

**Minutes of a meeting of the Audit & Risk Assurance Committee
held on Thursday, 10th April 2025 at 9.30 a.m., in the Boardroom,
First Floor, Trust Headquarters, Craigavon**

PRESENT:

Mrs L Ensor, Non-Executive Director (Chair)
Mrs M Corkey, Non-Executive Director
Mr A Hughes, Non-Executive Director

IN ATTENDANCE:

Mr S Spoerry, Interim Chief Executive
Ms G Browne, Non-Executive Director, *(via MS Teams)*
Ms C Teggart, Director of Finance, Procurement & Estates, SHSCT
Mrs C Cassells, Assistant Director of Finance, Financial Management, SHSCT
Mrs A Rutherford, Assistant Director of Finance for Financial Services, SHSCT
Dr S Austin, Medical Director, SHSCT *(Item 6i only)*
Mrs C McKeown, Head of Internal Audit
Ms A Strain, Audit Manager, Internal Audit
Mr P Jameson, IT Audit Manager, Internal Audit *(Items 6i onwards)*
Ms K Doey, Engagement Manager, Northern Ireland Audit Office (NIAO)
Ms A O'Doherty, Head of HSC Sponsor Branch, DoH *(via MS Teams)*
Mrs S Judt, Board Assurance Manager
Mrs S McCormick, Committee Secretary, SHSCT (Minutes)

APOLOGIES

None.

1) CHAIR'S WELCOME

Mrs Ensor welcomed everyone to the meeting and especially Mr Steve Spoerry, recently appointed Interim Chief Executive and those joining via MS Teams, namely Ms O'Doherty, Head of HSC Sponsor Branch, Department of Health (DoH), and Ms G Browne, new Non-Executive Director attending as part of her induction programme.

2) **DECLARATION OF INTERESTS**

Mrs Ensor asked members to declare any potential conflict of interests in relation to items on the agenda. None were received and the business of the meeting proceeded.

3) **CHAIR'S BUSINESS**

Mrs Ensor advised that since the Committee last met on 20th February 2025, she had returned the ISA Enquires document in relation to Fraud, to the NIAO. She went on to advise that she plans to attend the next ALB ARAC Chairs' Forum, a theme of which will be 'How ARAC can be an Agent for Change'. An online ARAC Chair's Business Case Workshop is scheduled for 13th May 2025 and Mrs Ensor advised she would provide feedback to the Committee in relation to this in due course.

At this point, Mrs Ensor advised that in order to facilitate Dr Austin's diary commitments, he will join the meeting at 10.30am to discuss Item 6i Risk Management.

4) **MINUTES FROM THE MEETING HELD ON 20th FEBRUARY 2025**

Mrs Ensor advised that the minutes of the meeting held on 20th February 2025, were approved via email and subsequently presented to Trust Board on 3rd April 2025 for information purposes. Members advised they were content with the process.

5) **MATTERS ARISING FROM THE PREVIOUS MEETINGS**

Members noted the progress updates from the relevant Directors to issues raised at the previous meeting.

Trust Monitoring Visits to Domiciliary Care Providers

Members noted that whilst the position remains, that the Trust are awaiting updated legal advice from Directorate of Legal Services (DLS) to provide clarity in respect of Independent Sector Providers contractual obligations in the future in relation to performance against commissioned activity, a deferred date has been set to 1 May 2025 for discussion on the issue. Ms Teggart said it was important to remember this was a regional issue.

Update on review of Corporate Risk Register

Members noted that a recommendation had been made to Trust Board on 3rd April 2025, through the Committee Chair report that a workshop would take place post Encompass Implementation to discuss this area further.

Training & Development

Members were advised Finance Training for new Non-Executive Directors has been agreed with the Trust Chair and will take place on 26th June 2025 following the Trust Board meeting. This training will also be open to the Senior Leadership Team (SLT).

Mrs Ensor asked that Item 7i on the agenda would be discussed next.

7i) INTERNAL AUDIT PROGRESS REPORT 2024/25 (6 REPORTS)

Mrs McKeown presented the IA Progress Report, which demonstrates progress against the 2024/25 IA Plan and provides a summary of the audit reports finalised since the last Committee meeting. Mrs McKeown advised that the four remaining audits in the plan for 2024/25 will be finalised and presented to Committee at the meeting on 15th May 2025.

Budgetary Control – Satisfactory

At the outset, Mrs McKeown explained this was a follow up audit focused on progress against the implementation of the four accepted recommendations made in the 2023/24 Internal Audit of Budgetary Control, when Limited assurance was provided. Continuing, Mrs McKeown advised that the follow up exercise had evidenced that sufficient action has been taken to address all four recommendations including three Priority One recommendations made at that time and Satisfactory assurance was provided on that basis. In concluding her remarks, Mrs McKeown highlighted the significant movement in progress from last year and commended the huge amount of work undertaken over a short timeframe. Members considered the finer detail within the paper and welcomed the positive enhancement of assurance in this area.

Estates Procurement & Contract Management – Satisfactory

Mrs McKeown guided members through the scope of the audit which focused on the arrangement within the Trust for procurement and management of Estates Works projects. Members considered the risk based approach, along with the objectives associated with the audit. Mrs

McKeown was pleased to report Satisfactory assurance was provided on the basis that for the sample of 10 projects reviewed, there was appropriate procurement process applied and appropriate contract management arrangements in place. There was also evidence of checks of works being completed as requested and contracts or Direct Award Contracts (DACs) in place to support spend. Mrs McKeown emphasized the importance of business case approval prior to spend.

Continuing, Mrs McKeown said it was important to record that all 14 recommendations previously made in the audit exercise carried out in 2022/23 when Limited assurance was provided, have now been implemented. She said that in relation to the current report, there were no significant findings that impact on the assurance provided, however there was one key finding in relation to business case approval prior to commencement of works and she outlined the finer detail. One Priority 2 and two Priority 3 recommendations were identified. Management have accepted all recommendations for implementation in line with agreed timeframes.

Ms Teggart welcomed the improvement in this area since the prior audit. In relation to the P2 recommendation around Business Cases and Contract approval, Ms Teggart said reminders have been issued and enhanced controls will take a period of bedding in to ensure that addendums to business cases and contracts are implemented. She gave assurance that procedures have been updated and controls are in place and the audit has highlighted the evidence of improvement.

Internal Performance Management – Satisfactory

At the outset Mrs McKeown guided members through the scope of the audit which reviewed the performance management framework and performance management reporting arrangements at Corporate, Directorate and Divisional level. The audit was based on the risk that ineffective performance management arrangements may impact on achievement of targets and increased waiting times. Members noted the detail in relation to the objectives of the exercise.

Mrs McKeown was pleased to advise that Satisfactory assurance was provided in relation to the Internal Performance Management. Whilst there were no significant findings, impacting on the assurance in the report, Mrs McKeown highlighted several key findings for consideration. Seven Priority 2 recommendations were identified. Management have accepted all recommendations for implementation in line with agreed timeframes.

Discussion ensued. In relation to performance reporting to the Finance Performance and Workforce (FPW) Committee, Mr Hughes spoke about a new process in relation to the approval of the committee minutes via email and work to ensure better lead times into reporting and escalating issues up to Trust Board meetings. He acknowledged there was a further piece of work to do in regards improving the nature of reporting to the FPW Committee, ensuring reports are clear and concise to facilitate scrutiny and challenge and there is clarity around 'assurance reporting'. Mrs Ensor echoed these remarks and further commented that she felt there was a risk of confusion over the corporate objectives and emphasized that moving forward there must be evidence of a more joined up approach to the Trust's strategic objectives and added this could be explored further at the Risk Workshop.

By way of progress in relation to the Business planning recommendations, Ms Teggart pointed out these relate to the 2024/25 financial year and the Trust Board has recently approved the Trust's Vision and Strategy 2030 document. Work is progressing on seeking approval of the Trust's Annual Corporate Plan 2025/26 in May 2025. Ms Teggart said it was important to remember the FPW Committee is still in its infancy, however she acknowledged further improvement work was required and that the annual evaluation to assess the Committee's performance and to assist in moving forward to refine the consolidated FPW report is carried out and presented to the Committee.

Action – Mr Hughes / Ms Teggart

Implementation of Encompass – Satisfactory

Mrs McKeown began by outlining the purpose and scope of the audit of the Southern Trust's implementation of Encompass between December 2024 and March 2025. Members welcomed the report which demonstrated that IA provided Satisfactory assurance on the basis that there is clear ownership of implementation of actions by appropriate officers in the Trust and there are mechanisms in place to escalate risks and issues to senior leadership to inform decision making. Furthermore, there is clear buy-in within the Trust for the programme and there is local and regional governance structures to facilitate a process to allow a go-live/no-go-live decision to be made as appropriate. Mrs McKeown welcomed the routine updates to Trust Board on how the Encompass programme was progressing to 'Go-Live', and advised there were no recommendations in the report.

Board Effectiveness – Satisfactory

Mrs McKeown was pleased to report a Satisfactory level of assurance on the basis that the Trust Board and its committees are meeting regularly and adequate papers covering the key business areas are being presented. The Board is well attended and there is regular and appropriate consideration of key aspects of Board business. The Board's committees meet regularly with a Chair's report provided back to Trust Board. Mrs McKeown said it was important to note that at the time of the audit exercise the Board was undergoing significant personnel change and highlighted the opportunity for the Board to reset and explore improving reporting to the Board and generally review the quality and quantity of Board papers. Members noted that the report recommended continued enhanced focus on strategy and culture at Board level and this was the view of board members surveyed. Whilst there were no significant issues impacting on the assurance provided, 6 key issues were raised, and members noted the finer detail. Eight Priority 2 and Three Priority 3 recommendations were identified, all of which have been accepted by Management.

A brief discussion took place, and members welcomed the report as a useful tool by which to measure the improvement journey into the future. In particular, improvement in relation to the Induction process for new Non-Executive Directors was recognized. Mr Spoerry also advised he had met with the Trust Chair following his first Board meeting and spoke about the process to review the appropriateness of papers and feedback to the Executive Team which members welcomed.

Mr P Jameson joined the meeting at this point.

IT Audit – Satisfactory

Members noted the IA report, covering Cyber Security and in particular Supply Chain Security and they took time to reflect on the finer detail in relation to the scope and objectives of the exercise. Members welcomed the Satisfactory assurance in relation to Supply Chain Security.

At this point, Mrs McKeown introduced Mr Jameson and for the benefit of recently appointed Non-Executive Directors, he provided some helpful context on the technical detail to the approach IA have to Cyber Security audits in the Trust. Ms Teggart welcomed the outcome of the exercise and the Satisfactory assurance provided. She pointed out that some of the findings in regards cyber security are of a regional nature and whilst all Trusts are using the same systems asked if there is any specific

shared learning available. Mr Jameson advised the same audit on supply chain security was carried out across all the Trusts and learning points were collated and shared at the Regional Cyber Security Programme Board at which the Trust is represented. He said similar gaps in control were raised across all Trusts which will require resource to implement. Ms Teggart emphasised the importance of capturing learning from these reports and making sure it is reported into BSO. Mrs McKeown added that the detail Mr Jameson presented to the Regional Cyber Security Board was evidenced through an IA learning brief similar to the one circulated on the 'Staff In Post' report last year and said she would share its detail with the IA Forum.

Action – Mrs McKeown

Mrs Ensor asked how the work outlined within the report will feed through to Trust IT in relation to the implementation of the Equip Programme or will it sit apart. In response, Mr Jameson advised that once Encompass is rolled out across the organisation, the Trust will still be required to manage several systems locally. By way of assurance, he added that Encompass will have a regional governance structure. Some discussion took place around the element of risk with different systems. Mr Hughes asked if evaluations of existing systems were performed by the Trust to which Mr Jameson responded appropriately. In light of the funds expended annually by the Trust on maintaining systems, Mr Hughes emphasised the importance of considering 'Value for Money'. By way of response, Ms Teggart referred to a Business Case on legacy systems and assured members that the organisation is considering systems and contracts as part of the savings plans. Contract Managers continue to work to make improvements. Mrs Cassells added that the Trust did undertake a review of IT savings as part of the work on the Reform, Improvement, Savings and Efficiencies (RISE) Programme.

Mrs Ensor thanked Mr Jameson for the useful overview provided.

Dr Austin joined the meeting at this point.

6) RISK MANAGEMENT

i) Corporate Risk Register Update

Mrs Ensor welcomed Dr Austin to the meeting to present the item. Members received a copy of the Corporate Risk Register (CRR) for awareness and noted the document had been reviewed by the Senior Leadership Team Risk Assurance (SLTRA) Group on 13th March 2025. Subsequent updates received have been recorded and

highlighted on the document for members information and the Register will be discussed at the SLTRA Group later in the day.

There are currently 31 corporate risks: 8 medium, 14 high and 8 extreme. There were no new risks or de-escalated risks recorded on the CRR since it was last reviewed by the Trust Governance Committee on 27th February 2025.

At the outset of discussion, Dr Austin reminded members that currently the CRR is reviewed by two Trust Board sub-committees, namely Audit and Risk Assurance and Governance and there is an increasing feeling amongst members there needs to be greater clarity on where the different risks are reviewed. He reflected on the robust discussion at the last meeting and advised that post Encompass Implementation, a workshop will take place in Autumn 2025 to explore this in greater detail.

Action – Dr Austin

Mrs Ensor pointed out that one of the key requirements of ARAC is to provide assurance on the CRR and she felt this was not possible with the format of the register currently. She emphasized an approach was required, by which ARAC can confidently provide assurance to the Board and the Accounting Officer that there is structured reporting in place and a clear and concise framework document that sets out the key corporate risks. She reflected on the importance of achieving a joined-up approach between the 7 key risk domains and the 6 corporate objectives of the organization. Dr Austin welcomed these comments and by way of reassurance, he said that the organization does have a good understanding of its risks, however there is work to do in terms of a cultural change in separating corporate and operational risks in advance of addressing the presentation and refinement of the CRR.

Ms Teggart concurred and reminded members that in previous meetings, members had agreed that a summary paper would come to the ARAC to enable the Committee to be aware of any changes to risks, new risks and risks removed.

Mr Spoerry said it would be helpful to understand if the Non-Executive Director members of the Committee agree with the way Dr Austin had described characterizing the risks on the CRR moving forward, to which they provided their individual perspectives.

Ms Corkey referred to workforce recruitment issues and stated that the question she was asking herself, 'was the Trust in a worse position than last year or are improvements being made'? Mrs Ensor stated that she felt workforce issues should be dealt with at the FPW Committee.

Mr Hughes said he felt that a lot of work had already been achieved and it was about moving towards fine tuning, escalation and keep the risk under control while ensuring the register is aligned to the organization's corporate objectives and the KPIs in relation to SPPG. Dr Austin agreed with the summary and added further work was needed in terms of education and training. Ms Teggart added, the key elements moving forward are, the correct identification of risks and evidence that mitigating actions have been put in place and these are the focus at committee level.

In concluding her remarks, Ms Teggart referred members to page 8 of the CRR (risk 5.1) the Finance risk of breach of statutory duty of break-even in 2025/26 and explained that whilst the Trust will break-even in 2024/25 following receipt of deficit support funding from SPPG and achievement of savings target, the financial position in 2025/26 remains an extreme risk given the deficit position for the 2025/26 financial year.

Dr Austin left the meeting at this point.

7ii) **BSO SHARED SERVICES SUMMARY REPORT**

Mrs McKeown presented the BSO Internal Audit Shared Services Summary report and members noted the assurance provided by IA in respect of the shared service audit as follows:-

Business Services Team

Satisfactory assurance has been provided on the basis that internal controls relating to the areas reviewed in this audit were generally found to be operating effectively and members noted the finer detail.

There are no significant findings in the report that impact on the assurance provided.

7iii) YEAR END FOLLOW UP ON OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

Mrs McKeown guided members through the paper and pointed out that of the 593 accepted Priority 1 and Priority 2 audit recommendations; 535 (90%) were fully implemented, 42 (7%) were partially implemented and 16 (3%) were not yet implemented at the time of review. Mrs McKeown acknowledged the significant work that has taken place across the Trust to secure the 90% implementation rate.

Continuing, Mrs McKeown said that of the 593 recommendations reviewed in the follow up exercise, 85 related to significant findings which caused Limited/unacceptable assurances to be provided. Of the 85, 63 (74%) were implemented during this follow up period October 2024 – March 2025, 44 (70%) out of the 64 significant recommendations in 2023/24 reports (when overall Limited assurance was provided) have been fully implemented; a further 12 recommendations are partially implemented.

In particular, Mrs McKeown pointed out that the Trust currently has 58 outstanding recommendations (where the implementation date has past), that are not fully implemented, as well as 5 partially implemented recommendations outstanding for a long time. There are 8 recommendations which require third party input and members noted the detail provided.

Continuing, Mrs McKeown referenced the 2 recommendations, accepted by the Trust on the basis that additional resources would be required to implement them. She emphasised that whilst IA consider the reports to be good practice and would further assist the Trust in identifying overpayments/non-compliance with Agenda for Change, Trust management deem they cannot progress these at this time. Discussion took place and members agreed it would be prudent to request the Director of HROD to provide a summary paper setting out the recommendations and risk, given that recommendations require additional resource to implement.

Action – Mrs V Toal

Mr Spoerry referred to the 5 reports which have a low percentage of fully implemented recommendations and asked if specific follow up on these was required. Ms Teggart said it was important to recognise the huge amount of work undertaken since prior year and added there had been valuable learning and it was important to maintain this good improvement.

She said management will reflect on what has worked well and said the additional ARAC meeting in October 2024 which concentrated on outstanding P1 and P2 IA recommendations had been very helpful. Ms Teggart commended the good work undertaken through the Internal Audit Forum seeking to close off as many outstanding recommendations as possible.

Mrs Ensor commended everyone involved on the good progress since last year.

At this point, Ms Ensor requested a copy of the Risk Management Strategy.

Action – Board Assurance Manager

In response to a question around continued attendance at ARAC by the DoH Sponsorship Branch, Ms O'Doherty advised that the DoH had been in regular attendance this financial year following the overall IA limited audit opinion and will make a decision as regards their frequency of attendance at ARAC meetings going forward once the overall opinion from the Head of Internal Audit for 2024-25 has been received.

SHSCT FOLLOW UP YEAR END 24-25 CYBER

At this point, Mrs McKeown referred to the regional IT audit recommendations that were part of Mr Jameson's follow up report and asked if she could comment. Mrs McKeown explained that these are recommendations dating back to 2018/19 and directed members to the separate paper (as an appendix) to the main follow up report. Members were advised the recommendations are not included in the numbers tracked for the implementation rate because they are regional recommendations for the HSC and this audit was undertaken in 2018 around governance across HSC. Members considered the 9 recommendations of a regional nature and noted that 3 are fully implemented and 6 remain partially implemented. By way of assurance, Mrs McKeown advised IA will also be reporting to DARC (departmental audit and risk committee) on the implementation of these specific recommendations.

7iv) STRATEGIC AUDIT PLANNING APPROACH & INTERNAL AUDIT PLAN 2025/26 TO 2027/28

Mrs McKeown spoke to the above-named document presented to the Committee for approval. She reminded members, the 3-year strategy was

developed as part of a 3-year Audit plan and it has been reviewed and refreshed in line with the new global IA standards. As part of the process there has been engagement with Senior Management and the Interim Chief Executive. At this point no changes are anticipated, however members noted that the audit plan can be amended as required with approval from ARAC, to include new, emerging risks and/or respond to a new assurance need.

By way of assurance and in light of earlier discussion in regard to risk management across the Trust, Mrs McKeown said the 3-year plan is in line with the organisations risk registers and linked to its objectives and current issues. She referred to page 8 which sets out the audit assignments proposed for 2025/26 and guided members through the detail. In particular, she highlighted a number of audits being undertaken across the region in the coming year including:- Management of Capital Projects and Management of Waiting Lists (WL) on Contracts in the Independent Sector. Members noted that audits previously postponed, are included in the plan for this year, namely: Medical Locums, Risk Management and Absence Management.

Continuing, Mrs McKeown stated that IA had initially developed a plan for 990 audit days, however as indicated at the last ARAC meeting, a process has been underway with the organisation in endeavouring to get the plan down to a level which is more commensurate with the audit days in other Trusts. Mrs McKeown said some further engagement work is required with BSO however she was content with the coverage of 890 days.

Discussion ensued and members were content to approve.

Members approved the Internal Audit Strategy incorporating Internal Audit Plan 2025/26 to 2027/28

8) HSC(F) FINANCE CIRCULAR LOG

Mrs Rutherford presented a paper detailing the log of Finance circulars received during this calendar year and how these have been distributed in the Trust for appropriate action. Since the Committee last met in February 2025, 5 Finance circulars have been received into the Trust.

Mrs Rutherford advised that the Corporate Governance in Central Government Departments Code of Good Practice NI (2025) will be discussed internally and an update provided to the ARAC.

Action – Ms Teggart / Mrs Rutherford

9) **FINANCE CIRCULARS:**

i) **FAU Memo 04-2025 – Timetable for ALB Annual Accounts 2024-25**

Mrs Rutherford presented the named Finance Circular. Members noted the key dates in relation to the submission of the Annual Accounts for 2024/25.

10) **TRAINING AND DEVELOPMENT**

Members were reminded to continue to avail of learning and development opportunities.

11) **ANY OTHER BUSINESS**

- **Feedback on today's meeting**

Mrs Ensor asked Committee members if they had any additional comments/feedback to make at the conclusion of the meeting. Ms Corkey welcomed the clear reports provided and the detailed discussion. Mr Spoerry added he was impressed by the quality of the Internal Audit papers and welcomed the 90% implementation rate of outstanding IA recommendations.

At this point Mr Spoerry advised that he had received his Accounting Officer appointment letter and was scheduled to attend the 'Public Accountability and Governance Training for Accounting Officers'.

Mrs Ensor thanked everyone for their contribution and reminded members the next meeting would take place on Thursday, 15th May 2025 via MS Teams, when the Committee would review the draft Annual Accounts 2024/25 and the draft Governance Statement 2024/25.

The meeting concluded at 11.30 a.m.