



## Annual Report of the Audit Committee – 2023/24

### 1.0 Purpose of Report

- 1.1 This report details the 16th formal annual report of the Audit Committee (the Committee) to the Board of the South Eastern HSC Trust (the Trust) for the financial year ended 31 March 2024. Its purpose is to report on the work of the Committee for the financial year under review in discharge of its oversight responsibilities to the Board. The report also includes a review of the Annual Report and Accounts for the year ending 31 March 2024, including an assessment of the effectiveness of the Assurance Framework, systems of internal control and risk management operating within the Trust for the same period.

### 2.0 Chairman's Foreword

- 2.1 This is my 8<sup>th</sup> year as Audit Committee Chair. I would like to thank all members for their attendance and contribution at meetings during the year. In particular, to the staff in Internal Audit and the External Auditors (Northern Ireland Audit Office and ASM). I would also like to thank my Non-Executive colleagues, particularly to Dr Maura Briscoe, whose tenure expired in February 2024.

### 3.0 Audit Committee

#### 3.1 Membership of the Committee

Membership of the Committee during 2023/24 comprised:

##### Members

- Mr Noel Brady, Non-Executive Director
- Dr Maura Briscoe, Non-Executive Director (to 14/02/24)
- Mrs Joan O'Hagan, Non-Executive Director
- Mr Norman McKinley, Non-Executive Director (from 01/01/24)
- Mr Kieran Donaghy, Non-Executive Director (from 15/02/24)
- Mrs Anne Quirk, Non-Executive Director (from 15/02/24)

#### 3.2 Meetings of the Committee

The Committee is required by its terms of reference to meet not less than four times per year. During the 2023/24 year the Committee met on 6 occasions:

Formal minutes are recorded of each meeting and these are subsequently reported at the following Trust Board meeting with a copy circulated with the Board papers.

No closed meetings of the Audit Committee, with the internal and external auditors took place in 2023/24.

### **3.3 Attendance at meetings**

The Committee has adopted the practice of inviting the Director of Finance & Estates along with representatives of the appointed external auditors (NIAO & ASM) and Internal Audit staff from the Business Services Organisation to all meetings and on occasions other Trust staff. In addition, the Chief Executive is invited to attend the meeting at which the Trust Annual Report & Accounts is considered for approval in June.

### **3.4 Training for Audit Committee Members**

During the year, when relevant training courses are notified a representative/s from the Audit Committee will attend and report back to the Committee and share the documentation and presentation slides for information.

## **4.0 Internal Audit Services**

### **4.1 Provider**

The Trust's Internal Audit Service was provided by the Business Services Organisation (BSO) for 2023/24. The Trust pays BSO Internal Audit an annual fee to cover this service and its assessment of the Trust's compliance with Organisational Controls Standards. In 2023/24 the Trust commissioned 538 days from BSO. Due to recruitment difficulties faced by Internal Audit 2 assignments were agreed to be deferred until 2024/25. These were the audit on Management of Point of Care Testing Devices and Absence Management.

The Internal Audit team for the South Eastern Trust was headed by Mrs Catherine McKeown, Head of Internal Audit at BSO with Mrs Jennifer McCaw, Assistant Head of Internal Audit.

### **4.2 Operational Plan**

Internal Audit's primary objective is to provide an independent and objective opinion to the Accounting Officer, Trust Board and Audit Committee on the adequacy and effectiveness of the systems of internal control. The work of the Internal Auditor is informed by an analysis of risk to which the Trust is exposed, and is therefore integrated with the Trust's own risk assessment process and assurance framework.

This year past saw the Committee approving a programme of work and considering the reports from the Internal Auditor on the following systems:

<b>Audit Assignment</b>	<b>Level of Assurance**</b>
Budgetary Control & Financial Stability	SATISFACTORY
Domiciliary Care assessment process	SATISFACTORY
Implementation of encompass	SATISFACTORY
Operation of Trust's Committee Structures	SATISFACTORY
Incident Management	SATISFACTORY

Management of Client Monies in Independent Sector Nursing Homes	PART SATISFACTORY PART LIMITED
Cash Management in Social Care Facilities	PART SATISFACTORY PART LIMITED
Procurement and Contract Management of Independent Nursing Homes contracts	LIMITED
Non Pay Expenditure	LIMITED
IT audit	LIMITED
Governance & Management and Use of Agency Staff	LIMITED
Payments to Staff/Medical Job Planning	PART LIMITED PART UNACCEPTABLE

The definition of assurance levels is described in the BSO Internal Audit reports. Internal Audit provided less than satisfactory assurance for the following reasons:

#### Management of Client Monies in Independent Sector Nursing Homes

Part Limited assurance was provided in relation to the Trusts monitoring arrangements for residents' finances by Key Workers as this does not consistently occur as required for Service Users' within Nursing Home Settings. Part Limited assurance was also provided in relation to Bangor Care Home given the significant number of issues noted. These included the absence of resident's agreements and financial assessments by Key Workers and a significant number of other control divergences relating to the management of residents' cash, the comfort fund and resident's property

#### Cash Management in Social Care Facilities

Part Limited assurance was provided at William Street Childrens Home due to a combination of significant control issues that increases risk in this area. The management of cash floats and outreach and project monies required enhancement at this home. £2,000 was unaccounted for in respect of project monies received into the home and issues were also identified about the nature of expenditure for this project. Differences were noted between cash held and that recorded in the Safe Register; and there was no control over Outreach monies.

#### Procurement and Contract Management of Independent Nursing Homes contracts

Limited assurance was been provided on the basis that the current regional contract is outdated, requires significant review and strengthening and is not fully reflective of services being provided by Homes. Roles and responsibilities in the regional contract are not clearly defined. Internal Audit acknowledges that responsibility for updating the contract rests with SPPG in conjunction with the 5 Trusts.

Despite annual spend in excess of £101m, the contracts have never been subject to procurement. In 2022 the Trust identified care home procurement as its number 1 priority to the Social Care Procurement Board and has continued to be represented at the Social Care Procurement Board which is chaired by the SPPG and was tasked to take forward Social Care Procurement priorities regionally.

In June 2018, COPNI, in the 'Home Truths' report, recommended that the contract should be reviewed and updated. While a regional project is being taken forward to review the contract, an updated contract is not likely to be in place before 2025.

Control over third party contributions and One to One Care packages is not robust – these are not included in the contract and rates charged are not appropriately controlled.

### Non Pay Expenditure

Limited assurance has been provided on the basis that controls over Management of Revenue Business Cases need strengthened and clarified. Currently business cases are not completed for expenditure decisions funded through existing Trust funds – this position needs clarified with DoH in the context of the new updated 2023 DoH circular guidance. There are gaps in the information held on the revenue business case register that would improve management and monitoring of the timeliness of business cases; expenditure against approved amounts, and completion of Post Project Evaluations when they are due.

In terms of Taxis and Private Ambulances, the Trusts controls over the validation of invoices, both contracted and non-contracted are not adequate or operating effectively. Spend was also being incurred with non-contracted providers, across both services. The total costs across these non-contracted providers was £672k (32%) during 2022/23, of which £622k was incurred with 1 provider. There is a need to fundamentally review and modernise the approach to Management of use of taxis in the Trust. There is a need to assess the cost effectiveness and ongoing need for the use of private ambulance contractors to provide ambulances and ambulance receivers.

### IT audit

As a number of significant actions have been taken during the year the assurance rating in relation to Vulnerability Management has improved to Limited for 2023/24. Of the 30 agreed recommendations in the 2022/23 Unacceptable assurance audit report:

- 16 recommendations were due for implementation by 31 March 2024: 7 have been Implemented and 9 are partially implemented
- 14 recommendations are not due to be implemented until after 31 March 2024: (none of these are implemented at this point).



## Governance & Management and Use of Agency Staff

Internal Audit provided Limited assurance in relation to the Governance and Management of Use of Non-Medical Agency Workers. 9 of the 12 recommendations made in the 2022/23 Unacceptable audit report have now been fully implemented and 3, including 1 Priority 1 recommendation, has been partially implemented. The Trust has undertaken a number of significant actions in 2023/24.

The following significant control issues remain:

- No evidence of prior approval to use non-contracted agencies or confirmation that pre-employment checks such as Access NI and qualification checks were completed as managers checklists are not being completed as required by Trust protocol.
- Audit testing identified issues in respect of the approval and checking of agency invoices; and evidencing that the use of agency workers was appropriate including contacting contracted agencies first, awarded in ranked or tiered order, in line with the frameworks in place and prior to going off-contract or utilising contracted providers for services that they are not contracted to provide.
- We did not identify any consistent overcharging by any contracted agency, as identified in 2022/23, although our findings in relation to the absence of robust checks on invoices prior to approving for payment suggest that overcharging, if it existed, would go unchallenged leading to overpayments.



## Payments to Staff

Unacceptable assurance in relation to Management of Job Planning was provided on the basis that 74% of Consultants / SAS Doctors (as per the Trust's central job plan database) did not have up to date (approved within the last year) job plans in place. There needs to be enhanced corporate oversight and direction to drive the significant improvement necessary to ensure all Consultant / SAS Doctors have a current, annual job plan. Without an approved, up-to-date job plan, there is limited evidence that medical staff are being effectively managed and HSC time is utilised to best effect in the context of significant waiting times. A robust process for monitoring the timely completion of job plans is not in place and there is no reporting on the status of completed job plans within the Trust's governance framework.

Limited assurance in relation to Payments to Medical Staff was provided on the basis that control over both contractual and additional payments requires strengthening. Sample testing identified both over and under payments in relation to contractual payments. A comparison of claims for additional payments (WLI / Extra Duties / Locum) to job plans identified 24% of claims reviewed where there is a risk that staff have been paid to perform work at the same time that there are being paid for

scheduled PA's / SPA's as per their job plan. Staff in post (SIP) checking processes remain a significant issue due to the high non-response rate to SIP report checks.

### **Shared Services Audits**

A number of audits (summarised below) were conducted in 2023/24 in BSO Shared Services, as part of the BSO Internal Audit Plan. The recommendations in these audit reports are the responsibility of BSO Management to take forward and the reports have been presented to BSO Governance & Audit Committee.

<b>Shared Services Audit</b>	<b>Level of Assurance</b>
Payroll	Part Satisfactory & Part Limited
Accounts Payable	Satisfactory
Accounts Receivable	Satisfactory
Recruitment Services	Limited

#### **4.4 Follow up reviews**

A review of the implementation of previous priority one and priority two Internal Audit recommendations was carried out at mid-year and again at year-end. At year end, 100% of recommendations had either been fully or partially implemented (fully implemented 85% & partially implemented 15%).

#### **4.5 Annual Internal Audit Assurance Report**

In accordance with HSS (F) 51/2007, issued by the DoH, the Head of Internal Audit is required to provide an annual opinion on risk management, control and governance arrangements. This opinion is based upon and limited to, the internal audit work performed during the year. The purpose of the annual opinion is to contribute to the assurances available to the Accounting Officer and the Board which underpin the Trust's own assessment of the effectiveness of the system of internal control, which, in turn, will assist in the completion of the Governance Statement. The opinion expressed does not imply that Internal Audit has reviewed all risks and assurances relating to the organisation.

In her annual report, the Head of Internal Audit provided the following opinion on the Trust's system of internal control:

*Overall for the year ended 31 March 2024, I can provide Satisfactory assurance on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.*

#### **4.6 Performance of Internal Audit**

The Committee is pleased to report that the service provided by the Internal Auditor was to a very high standard and was delivered in a professional and effective way with reports setting out in a clear manner any remedial action needed. The Committee's overall assessment is that Internal Audit provided a valued service during the year 2023/24.

## **5.0 External Audit Service**

### **5.1 Introduction**

The Northern Ireland Audit Office (NIAO) contracted out the conduct of the Trust's external audit in respect of the Trust's Public Funds Accounts and the Charitable Fund Accounts to ASM for the financial year 2023/24.

NIAO were represented at the Audit Committee during the year by Mr Stephen Knox and ASM was represented by Mr Brian Clerkin and/or Ms Judith Shorthall.

### **5.2 External Audit Reports**

The Committee received the draft Report to those Charged with Governance (RttCwG) covering the Annual Public Fund Accounts and Charitable Trust Fund Accounts for the year 2023/24.

The Committee received a comprehensive review of this report from the NIAO and are pleased to report that an **unqualified opinion** is expected to be issued by the NIAO, concerning both the truth and fairness of the financial statements and also the regularity of financial transactions.

### **5.3 Engagement with External Auditor**

Following the presentation of the 2023/24 Annual Report and Accounts on 20 June 2024 members of the Committee had an opportunity to meet with external auditors, without the presence of Trust officials.

## **6.0 2023/24 Annual Report and Accounts (including Governance Statement)**

The Audit Committee reviewed the Trust's Annual Report and Accounts for 2023/24 (including the draft Governance Statement) at its meetings on 9 May 2024 and 20 June 2024 before they were put forward for ratification by the Trust Board on 27 June 2024. The Committee were satisfied that the process to prepare the accounts was robust, and that the Annual Report and Accounts had been extensively reviewed by management and the Committee before asking the Board to ratify them.

The Audit Committee also reviewed the Governance Statement at its meetings of 9 May 2024 and 20 June 2024. The Committee is satisfied that the content of the Governance Statement accurately reflected the governance, control and risk management processes currently in operation within the Trust.

## **7.0 Fraud and Anti-Bribery**

Mrs Kerryanne Hoy, from Financial Services, is the Fraud Officer for the Trust and attended Audit Committee meetings to provide further detail to the reports received.

During the year there has been an increase in the number of incidences of theft and fraud reported to the Committee. This is due to increased fraud awareness raising within the Trust.

All reports of fraud have been investigated in line with the Trust's Fraud Response Policy and the Trust continues to be committed to zero-tolerance of fraud. The cases have been reported, in line with the Trusts procedures and, where appropriate, disclosed within the 2023/24 Losses Statement in the Annual Report and Accounts. The Committee concluded that the general framework established by the Trust for the prevention and detection of fraud and anti-bribery is satisfactory, although the number of large salary overpayments being made to staff before detection requires remedial attention.

## **8.0 Other Matters**

There are no other matters to bring to the attention of Trust Board.

### **8.1 Review of Audit Committee's Terms of Reference, Programme of Work and Committee Effectiveness**

The formal review on the Committees effectiveness of its work, to be documented in a report titled 'Review of Effectiveness of the Audit Committee' took place on 9 May 2024.

### **8.3 Bi-lateral Meetings between the Chairman of the Audit Committee with NIAO, Internal Audit and the Chairman of the Trust Board**

No bi-lateral meetings were held between the Chairman of the Audit Committee and the Chairman in 2023/24.

### **8.4 Losses and Special Payments**

As part of its review of the 2023/24 Annual Accounts, the Committee received a report detailing losses and special payments made during the financial year.

### **8.5 Internal Audit Assignments**

At each Audit Committee, a report from Internal Audit on the status/progress of all agreed audit assignments is discussed.

## **9.0 Summary**

### **9.1 Remit**

The Committee recognises that the Chief Executive as Accountable Officer supported by the Trust Board is ultimately responsible for the system of internal control, the management of risk and the governance framework. Management is responsible for implementing policies on risk management and control. The Board has delegated to the Audit Committee responsibility for an assessment of the effectiveness of the system of internal control.

The Committee is of the opinion that for the year ended 31 March 2024 it has discharged its oversight responsibilities in accordance with the Terms of Reference set for the Committee by the Trust Board. The Committee is also satisfied that it has considered its business in accordance with best practice.



## 9.2 Assurance

The Committee, in preparation of this Annual Report, sought regular assurances to enable it to report to the Board that the system of internal control is functioning effectively. The principle sources of assurance used by the Committee in the formation of its opinion are:

- Independent Assurance
  - Reports in respect of individual Internal Audit assignments;
  - The Annual Assurance Report of the Internal Auditor showing a high level of implemented internal audit recommendations by 31 March 2024.
  - External Audit opinion on the annual accounts and the draft Report to those Charged with Governance for the year 2023/24.
- Management Assurance
  - Where relevant, reports to the Audit Committee from the Director of Finance and Estates covering follow ups to internal audit reports & incidences of fraud.

The opinion of the Committee is that the information and/or assurances received from the Internal and External Auditors and the Management Team are comprehensive and reliable and sufficient to support the Board and the Accounting Officer in their decision taking and their accountability obligations.

In addition, it should be noted that the Audit Committee has the right to call Directors to address the Committee on items of less than satisfactory assurance or recurring themes in audit reports.

## 10.0 Overall Conclusion and Recommendations

10.1 The Committee is satisfied in respect of the reliability and integrity of the assurances and of their comprehensiveness in meeting the needs of the Board and the Accounting Officer. Furthermore, the Committee is of the opinion that the assurances available are sufficient to support the Board and the Accounting Officer in the decisions taken by them and in their accountability obligations and that generally a sound system of Internal Control is in place.

The Committee notes the significant improvement in the governance and control around Cyber Security and Management of Recruitment Agencies which has allowed the assurance ratings in both these areas to improve compared to 2022/23.

10.2 The Committee, at its meeting on 9 May 2024 approved the content of this, the 16th Annual Report for submission to the Trust Board at its meeting on 27 June 2024.

**Mr Noel Brady**  
**Chairman of the Audit Committee, South Eastern HSC Trust**

10 May 2024