Audit will have a crucial role to play as the project moves forward. Mr Brady stated that it may be an issue that Trust Board may wish to seek further clarification on in the near future. Following a short discussion, Members approved the draft Internal Audit Strategy & Plan as circulated.

6.0 REPORT FROM THE EXTERNAL AUDITORS

6.1 Report to those Charged with Governance (RTTCWG) 2019/20

Members received a copy of the Final 2019/20 Report to Those Charged with Governance which had been circulated with paper for the meeting. In presenting, Mr Knox noted that an unqualified statement had been confirmed and the key messages were as presented to the previous Audit Committee in respect of the draft report.

Ms Paterson highlighted the following findings: -

Accruals, provisions and contingent liabilities: In testing over payroll liabilities, an issue relating to the classification of Clinical Excellence Awards was identified in that same would be more appropriately classified as a provision. This item was raised in the prior year and affects all HSC Trusts.

Shared Services – Payroll: Progress continues to be made in respect of the associated business processes carried out by BSO Shared Service Centre. The Trust continues to face issues in relation to the payroll system and function stability including issues identified in relation to overpayments of staff. External Audit test sampling of payroll payments including overtime did not identify any issues to report or demonstrate any control weaknesses or misstatements.

A short discussion ensued and Members noted the lack of any Priority 1 recommendations on this occasion and the limited Priority 2 actions to take forward. Mr Brady expressed the Committee's thanks to NIAO and PWC representatives, Ms Thompson and the Finance team for their efforts.

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

Members received, for consideration, a copy of the Report on Incidents of Theft/Fraud and Whistle-blowing and NFI Matches, which had been circulated with papers for the meeting. Mrs Henderson noted that the format of the report had been presented in a revised highlighted the following points: -

- **Progress Update on Cases of Suspected Fraud:** In relation to cases excluding BSO hotline, there were 7 cases carried forward, 1 additional case opened and 2 cases were closed in 2020/21 leaving a total number of 6 cases remaining open. With respect to BSO hotline only matters, there were 2 cases carried forward, 1 additional case opened and 1 closed leaving a total number of 2 cases open.
- **NFI Matches:** NFI 2020/21 has now launched. As at the end of September 2020, the Trust had renewed and released Data Access Agreements and Privacy Notice Announcements covering the use of personal datasets for the purposes of detection and prevention of fraud. Supplier/ Payroll/ Nursing & Residential data uploads to NFI 2020 platform are in progress for completion by the end of October 2020. In January 2021 the Matching Reports from the NFI application will become available to Trusts for the purposes of investigation and action.

Ms Henderson provided updates on Case Numbers 2771 and 2362 both of which were noted by Members. Mr Brady thanked Ms Henderson for a comprehensive and informative report.

8.0 ANY OTHER BUSINESS

Mr Brady advised Members that this would be Ms Henderson's final Audit Committee meeting before taking up a new post within HSC. Mr Brady thanked Ms Henderson for her diligence and support over her time with SEHSCT and on behalf of all Members wished her well for the future.

9.0 DATE AND VENUE OF NEXT MEETING

It was agreed that the next meeting should be held on **Thursday 3 December 2020 at 12 noon in the Board Room, Trust Headquarters, Ulster Hospital.**

VW