

SOUTH EASTERN HEALTH & SOCIAL CARE TRUST

Minutes of a meeting of the Audit Committee held on Monday 26 April 2021 at 2.00 pm via Zoom hosted from the Meeting Room, Trust Headquarters, Ulster Hospital

PRESENT IN HQ:	Mr N Brady, Non-Executive Director (Chairman)
PRESENT	Dr M Briscoe, Non-Executive Director
REMOTELY:	Mrs J O'Hagan, Non-Executive Director
IN ATTENDANCE IN HQ:	Ms W Thompson, Director of Finance & Estates Ms L Campbell, Assistant Director, Financial Accounting & Financial Services
IN ATTENDANCE REMOTELY:	Ms C McKeown, Head of Internal Audit, BSO Mr D McKinney, Internal Audit Manager, BSO Mr P Jameson, IT Audit Manager, BSO Mr S Knox, Audit Manager, Northern Ireland Audit Office (NIAO) Mr A Sarwar, External Auditor, PricewaterhouseCoopers Mrs M McNally, Assistant Director, Risk Management & Governance (Trust Board Secretary)
	Mr S Martin, Executive Support Services Manager (minutes)
APOLOGIES:	None received
ABSENT:	None

CHAIRMAN'S BUSINESS

ACTION

Mr Brady welcomed everyone to today's meeting particularly Mr McKinney and Mr Jameson from Internal Audit attending alongside Mrs McKeown today. Mr Brady advised that the next presentation slot had been timetabled in for the Committee's meeting in October 2021 and there would also be a closed meeting of the Non-Executive Directors present at the close of proceedings today. Mr Brady concluded by congratulating Ms Lyn Campbell on her appointment as Assistant Director, Financial Accounting & Financial Services.

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 4 FEBRUARY 2021

The minutes of the meeting held on 4 February 2021, having been previously circulated, were taken as read and agreed as a true and

accurate record subject to a amendment to Section 7 of the draft minutes proposed by Ms Campbell which was accepted by Members.

SM

3.0 MATTERS ARISING FROM THE MINUTES

Mr Brady advised that a Matters Arising Sheet had been circulated with the papers for the meeting for information and stood as read. Mrs McNally referred to the updated SET Declaration of Interest Register a copy of which had been circulated with the papers confirming that the annual update had been completed.

4.0 NEW BUSINESS ITEMS

4.1 Head of Internal Audit Annual Report 2020/21

Members received, for information, a copy of the Head of Internal Audit's Annual Report for the year ended 31 March 2021 which had been circulated in advance of the meeting. The report covered the following areas:-

- Introduction;
- Independence;
- Summary of work undertaken;
- Quality Assurance;
- Performance Indicators;
- HIA's opinion on the effectiveness of the system of internal control; and
- Year-end follow up on Internal Audit recommendations.

Mrs McKeown drew Members attention to the impact of Covid on the work of Internal Audit during the reporting period and to the domiciliary care assurance piece which is pending adding the aim was to conclude in time of the next scheduled meeting of the Committee on Wednesday 12 May 2021.

In summary, Mrs McKeown said that the overall opinion for the year ended 31 March 2021 was *"that there was a satisfactory system on the adequacy and effectiveness of the organisation's framework of governance, risk management and control."*

Mrs McKeown added *"Covid-19 has shaped and in some ways restricted, the 2020/21 audit programme in the Trust. However I am content there has been sufficient audit work conducted across the organisation's framework of governance, risk and control during Covid-19 to provide an annual assurance opinion in 2020/21."*

Mrs O'Hagan asked if Internal Audit considered there might be a need to reset for teams in their engagement with the audit programme as we hopefully return to some form of normality and also whether there was anything in addition the Board or the Committee should be doing.

Mrs McKeown advised that all HSC Trusts had been supportive of their work over the last year highlighting that working with management on timings proved beneficial with her team very much back to business as usual.

Dr Briscoe referred to Appendix A of the report and specifically how the trend in progress made against recommendations could be captured given a percentage did not give a comprehensive picture. Mrs McKeown noted there was further narrative in the more detailed Progress Report due to be reviewed later on the agenda but was content to consider the point for future inclusion. Responding to a further query by Dr Briscoe, Ms Thompson advised that the completed audits formed part of the Governance Statement which she welcomed highlighting the potential for overlap between the Governance Assurance Committee and the Audit Committee. Dr Briscoe asked that an action be recorded for the Governance Assurance Committee to recognise those actions had been captured which Mrs McNally duly noted.

MMcN

4.2 Annual Review of the Audit Committee Terms of Reference and Programme of Work for 2021/22

Members received, for information, the draft Terms of Reference and Programme of Work for 2021/22. Mrs McNally explained the proposed changes and welcomed feedback in relation to both documents.

Mr Brady noted a reference within the Programme of Work to a meeting to be held between the Trust Board Chairman and the Director of Northern Ireland Audit Office (NIAO). Mr Brady advised he had consulted with Mr Patton and while this action appeared in previous Programmes of Work it did not appear to occur in practice. Mr Knox stated that it would not be usual practice to hold such meetings and he would be content to remove it. Following discussion, Members agreed to remove the reference.

SM

Ms Campbell advised she had a number of presentational amendments and had provided same outside of the meeting for incorporation. Members agreed to approve the draft Terms of Reference and Programme of Work subject to the comments above and any substantive changes being reported for consideration at the next meeting.

SM

4.3 Draft Report on the Effectiveness of the Audit Committee 2020/21

Members received, for information, the draft Report on the Effectiveness of the Audit Committee which had been circulated and Mrs McNally provided a brief overview. Mr Brady sought clarification on a date within the draft document which was provided.

Ms Campbell drew attention to a potential overlap in terms of the Committee's remit and that of the Finance & Performance Committee. Following discussion, it was agreed that that Ms Campbell, Mrs McNally and Mrs McKeown would ensure that the draft Terms of Reference reflected appropriately the Committee's remit moving forward so as to avoid any potential overlap with the Finance & Performance Committee. Members approved the draft Report subject to any minor amendments to be provided to Mrs McNally by the end of the week.

LC/
MMcN/C
McK

MMcN

4.4 Update - Draft Annual Report of the Audit Committee 2020/21

Members received, for information, a verbal update from Ms Campbell on the draft Annual Report of the Audit Committee for the year ending 31 March 2021. Ms Campbell confirmed that the draft report contained an overview of training undertaken, progress against the operational plan for the year, the Covid impact and highlighted a number of advisory assignments including the Head of Internal Audit's overall satisfactory opinion for the reporting period. Ms Campbell confirmed that the final draft would be tabled for consideration at the next meeting on 12 May 2021.

LC

Mrs O'Hagan stated that on occasion reports had to be deferred for a variety of reasons but queried what the potential impact that might have on the Committee's ability to discharge its remit. Mr Brady stated that he only considered requests to defer items on an exceptional basis.

4.5 Notes of the Bi-lateral Meeting with External Audit – 4/2/2021

Members received, for information, a copy of the note of the Bi-lateral meeting with Mr Brady, Mr Knox and Ms Paterson held on 4 February 2021. Mr Brady advised that there were no areas of concerns requiring attention.

4.6 Notes of the Bi-lateral Meeting with Internal Audit – 4/2/2021

Members received, for information, a copy of the note of the Bi-lateral meeting with Mr Brady and Mrs McKeown held on 4 February 2021. Mr Brady advised that there were no areas of concerns requiring attention.

4.7 Circular HSC (F) 09/2021 – Timetable for the Annual Accounts 2020/21

Members received, for information, Circular HSC (F) 09/2021 which contained the timetable for the Annual Accounts for 2020/21 the contents of which were noted.

4.8 Revenue Business Case Test Drilling 2019/20

Members received, for information, the Revenue Business Case Test Drilling 2019/20 the contents of which was noted.

5.0 REPORT FROM INTERNAL AUDITORS

5.1 Progress report to Audit Committee dated 26 April 2021

Members received, for consideration, the Progress Report to Audit Committee, dated 26 April 2021, which had been circulated. Mrs McKeown said that the report included a summary of progress made against the 2020/21 Internal Audit Plan highlighting the completion of seven final audit reports leaving the domiciliary care piece referred to earlier.

Mrs McKeown noted that 82% of SLA audit days will have been delivered or 99% if account is made for activity stood down particularly during Quarter 1 due to the pandemic. A total of 373 audit days rather than the usual 440 had been agreed as the revised target SLA delivery time for 2020/21 and Mrs McKeown advised she was pleased to report that Internal Audit had largely complete their planned programme with a number of reports presented today for consideration.

5.1.1 Independent Homes Verification 2020/21 (Final Report)

Mrs McKeown advised that a briefing note had been provided at the last Committee meeting and that this was the finalised full report for consideration. Mrs McKeown highlighted that there were a number of gaps in assurance totalling 5% of total funding released across all HSC Trusts primarily due to non-admission of information. In the case of the 8 of the 368 homes that had not submitted a return, there was no assurance that this funding (circa £110k or 2% of total funding issued) had been utilised for the intended purposes.

It was noted that HSC Trusts are in the process of retracting where a return had not been submitted. 17 (5%) of the homes that submitted a return indicated that they had underspent against the funding (by £43,593 – 1% of total funding issued) at the stage at which they submitted.

HSC Trusts had also agreeing retraction letters in respect of these underspends which are in excess of £1,000. Internal Audit had also highlighted spend in 13 homes totalling £120,919 (2% of total funding issued) related to loss of income due to the pandemic and HSC Trusts had agreed to retract these monies, where appropriate.

Mrs McKeown advised that Internal Audit had reviewed the appropriateness of the expenditure reported on 361 returns received for reasonableness and found that the significant majority of the spend associated with the submitted returns appeared reasonable. Internal Audit had also reviewed the expenditure reported in submitted returns that could potentially also be claimed in a subsequent funding initiative in June 2020 for specific items. Through review of the submitted returns, Internal Audit identified 8 homes where the expenditure recorded could potentially have fallen into this category. Trusts verified that duplicate funding did not occur in all 8 instances.

Lastly in terms of verification, evidence submitted varied both in terms of quality and quantity. In the context of the inability to undertake site visits, it was not possible to 100% verify the spend being reported. Nevertheless, no significant issues were identified on review. Mrs McKeown noted four recommendations as part of this regional review all of which had been accepted.

Mr Brady asked Mr Knox if he was content with the approach taken on the review. Mr Knox stated he was pleased that the review had been taken forward which had produced important recommendations which should be welcomed. Dr Briscoe and Mrs O'Hagan both noted that it would be of concern where there are examples of homes not providing information requested particularly where there is an ongoing relationship with regards the commissioning of services.

In response, Ms Campbell explained that where there had been an underspend SET had already initiated appropriate retraction of funding and Mrs McNally agreed to highlight the issue with the Executive Director for Nursing and the Commissioning Team for information.

MMcN

5.1.2 Payment to Staff 2020/21 – Limited Assurance

Mrs McKeown presented a high level summary of the above-mentioned report which on this occasion was focused on the Planning, Performance & Informatics Directorate together with the Finance & Estates Directorate. Mrs McKeown highlighted the significant and other key findings of the audit particularly the need for enhanced controls on timesheets.

In response, Ms Campbell said the six recommendations in total (1 Priority 1 and 5 Priority 2) had been accepted and highlighted the responses with regard to overtime payments, Staff in Post reports, Compliance with Agenda for Change and off-HRPTS system processing of timesheets. In respect of the latter Priority 1 recommendation, Ms Campbell said that the Trust had taken the lead as the Pilot Trust in the regional Timesheet Improvement Project and worked in partnership with BSO Payroll SC to roll out a new, improved electronic (monthly) timesheet in 2019/20 with enhanced checks and controls in place to manage the risk for specific errors and control issues. Ms Campbell stated that the Trust was in a more advanced position than others but cannot progress to implement weekly and monthly staff timesheets until the region progresses implementation. In the interim, management will enhance controls and communicate with managers in respect to the authorisation framework for timesheets for 2021/22.

Mrs McKeown confirmed that this area had been considered of limited assurance for some time and it was understood that ultimately a regional way forward would be required to close off. Mrs McKeown responded to Mrs McNally seeking clarification on the finding associated with Recommendation 1.3 with Mrs McNally noting that in her view the DoH guidance issued last year had not been sufficiently clear. Mrs McKeown concluded by highlighting delays in issuing checks associated with Staff in Post Reports and in some incidences where this was not done merited attention.

5.1.3 ICT Procurement and Contract Management 2020/21 – Satisfactory Assurance

Mrs McKeown presented a high level summary of the above-mentioned report highlighting the significant and other key findings of the audit which had concluded that there was a satisfactory level of assurance

Mrs McKeown noted there was a small team responsible for its co-ordination with the majority of procurement exercises routed through eProcurement. There was a need to formalise and strengthen ICT Procurement Strategy and procedure to ensure selected procurement routes demonstrate value for money. Internal Audit found that ICT staff with contract management responsibilities generally had not undertaken training with the trail over ICT equipment disposal requiring improvement to ensure that all devices disposed of are fully tracked as securely disposed. In addition, Mrs McKeown noted the unavailability of a business case to review in respect of an ICT licensing pilot.

Mr Brady asked for an update on the business case issue which Mr Jameson provided noting the Trust's role as host in assessing a potential substitute to Microsoft Office. Following successful renegotiation with the existing supplier, a decision was taken not to adopt the alternative product.

Mrs O'Hagan referred to the training recommendation for contract management and the regularity with which training as a way forward was considered within audit reports. Mrs O'Hagan stated that there was a lack of visibility in her view on what happened with particular agreed actions post meetings. Mr Jameson stated that the team who lead this area were trained but ICT staff dealing with the operational output were not necessarily and they were in fact the interface for holding contractors to account. Mrs McKeown noted Management had accepted the recommendations.

5.1.4 Management of Community & Voluntary Organisation Contracts 2020/21 – Satisfactory Assurance

Mrs McKeown presented a high level summary of the above-mentioned report noting this was not a full audit but focused primarily on compliance during the Covid emergency with guidance issued in-year to ensure Value for Money principles were being adhered to.

Mrs McKeown noted that physical verification by the Contracts Team of activity being reported back to source information on a sample basis had been stood down during Covid-19 and an alternative verification process via virtual methods should have been considered and secondly formal service user feedback had not always sought to ensure needs were adequately met as remote means of communication were implemented. Mrs McKeown reported Management had accepted the recommendations.

5.1.5 Governance During Covid-19 2020/21 – Satisfactory Assurance

Mrs McKeown presented a high level summary of the above-mentioned report which focused on how governance arrangements were refined and developed to address the impact of Covid-19 with consideration given to the work of the Trust Coronavirus Liaison Group (TCLG) and the Incident Control Room (ICR).

Mrs McKeown reported a satisfactory level of assurance with a key finding relating to record keepings for actions and another noting a lack of detail in some instances in the completion of the central template register maintained for donations received. Mr Brady sought assurance that DoH's decision-making during this period particularly in light of the establishment of the Regional Management Board had been considered. Mrs McKeown confirmed the context within which the Trust was operating at the time had been acknowledged.

Mrs O'Hagan asked that while HSC had through necessity to focus on the Covid response should consideration be given to a retrospective audit on the impact on other service areas. Dr Briscoe suggested that the Covid-19 Learning Framework and HSC Leadership Centre reviews had assisted to date but there was insufficient information available to bring forward anything more substantively at this time. Mrs O'Hagan noted increased public commentary and while acknowledging the approach taken here with regular Board updates including directly from the Medical Director there may be a disparity evident when Trusts are compared.

Mrs McKeown confirmed there was evidence of learning being considered and acted upon for future surges which was positive. Mrs McNally provided further information on the evolution of the ICR model and how it was developed and improved upon and confirmed Management accepted the Priority 2 recommendation made.

5.1.6 Retention of Board/Committee Minutes and Papers 2020/21 – Satisfactory Assurance

Mrs McKeown presented a high level summary of the above-mentioned report which had been requested by the ALB Board Effectiveness sub group of the DoH IHRD work-stream highlighting the significant and other key findings of the audit particularly the need for additional clarity on legacy report keeping.

Mrs McKeown confirmed a satisfactory level of assurance had been provided with two findings the key one being that in one of two instances Trust Board records relating to a legacy Trust had been unavailable as they were held in off-site storage and retrieval made more challenging by Covid and the other relating to a number of records not having been transferred to PRONI as required by GMGR. In response, Mrs McNally accepted the recommendations

5.1.7 Risk Management 2020/21 – Satisfactory Assurance

Mrs McKeown presented a high level summary of the above-mentioned report highlighting the significant and other key findings of the audit which had found a satisfactory level of assurance. Mr McKinney provided additional background information in relation to the audit itself.

Mrs McKeown noted five Priority 2 recommendations with the key findings being the need to strengthen control over the completion of the Directorate Risk Registers and the Corporate Risk Register and that the Trust had not defined and implemented its risk appetite. Mrs McNally referred to the ongoing Risk Management and Governance Department Review which incorporated these aspects and that the recommendations had been accepted for action.

5.2 Year-End Follow Up Report dated 26 March 2021

Members received, for information, the year-end follow up for 2020/21 and noted that BSO Internal had Audit reviewed the implementation of accepted outstanding Priority 1 and 2 Internal Audit recommendations, where the implementation date had now passed. Mrs McKeown highlighted that 221 (76%) of the 292 recommendations examined had been fully implemented, 66 (23%) in progress with 5 (1%) not yet been implemented. Of those 5 recommendations, 1 had carried over having originated from within the Patient Flow from ED 2016/17 Report – progress on which has been delayed as a result of the disruption caused by Covid-19 but with an acknowledgement that 2 recommendations carried into 2020/21 had now cleared. A further three recommendations were linked to IT Audit - Cybersecurity 2019/20 and one recommendation arising from the IT Audit – Cybersecurity 2018/19.

Mr Brady highlighted the progress made to date as overall a positive and strong performance in light of the pandemic. Discussion ensued particularly in respect of the ICT-related audit recommendations requiring implementation.

Mr Brady, Mrs O'Hagan and Dr Briscoe all commented on the extraordinary efforts of the relatively small ICT team during the past twelve months noting their role in facilitating the delivery not just the SET but also the Greater Belfast Vaccination Programme. Mr Jameson noted that progress could be made in respect of a number of the remaining recommendations if an action plan was developed and progressed. Mr Brady agreed to confer further with colleagues on how the Audit Committee can provide support for the remaining recommendations to be progressed.

NB

5.3 BSO Shared Services Briefing

Members received, for information, the BSO Shared Services Report which had been circulated in advance.

Mrs McKeown confirmed that BSO Internal Audit carried out a programme of Shared Service audit assignments as part of the BSO Internal Audit Plan. The recommendations in these reports are the responsibility of BSO Management to take forward and the reports have been presented to BSO Governance & Audit Committee. As a customer of BSO Shared Services, the final reports had been shared with SET Management.

Members noted the split assurance provided in respect of Payroll Service Centre (PSC) and the progress being made to address recommendations and also the satisfactory assurance for the Recruitment Shared Services Centre.

6.0 REPORT FROM THE EXTERNAL AUDITOR

Mr Brady noted no items for discussion under this section.

7.0 REPORT ON INCIDENTS OF THEFT, FRAUD, BRIBERY AND WHISTLEBLOWING AND NFI UPDATE

Mr Brady advised that due to the business of the agenda this had been deferred to the Committee meeting scheduled in October 2021.

8.0 ANY OTHER BUSINESS

Mr Brady noted no items for discussion under this section.

9.0 DATE AND VENUE OF NEXT MEETING

It was agreed that the next meeting should be held virtually via Zoom on **Wednesday 12 May 2021 at 12 noon hosted from the Meeting Room, Trust Headquarters Ulster Hospital.**