

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

### **Minutes of the Audit Committee Meeting of the South Eastern Health & Social Care Trust held on Thursday 13 April 2023 at 12.06pm in the Boardroom, Trust Headquarters, Ulster Hospital, Dundonald**

- PRESENT:** Mr N Brady, Non-Executive Director (Chair)
- Mrs J O'Hagan, Non-Executive Director  
Dr M Briscoe, Non-Executive Director  
Ms W Thompson, Director of Finance and Estates  
Mrs C McKeown, Head of Internal Audit, BSO Internal Audit
- IN ATTENDANCE:** Mrs C-M Dickson, Director of Primary Care & Older People's Services  
Ms L Campbell, Assistant Director, Financial Services  
Mr S Knox, Audit Manager, Northern Ireland Audit Office (NIAO)  
Mr P Jamieson, Internal Auditor, BSO Internal Audit  
Mr B Clerkin, Engagement Director, ASM  
Mrs N McCreanor, Assistant Director, Human Resources – Employee Resourcing\*  
Mr D Henderson, Assistant Director, Technology & Telecommunications\*
- Mr S Martin, Executive Support Services Manager (Minutes)

#### **OPENING REMARKS**

Mr Brady welcomed everyone to the meeting particularly Mrs Clare-Marie Dickson, the new Director of Primary Care & Older People's Services, attending to observe proceedings.

Mr Brady also covered a number of housekeeping matters.

#### **1.0 APOLOGIES**

Apologies were recorded on behalf of Mrs McNally (Assistant Director, Risk Management & Governance/Trust Board Secretary).

#### **2.0 DECLARATION OF POTENTIAL CONFLICTS OF INTEREST**

There were no declarations made at this juncture or during the meeting.

#### **3.0 MINUTES OF THE PREVIOUS MEETING HELD ON 2 FEBRUARY 2023**

Members agreed the minutes of the meeting held on 2 February 2023, having been previously circulated, as a true and accurate record.

#### **4.0 MATTERS ARISING**

Members noted **SET/AC/06/23** Matter Arising Sheet detailing two actions arising one of which had been completed and the other closed as part of today's meeting.

## 5.0

### **ITEMS FOR DISCUSSION**

#### **5.1 REPORT ON INCIDENTS OF THEFT, FRAUD, BRIBERY OR WHISTLEBLOWING & NFI UPDATE**

Members received, for discussion, **SET/AC/07/23 Report on Incidents of Theft, Fraud, Bribery or Whistleblowing & NFI Update.**

Ms Campbell provided an overview of three new cases opened since the previous meeting. Ms Campbell advised a new Fraud Liaison Officer had been appointed due to Mr Grimley's forthcoming retirement. Members recorded best wishes to Mr Grimley for the future and agreed the new FLO should be invited to meet the Committee in due course.

#### **5.2 REPORT BY COUNTER FRAUD SERVICES ON INVOICING BY A RECRUITMENT AGENCY**

Members received, for discussion, **SET/AC/08/23 Report by Counter Fraud Services on Invoicing by a Recruitment Agency.**

Ms Campbell explained the Audit had arisen following notification to the FLO by a line manager in November 2019 when an agency worker had been found to be falsifying timesheets. Ms Campbell stated CFS had undertaken a review of the particular agency's invoices and timesheets to ascertain if claiming overtime prior to 37.5 hours being worked was common place. Ms Campbell stated CFS reviewed the years 2019/20 and 2020/21 by sampling 34% (5,511) of a total of 15,985 invoices. Ms Campbell confirmed circa 30% were found to have issues, of which 16% were not explainable. Ms Campbell expanded on proposed actions to address the recommendations.

Mr Brady asked if the company had been made aware of the outcome of the Review and what the approach might be in terms of recovery of funds. Ms Campbell confirmed there had been engagement with both PaLS and the company involved. Mr Brady replied in respect of off-contract suppliers there may be a need to consider fraud more broadly where there may be a risk work could be directed to them. Mrs O'Hagan stated it would be useful to understand how the rules differed between the public and private sectors. Mrs O'Hagan referred to Point 7 and that sampling would give a good indication as part of a wider review but that prevention was always better. Mrs O'Hagan asked where the joined up approach was internally to monitoring contract governance as there were gaps in a number of areas.

Mr Brady considered it was a lack of adherence of existing processes which required a major focus. Dr Briscoe felt there should be a carrot and stick approach to achieving progress and asked if the EMT paper being prepared would be risk based in approach regarding the relationship between the Trust and on-contract agencies. Ms Campbell confirmed this was the case. Dr Briscoe asked what patient involvement had there been particularly in relation to self-directed support. Ms Thompson advised there was more of a 1:1 relationship so there was a higher likelihood of the service user being aware the service was not being delivered as required.

Dr Briscoe felt it would be useful to have feedback at the next meeting regarding EMT discussion of options and associated governance issues. Mrs O'Hagan asked if it would be appropriate if the Committee made recommendations on how any such paper should go to EMT. Mr Brady replied he preferred an escalation report to Trust Board on both Audits so the wider Board are aware of Members' concerns which itself would necessitate a Management response.

Mrs O'Hagan noted she would be concerned if this delayed action to address the issues. Mr Brady stated the paper would be for the next Trust Board meeting. Dr Briscoe referred to the paper before Members and suggested it should contain detail on how many reports have been provided to the Committee and how many were found to be Unacceptable. Dr Briscoe recorded concern at the number of areas where Limited Assurance had been found and agreed the Trust Board paper should concentrate on the two Audits but highlight a general slippage in Audit outcomes across the piece. Mr Brady concluded the discussion by recording Non-Executive Directors were clearly exercised by the paper.

## **6.0 ITEMS FOR APPROVAL**

### **6.1 REVISED COMMITTEE SCHEDULE OF DATES 2023/24**

Members received, for approval, **SET/AC/09/23 SET Audit Committee Revised Schedule of Meeting Dates 2023/24**. Following discussion, the revised Schedule was approved subject to Mr Brady's request to amend the start time for the meeting on Thursday 4 May 2023 from 12 noon until 1pm.

### **6.2 COMMITTEE WORK PROGRAMME 2023/24**

Members received, for approval, **SET/AC/10/23 SET Audit Committee Work Programme 2023/24**. Following discussion, the Work Programme was approved subject to Ms Campbell reflecting on the necessity for the proposed closed session at Mr Brady's request.

### **6.3 COMMITTEE REVIEW OF EFFECTIVENESS 2022/23**

Members received, for approval, **SET/AC/11/23 SET Audit Committee Review of Effectiveness 2022/23**. Ms Campbell confirmed she believed the Committee had discharged its 2022/23 responsibilities. Mr Knox referred to the Value for Money section on Page 4 and stated it might benefit from a reference to benchmarking. Ms Campbell replied financial benchmarking fell under the remit of the Finance & Performance Committee.

## **7.0 ITEMS FOR NOTING**

### **7.1 DIRECT AWARD CONTRACTS AS OF 31 MARCH 2023**

Members received, for noting, **SET/AC/12/23 SET Direct Award Contracts as of 31 March 2023**.

Ms Campbell provided an overview highlighting Metric 7 which stated 10 of the 18 new DACs in 2022/23 had demonstrated compliance with PaLS advice as evidence of a much improved governance picture.

Mrs O'Hagan sought clarification on how those providing assurance were themselves audited to ensure their guidance remained correct. Ms Thompson replied their accredited status required external validation. Mrs O'Hagan noted the downward trend developing in the use of DACs but that there were still 24 taking forward after a contract end date. Ms Campbell explained procurement was very much part of the training provided to managers but it remained a complex area for those who do not have reason to engage with it on a regular basis. Ms Campbell also advised she was now able to engage with the original requestor where information was incomplete. Mr Brady asked if there was a register of contracts maintained by the Trust. Ms Campbell confirmed this was the case.

## **7.2 NOTE OF BI-LATERAL MEETING HELD WITH EXTERNAL & INTERNAL AUDIT ON 2 FEBRUARY 2023**

Members noted the content of **SET/AC/12/23 Note of Bi-Lateral Meeting Held with External & Internal Audit on 2 February 2023**.

*\*At this juncture, Mr Brady adjourned the meeting at 12.51pm to allow Mrs McCreanor and Mr Henderson to join the discussion. The meeting recommenced at 12.56pm.*

## **8.0 REPORT FROM INTERNAL AUDIT**

### **8.1 SET AUDIT COMMITTEE PROGRESS REPORT 2022/23**

Members received, for discussion, **SET/AC/14/23 SET Audit Committee Progress Report 2022/23**.

Mrs McKeown referred to the Key Performance Indicators listed on the first page of the Report and advised two draft Unacceptable Assurance Audit Reports had been included in today's papers. Before considering both Reports, Mr Brady stated this was the first time in his seven year tenure as Chair of the Audit Committee any such report had been deemed Unacceptable let alone two. Mr Brady asked since it had not happened before what was required of him as Chair in terms of required actions. Mrs McKeown replied she was not aware of any different processes or escalation mechanism adding she would wish to revisit those areas in the upcoming Audit Plan. Mrs McKeown stated it was unusual for the Trust but Unacceptable Assurance ratings do occur from time to time.

Mr Brady asked if it would be reported to DoH. Ms Thompson replied DoH would be sighted via the Internal Control Divergences listed on the Governance Statement. Mrs O'Hagan asked if this had surprised the Executive Management Team. Ms Thompson stated EMT had been informed adding when the planned audit activity was agreed it had been the Trust's request for these areas to be reviewed as potential areas of risk so there was an awareness of the need to review. Dr Briscoe asked why these

areas were a focus. Ms Thompson stated both had been monitored and discussed for some time with a recognition that line managers were key to the process so with overall service pressures they had struggled to complete all of the role.

Mrs McKeown provided a briefing on the **Governance & Management of Use of Non-Medical Agency Staff 2022/23 Audit** for which there was an Unacceptable level of Assurance on the basis the Trust's controls for both contracted and non-contracted staff were not adequate or operating effectively despite the considerable expenditure involved. Mrs McKeown stated there was no evidence of prior approval or confirmation that Pre-Employment checks and qualification checks had been completed. Internal Audit identified consistent overcharging by one contract agency which had not been detected by Trust agency invoice approval processes. Audit testing identified significant issues in respect of the approval and checking of agency invoices, and evidencing that the use of agency staff was appropriate in line with the framework agreement and prior to going off-contract. Mrs McKeown highlighted three significant findings:

1. There was consistent non-compliance with Trust policy when engaging agency staff
2. 41% (£10.3m) of total spend incurred on non-medical agency staff during the year ended 31 December 2022 was with 46 off-contract agencies and Internal Audit found Trust policy did not document any key controls/requirements in respect of using off-contract agencies specifically a requirement for approval at an appropriate level to utilise non-contract agencies prior to booking and to ensure pre-employment checks had been completed.
3. The sample testing of sixty agency invoices found limited invoice accuracy checks and no documented prior approval of non-contracted agency rates.

Mrs McKeown referred to the other Key finding being Trust policy for the Use of Agency/Locum staff was not reflective of current practice and required updating with the extant policy being dated May 2009. Mrs McKeown expanded upon the details behind a total of three Priority 1 findings and 11 Priority 2 Recommendations as set out in the paper.

Mr Brady asked why evidence of Pre-Employment checks could not be provided when engaging off-contract agencies. Mrs McCreanor replied the current Framework had not delivered as intended so that while there was a high level of confidence the requisite checks are carried out when engaging on-contract agencies, the gap arises when workers are sought elsewhere usually due to urgent need. Mrs McCreanor noted there was significant regional work on-going to move away from off-contract usage. Mr Brady asked who held responsibility for making sure such checks were completed. Mrs McCreanor replied there was collective responsibility for ensuring staff had the appropriate skillset for their roles and there was a need for the policy to be updated. Mrs McCreanor added Human Resources would lead on the implementation of the Action Plan.

Mrs O'Hagan asked in terms of the recommendations made was it sufficient to highlight training as the answer given compliance was key adding she would like to see this key element recognised within the recommendations or action plan outcomes. Dr Briscoe referred to the recommendation to include a Manager's Checklist within Trust Guidance when engaging Agency Staff as positive. Mrs McCreanor advised this was already the case within Medical & Dental and with seven regional workstreams working on the new Framework the issue of engaging off-contract agencies will be mitigated going forward through strict monitoring. Dr Briscoe acknowledged the work being developed but felt there were immediate steps that could be taken demonstrate local improvement. Ms Thompson referred to next year's anticipated savings target and the recognition of the need to reduce such costs but there was a risk the workforce could be de-stabilised if they do not work collectively. Mrs McKeown agreed it was not simply a training issue and the regional work would assist.

Mr Brady referred to 41% of total spend incurred on non-medical agency staff having been with off-contract providers for which there was a lack of key controls in place as being astonishing. Mrs McKeown replied there was a need for a specific procedure to be developed. Mrs McCreanor advised the commencement of the new framework was imminent with an effective date of next week subject to completion of a transition period.

Mr Brady acknowledged this should reduce the number of cases but there was a need for a separate process authorised by a senior officer as a checking and control mechanism. Ms Campbell advised to engage off-contract providers required Director approval. Mr Brady stated he had raised this issue last year as he had been informed by an external source that off-contract usage was continuing. Mr Brady stated having sought reassurance he had been advised this was not the case so he had communicated this back only to learn it was not the position. Mrs O'Hagan stated it raised the issue of whether line managers were aware of the procedures. Mr Brady noted £12m represented a material and substantial sum for such a widespread failing. Ms Thompson explained the figure was significant and accounted for between 2% and 3% of overall payroll.

Dr Briscoe recorded shock at the findings and the importance of being proactive in addressing these matters with actions based on risk and any vulnerabilities for patients and finances. Mrs O'Hagan asked when the Committee would see the Action Plan and what escalations were needed to Trust Board. Mr Brady asked what mitigations would be put in place while the actions were being implemented. Members agreed an escalation paper be prepared for Trust Board to include recording the Committee had requested a programme to be put in place to address these issues.

In terms of the findings on FPM Agency Invoices, Mr Brady asked if there was anything that might be considered a red flag in terms of fraud. Mrs McKeown replied there were multiple managers involved in this audit and there was no discernible pattern which you might expect to see in such circumstances though the potential existed for inadequate controls so as to not draw the attention of auditors.

Ms Campbell provided an update on her engagement with the on-contract supplier identified. Mrs O'Hagan noted this was another example of managers not having the awareness of processes.

Mrs McKeown then turned to the **Cyber Security IT Audit 2022/23** which advised of Limited Assurance in terms of Engagement and Training due to very low uptake levels in relation to mandatory training and Unacceptable Assurance for Vulnerability Management with five significant findings detailed in the paper. Mrs McKeown concluded there were a total of 2 Priority 1 and 33 Priority 2 Recommendations for action.

Members considered the findings and recommendations at length. Members agreed Mrs McNally would check the status of mandatory training amongst Trust Board Members. Mr Henderson expressed disappointment at the outcome and outlined the challenges faced by his team. Mr Brady asked what EMT were doing to provide support. Mrs O'Hagan noted direct patient care would always be prioritised but asked how risk was assessed and how often it is reviewed. Mr Henderson replied there was a regional group looking at emerging threats and vulnerabilities. Mr Brady asked how Encompass could be implemented successfully in the current budgetary environment. Mr Henderson stated Encompass & Business as Usual (BAU) was the priority corporate projects and were being given clear focus.

Mr Brady stated EMT should sit down with ICT to reprioritise resources. Dr Briscoe replied how were the findings going to be managed and what should be brought to Trust Board. Mr Henderson explained he accepted all the findings and recommendations though there was a need for realistic implementation dates. Mr Brady stated one paper should go to Trust Board covering both matters for review. Mrs O'Hagan asked if more staff completed training would assist. Mr Henderson replied the impact remained the same but the probability reduced lowering of the risk rating. Mrs O'Hagan asked if HR could be engaged to address this specific point.

Mr Brady recorded appreciation to the ICT team and asked Mr Henderson to relay this to colleagues. Mrs O'Hagan noted defining overall corporate risk appetite would also assist. Dr Briscoe stated this was key and linked to the Risk Management Report in which there were recommendations which had been accepted. Dr Briscoe questioned how recommendations could be embedded within the new Integrated Governance & Assurance Framework and said she would raise at Governance Assurance Committee. Mr Brady and Dr Briscoe also agreed that the Information Governance Audit Report be considered in detail by the Governance Assurance Committee.

Mrs McKeown explained the outcomes arising from **the Risk Management 2022/23 Audit** which had been achieved a Satisfactory level of Assurance. Mrs McKeown expanded upon the three Key Findings which included reference to the Trust not having yet defined its risk appetite. Members noted the audit had made 7 Priority 2 and 6 Priority 3 Recommendations.

In terms of the **Information Governance 2022/23 Audit** and its Limited level of Assurance, Mrs McKeown recorded there were two significant findings including that the Information Governance Sub-Committee had not

met since November 2021. Mrs McKeown stated there were a total of 12 Priority 2 and 2 Priority 3 Recommendations to consider. Mrs O'Hagan highlighted the lack of Sub-Committee meetings and asked what role the parent Committees had in ensuring Sub-Committees maintain regular meetings. Mrs O'Hagan suggested this might be considered for inclusion within Terms of Reference which Members agreed should be looked at.

Mr Brady suggested additional resource was critical to progressing a number of partial or not yet implemented recommendations relating to ICT. Mrs O'Hagan stated it was vital to recognise resources were finite taking into account direct patient care trumps all other pressures. Ms Thompson advised ICT had been supported to tackle pressures and EMT had to balance a number of extreme risks. Mr Brady replied Trust Board could make a case for prioritisation and it all came back to risk appetite. Mrs McKeown noted all HSC Trusts had similar ICT pressures but SET was the only one to have been given an Unacceptable level of Assurance so local factors were at play. Mr Henderson highlighted the Trust's proximity to Belfast as a factor in attracting and retaining staff.

## **8.2 YEAR-END 2022/23 FOLLOW UP REPORT**

Members received, for discussion, **SET/AC/15/23 Year-End 2022/23 Follow Up Report**. Mrs McKeown advised 172 (81%) of the 212 recommendations where the implementation date had passed had been fully implemented with 36 (17%) partially implemented and 4 (2%) not yet been implemented.

Mrs McKeown referred to the 2018/19 IT Audit and the nine regional recommendations made. Mrs McKeown referred to Appendix A which detailed progress and that two of nine recommendations were considered implemented.

Mrs McKeown referred to the slow pace of implementation for the Care Management 2021/22 Audit Recommendations which stood at 33% fully implemented. Ms Campbell replied there was a recognition these would require time to progress. Mrs McKeown highlighted the lack of nearly any progress made in terms of the Management of Domiciliary Care Contracts 2021/22 including the Priority 1 recommendation which so far was only partially implemented. Mrs McKeown noted progress on the Fire Safety 2021/22 recommendations save for one significant finding namely in relation to awareness of fire wardens which had not yet been implemented.

Mr Brady asked if Mrs McKeown was content at this stage. Mrs McKeown advised she had highlighted those areas which she felt important to bring to the attention of the Committee. Mr Brady asked if a summary of what Mrs McKeown had spoken to could be added titled Items Highlighted and Reinforced so Members do not lose sight of their importance as a way of focusing minds for 2023/24. Mrs McKeown noted these were recommendations which had fallen due. Ms Campbell added a number of managers had not yet provided relevant information so she intended to set up Audit clinics to better capture and demonstrate what is required.



## **9.0 REPORT FROM EXTERNAL AUDIT**

Mr Knox advised Mr Neil Gray had recently retired and Mrs Colette Kane, currently the Local Government Auditor, had been appointed as his replacement. Members recorded best wishes and thanks to Mr Gray for his contribution to the Committee.

## **10.0 ITEMS FOR ESCALATION**

Mr Brady noted Members had earlier agreed for a paper to be prepared relating to the two Audits found to have an Unacceptable level of Assurance and for this to be tabled at the next Trust Board meeting.

## **11.0 ANY OTHER BUSINESS**

Mr Brady asked for an update on activity relating to the Network Information Systems (NIS) Regulations which Mr Henderson provided.

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

Mr Brady advised the next meeting would be held on Thursday 4 May 2023 at 1pm at Trust Headquarters, Ulster Hospital, Dundonald.

Mr Brady thanked everyone for their participation and declared the meeting closed at 2.53pm