



Southern Health
and Social Care Trust

TOGETHER, IMPROVING CARE, TRANSFORMING LIVES

Audit and Risk Assurance Committee

ANNUAL REPORT 2024/25



Working together



Excellence



Openness & Honesty



Compassion

1. INTRODUCTION

It is the delegated responsibility of the Audit and Risk Assurance Committee to oversee the maintenance of an effective system of internal control to meet the achievement of the Trust's objectives. The Committee provides the Trust Board with assurance on the adequacy and effectiveness of the systems of internal control, risk management and integrated governance within the Trust.

This Annual Report of the Audit and Risk Assurance Committee to the Trust Board for the financial year ended 31 March 2025 reports on the work of the Committee in its discharge of its oversight responsibilities to the Board, and thereby complies with Good Practice Principle 6 (Communication and reporting) of the Department of Finance Audit and Risk Assurance Committee Handbook NI (April 2018). The report is timed to support the preparation of the Governance Statement and includes an assessment of the Governance Statement for 2024/25 based on a review of governance, risk management and internal control across a planned range of activities during the year.

2. CHAIR'S FOREWORD

In presenting this Annual Report, I wish to extend my sincere thanks to my fellow Non-Executive Directors – Mrs Michele Corkey and Mr Alastair Hughes for their support and effective contribution to the successful operation of the Audit and Risk Assurance Committee since appointment in January 2025.

In particular, I wish to place on record my appreciation to Mr Martin McDonald, who served as Chair of the Committee until 31st December 2024 and Mrs Hilary McCartan, who served as a member until 31st December 2024 when their tenures as Non-Executive Directors ended. Their leadership and dedication helped lay the foundation for the progress reported this year.

On behalf of the Committee, I wish to express appreciation to the Director of Finance, Procurement and Estates and her staff, the Head of Internal Audit and her staff, the Northern Ireland Audit Office (NIAO) Director and her staff, the Board Assurance Manager and the Committee Secretary for their work during the year.

3. MEMBERSHIP AND ATTENDANCE

The membership of the Committee and attendance during the year is set out below:-

Name of Committee member	No. of Meetings attended	No. of Possible Meetings
Mrs L Ensor Non-Executive Director (Committee Chair from Feb 2025)	5	6
Mrs M Corkey Non-Executive Director	1	1
Mr A Hughes Non-Executive Director	1	1
Mr M McDonald Non-Executive Director (Committee Chair until Dec 2024)	5	5
Mrs H McCartan Non-Executive Director	5	5

The Chief Executive/Accounting Officer, the Executive Director of Finance, Head of Internal Audit - Business Services Organisation (BSO), representatives of the NIAO (appointed auditors) are in attendance. The Committee has adopted the practice of inviting Trust Directors to attend Committee meetings where less than satisfactory assurance has been received from Internal Audit for an area subject to audit within their responsibility. In this context, relevant Directors attended meetings throughout the year to provide assurance on actions being taken to address the control weaknesses identified.

A representative from the Department of Health was in attendance at each Committee meeting during 2024/25.

4. TERMS OF REFERENCE FOR THE COMMITTEE

The Committee approved its Terms of Reference on 20th February 2025.

5. MEETINGS OF THE COMMITTEE

The Committee is required by its Terms of Reference to meet not less than four times per year. During the year commencing 1 April 2024, the Committee met on 6 occasions as per the agreed schedule below:-

18th April 2024
2nd May 2024
17th June 2024*
17th October 2024
21st October 2024
20th February 2025

* This meeting included a private meeting between the Audit and Risk Assurance Committee and the Internal and External Auditors.

During 2024/25, the Committee held an extra meeting on 21st October 2024 as part of a new close monitoring regime to ensure timely implementation of Internal Audit recommendations within the Trust. The Committee agreed to adopt this practice on an annual basis.

Formal minutes are recorded for each meeting and these are approved at the subsequent meeting.

The Committee has an appropriate process between meetings in place for actions/matters arising from Committee business to be appropriately pursued by the relevant Director.

The Committee has a process in place for recording declarations of conflicts of interest and this mirrors the process used at Trust Board level.

6. REPORTING TO TRUST BOARD

Formal minutes are submitted to the Trust Board for information, following Committee approval.

The Chair of the Committee presents a summary report to the subsequent Board meeting bringing to the attention of Trust Board any items requiring escalation to the Board.

7. LEARNING AND DEVELOPMENT

Training and development is a standing agenda item and members are notified of relevant courses to meet their ongoing training and development needs. Members also attended Board Workshops during the course of the year on Financial Planning, Cyber Security training etc.

The Audit and Risk Assurance Committee Chair attended the ALB Audit Chairs Forum meeting in November 2024.

8. WORK PROGRAMME

In line with best practice, the Committee developed a core work programme for the year under review and this was presented to Trust Board.

The following sections detail the areas and reports considered by the Committee in 2024/25.

9. INTERNAL AUDIT SERVICES

9.1 PROVIDER

Internal Audit Services for 2024/25 were provided by the Business Services Organisation (BSO) through a Service Level Agreement with the Trust.

The primary objective of Internal Audit is to provide an independent and objective opinion to the Accounting Officer, the Board and the Audit and Risk Assurance Committee on the adequacy and effectiveness of the risk, control and governance arrangements. The basis of this independent and objective opinion is the completion of the Annual Internal Plan and implementation of internal audit recommendations. The 2024/25 Internal Audit Plan was developed in conjunction with Trust Management and was approved by the Audit & Risk Assurance Committee in February 2024.

The agreed fees for 2024/25 were based on a Service Level Agreement with the Business Services Organisation. Planned inputs of some 990 days were agreed by the Audit Committee for 2024/25.

All audit assignments included in the 2024/25 Internal Audit Plan were carried out, with the following approved amendments.

- Deferral of four audits in 2024/25 at the request of Management: Management of Medical Locums (advisory), Recruitment within the

Trust, Risk Management and Absence Management (*also deferred from 2023/24*).

- Addition of Budgetary Control and Client Monies and Cash Valuables Handling in Social Services Setting audits (as well as additional audit days assigned to Follow up of audit recommendations and SHSCT's governance over encompass go/no-go live decisions).

The Committee considered reports from the Internal Auditor covering the following systems:-

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
Corporate Risk Audits:	
Management of Outpatients (including virtual clinics)	Satisfactory: Management of Outpatient Appointments (in Cardiology, Rheumatology, and Gynaecology) Limited: Management of Outpatient Appointments and Triage Management in General Surgery
Management of Emergency GI Bleeds	Limited
Internal Performance Management	Satisfactory
Management of Medical Equipment	Satisfactory
Safeguarding of Boarded Patients	Limited
IT Audit – Supply Chain Security	Satisfactory
SHSCT's Governance over encompass go/no-go live Decisions	Satisfactory
Governance Audits:	
Board Effectiveness	Satisfactory
Compliance with Standards and Guidelines	Satisfactory
Occupational Health	Satisfactory
Complaints Management	Limited
Finance Audits:	

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
Payments to Staff (within the Directorate of Children and Young People Services and general sampled payroll controls trustwide)	Satisfactory
Non Pay Expenditure - Medicine & Unscheduled Care	<p>Satisfactory: Non-Pay Expenditure controls within the Medicine & Unscheduled Care Directorate and Retained Finance (with the Exception below)</p> <p>Limited: Management of Agency Locum Expenditure</p>
Budgetary Control	Satisfactory
Estates Procurement & Contract Management	Satisfactory
Cash Management in Cash Offices	Satisfactory
Financial Assessments	Satisfactory
Self Directed Support Payments	<p>Satisfactory (with exception of Access NI Checks)</p> <p>Limited: Access NI Checks</p>
Management of Contracts with the Voluntary Sector	Satisfactory
Client Monies in Independent Sector Nursing Homes (including Adult Supported Living facilities)	<p>Satisfactory: Management of Client Monies in 5 of the 7 homes visited and Trust Monitoring Arrangements of Residents/Service User Finances,</p> <p>Limited: Management of Client Monies in 1 of the 7 homes visited</p> <p>Unacceptable: Management of Client Monies in 1 of the 7 homes visited</p>
Client Monies and Cash Valuables Handling in Social Services Setting	<p>Satisfactory: Management of Client Monies and Cash Handling at 6 of the 8 facilities</p> <p>Unacceptable: Management of Client Monies and Cash Handling at 2 of the 8 facilities</p>

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
Management of Private Patients, Paying Patients and Change of Status Patients	Limited

Consultancy / Non-Assurance Assignments

Contract Management Governance & Assurance Function (Follow Up)

Internal Audit conducted a substantive follow up of the implementations made in the 2022/23 Contract Management Governance & Assurance Function Internal Audit Advisory Report. In addition, the Trust’s preparation for the implementation of the new Public Procurement Act 2023 which came into force in February 2025 was considered.

Whilst the majority of recommendations made in the 2022/23 report have been implemented, a number remain partially implemented. Whilst significant work has been undertaken to address the risk that contracts are not being appropriately managed, significant work is still required for the Trust to have assurance that all contracts are being appropriately managed.

9.2 Follow Up Work

Internal Audit reviewed the implementation of accepted outstanding priority one and priority two Internal Audit recommendations, where the implementation date has passed, at mid-year and again at year-end.

At year-end, 535 (90%) out of 593 recommendations examined have been fully implemented, 42 (7%) recommendations are partially implemented and 16 (3%) recommendations have not yet been implemented.

Of the recommendations reviewed in the year end follow up, 85 related to significant findings which caused Limited/Unacceptable assurance to be provided in individual previous audits. Of these 85 recommendations, 63 (74%) were implemented during this follow up period (October 2024 to March 2025).

As at March 2025, 44 (76%) out of the 58 outstanding significant recommendations due for implementation from 2023/24 audit reports (when overall Limited assurance was provided) have been fully implemented. A further 9 recommendations are partially implemented and 5 recommendations are not yet implemented.

In addition, there are 6 outstanding regional IT recommendations dating from 2018/19, that are the responsibility of Digital Health and Care Northern Ireland

(DHCNI) in the Department of Health to implement. The risk to Cyber Security which the recommendations seek to address remains with the HSC.

Shared Service Audits

A number of audits (summarised below) have been conducted of BSO Financial/Recruitment Shared Services, as part of the BSO Internal Audit Plan. The recommendations in these Shared Service audit reports are the responsibility of BSO Management to take forward and the reports are presented to BSO Governance & Audit Committee. Given that SHSCT is a customer of BSO Shared Services, the final reports have been shared with SHSCT Management and a summary of the reports are presented to the SHSCT Audit and Risk Assurance Committee.

Shared Service Audit	Assurance
Payroll Shared Service	Satisfactory
Accounts Payable Shared Service	Satisfactory
Business Services Team	Satisfactory
Recruitment Shared Service	Satisfactory

9.3 Internal Audit Annual Report

The Head of Internal Audit is required to provide an annual opinion on the Trust's risk management, control and governance arrangements which is based on the work performed in fulfilment of the Internal Audit Plan.

The purpose of the annual opinion of the Internal Auditor 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 informs the Governance Statement.

In her annual report, the Head of Internal Audit provided Satisfactory assurance on the adequacy and effectiveness of the Trust's framework of governance, risk management and control. The Head of Internal Audit stated that Satisfactory assurance has been provided in the majority of the audits conducted in 2024/25, including in core areas such as Board Effectiveness, Performance Management, Compliance with Standards & Guidelines and

Payments to Staff. The Head of Internal Audit acknowledged the extensive work undertaken in all directorates to implement 90% of outstanding Priority 1 and 2 recommendations by year end and to address the reasons for overall Limited assurance in 2023/24. She advised the Trust to sustain regular Management attention on the implementation of outstanding audit recommendations, particularly the significant audit recommendations.

9.4 Progress Reports on Internal Audit Recommendations

The Committee focused on assuring itself that there is an effective process within the Trust for addressing Priority 1 & 2 Audit Findings and received assurance from the Director of Finance, Procurement and Estates that Internal Audit reports and recommendations are discussed at Senior Leadership Team and Internal Audit Forum meetings.

Work continues on improving the progress reports to the Audit and Risk Assurance Committee in this area jointly between the Trust and Internal Audit. Internal Audit provide their update on the implementation of all outstanding Internal Audit recommendations at mid and year end to help inform the Trust's assessment of its internal control environment. The Director of Finance, Procurement and Estates is Chair of the Internal Audit Forum which meets regularly during the year to review Internal Audit progress against the Internal Audit plan and the status of all outstanding Internal Audit recommendations. An Internal Audit Oversight Improvement Plan 2024-25 was put in place and updates against progress were provided to the Committee during the year.

9.5 Performance of Internal Audit

Internal and External Quality Assessment

Internal Audit work for 2024/25 has been completed in accordance with Public Sector Internal Audit Standards (PSIAS) and conforms with the International Standards for the Professional Practice of Internal Auditing. This was confirmed via a self-assessment (an Internal Quality Assessment) of BSO Internal Audit Unit's compliance with the PSIAS in 2024/25.

Internal Audit Units are professionally required to undergo an independent External Quality Assessment (EQA) every 5 years. Mersey Internal Audit Agency (MIAA) performed an EQA of BSO Internal Audit during February/March 2024. The EQA concluded that the BSO Internal Audit Unit **generally conforms** to the requirements of the Public Sector Internal Audit Standards.

The new Global Internal Audit Standards are effective from April 2025. BSO Internal Audit have conducted a gap analysis against the new standards and

work has been taken and continues to ensure the Unit complies with the required standards in 2025/26.

PERFORMANCE DURING 2024/25

Key Performance Indicator	% Achieved in 2023/24	% Achieved in 2024/25
100% Delivery of Annual Audit Plan	100% (101%*)	100 (90%*)
85% of First Draft Reports Issued within 4 weeks of fieldwork completion	88%	84%
75% of reports finalised within 5 weeks of issue (and within 1 week of receiving management comments)	38% (73%)	72% (68%)
<i>75% Management Comments should be received within 4 week</i>	42%	80%
% of reports significantly amended between draft report and final report stage ¹	4% (1 report)	nil

*Actual delivery against SLA annual audit days.

The key objective of the Internal Audit service is to ensure the delivery of the Internal Audit Annual Plans to all client organisations, resulting in the provision of a Head of Internal Audit overall annual opinion on the adequacy and effectiveness of each client organisation’s framework of governance, risk management and control. This key objective was achieved within the required timeline.

Good progress was made in 2024/25 in improving performance against the KPIs around promptly responding to and finalising draft reports.

9.6 Acknowledgement

The Audit and Risk Assurance Committee wishes to record thanks to the Head and Assistant Head of Internal Audit and the entire Internal Audit team for their commitment and robust advice to the Committee and Trust, for the quality and rigour of their Internal Audit reports and for their positive contribution to improving the system of governance and internal control across the Trust. Members also take this opportunity to acknowledge the excellent working

¹ Significant change is defined as change in assurance level provided in report, a priority 1 recommendation being completely removed from report, or significant changes in a number of key findings

relationships and positive engagement between the Internal Audit Team and Trust senior management and staff.

10. EXTERNAL AUDIT SERVICE

10.1 Introduction

The Northern Ireland Audit Office (NIAO) provides the Trust's external audit service. The Comptroller and Auditor General (C&AG) appointed the NIAO to undertake the audit on its behalf for a 3-year period with effect from 2023/24.

10.2 External Audit 2024/25

The Committee notes that the NIAO will present the findings of the external audit of the Trust's financial statements for the year ended 31 March 2025 in their Report to those Charged with Governance at the Audit and Risk Assurance Committee meeting on 23rd June 2025.

The accounts are to be laid to the Assembly before 4th July 2025.

10.3 External Audit Strategy for 2024/25

The NIAO presented the External Audit Strategy for the financial year ended 31 March 2025 to the Committee at its meeting held on 20th February 2025.

After that meeting, at the request of the NIAO, the Chair completed a questionnaire which confirmed that the Audit and Risk Assurance Committee complies with International Standards on Auditing (ISAs)(UK).

10.4 Progress Reports on External Audit Recommendations

The Committee received regular updates from the Director of Finance, Procurement and Estates and Assistant Director of Finance who maintains a log of outstanding recommendations. During 2024/25, the Committee monitored progress on all external audit recommendations arising from the 2023/24 external audit.

10.5 Performance of NIAO

The Committee is pleased to report that External Audit reports presented to the Committee are rigorous and of a high standard. Members also take this opportunity to acknowledge the excellent working relationships and positive engagement between the NIAO and Trust senior management.

In line with good practice, the Committee will have a private meeting with the External Auditors on 23rd June 2025.

10.6 Draft Report to those Charged with Governance

The Committee Chair notes that the NIAO Draft Report to Those Charged with Governance (RTTCWG) will be presented to Members at the Audit and Risk Assurance Committee meeting on 23rd June 2025. The Committee will have an opportunity on 23rd June 2025 to discuss the external audit findings arising from the external audit 2024/25.

11. AUDIT COMMITTEE – SELF ASSESSMENT

The Committee assessed its effectiveness via completion of the NAO Audit and Risk Assurance Committee Effectiveness Tool (May 2022) and the completed tool, together with supporting Annex 1 was discussed by the Committee on 17th October 2024.

The results of the assessment exercise demonstrated that the Committee is operating effectively and is complying with Audit and Risk Committee best practice. One point highlighted was the fact that the Committee was in transition given that the tenure of the outgoing Chair and the previous Chair would be ending on 31 December 2024. With the appointment of two new Non-Executive Director members to the Committee in January 2025, this ensures the requisite skills and experience required to make a positive contribution to the work of the Committee.

Going forward, the Committee will have a continued focus on the implementation of Internal Audit recommendations and, linked to this, to seek a reduction in the volume of open audit recommendations

12. FINANCIAL REPORTING AND THE GOVERNANCE STATEMENT FOR 2024/25

In line with best practice, the Audit and Risk Assurance Committee reviewed the Trust's Draft Accounts at its meeting on 15th May 2025. Members were pleased to note that the Trust achieved financial breakeven for the year ended 31st March 2025 aided by deficit funding support from the Department of Health. The Committee was satisfied that the process to prepare the Annual Report and Accounts and Governance Statement was sufficiently rigorous, and also welcomed the detailed analytical review from the Director of Finance.

Members commended the Interim Chief Executive, Senior Leadership Team and Director of Finance and staff for producing the draft Annual Report, Governance Statement and suite of financial statements for the year ended 31st March 2025 to a high standard and within an extremely challenging reporting timeframe.

The Committee will review the final audited Accounts and Annual Report for the year ended 31 March 2025 at its meeting on 23rd June 2025. Subject to the Committee being satisfied that the accounts have been extensively reviewed by management, the External Auditor and the Committee, the Audit and Risk Assurance Committee will recommend the final approval of the Annual Report and Accounts to Trust Board at its meeting on 26th June 2025.

The Mid Year Assurance Statement as at 30 September 2024 and the draft Governance Statement for the year ended 31 March 2025 were reviewed by the Audit and Risk Assurance Committee for adequacy and completeness and for consistency with the Committee's understanding of the internal control environment and corporate governance framework before formal approval by the Board.

The Committee reviewed the draft Governance Statement at its meeting on 15th May 2025 when members were advised that following feedback received from the Department of Health, further adjustment would be made to the draft Governance Statement. The revised document will be reviewed by the Committee on 23rd June 2025. The Chair of the Governance Committee confirms that the Governance Committee also reviewed the Governance Statement.

The Committee will also consider the draft Report to those Charged with Governance from NIAO for the year ended 31 March 2025 at its meeting on 23rd June 2025.

13. FRAUD

Fraud is a standing item on the Audit and Risk Assurance Committee's agenda and all identified actual, suspected and potential frauds are reported to the Committee. In 2024-25, there were 24 cases of suspected fraud reported by the Trust to the Committee.

The Committee received an update on the National Fraud Initiative Exercise 2024.

14. RISK MANAGEMENT

The Audit and Risk Assurance Committee provides oversight of the risk management process and receives assurance by way of updates from the Medical Director at each meeting that the Corporate Risk Register has been subject to update / review on a regular basis.

15. OTHER MATTERS

The Terms of Reference for the Committee require it to consider a number of matters not dealt with above. The Committee would wish to acquaint the Board with its work in the areas described below:-

(a) **Losses and Special Payments**

The Committee reviewed the Statement of Losses and Special Payments for 2024/25 and recommended its approval by Trust Board in June 2025.

(b) **Post Project Evaluations**

The Committee received a summary report on Post Project Evaluations completed for major projects and programmes during 2022/23 and particularly focused on the key lessons learned.

(c) **Direct Award Contracts**

In line with good practice, the Committee reviewed a list of approved Direct Award Contracts for 2023/24. A list for 2024/25 will be presented at the 23rd June 2025 meeting.

(d) **Standing Financial Instructions**

The Committee approved the Standing Financial Instructions for onward submission to Trust Board for formal approval in June 2025.

16. SUMMARY

16.1 **Discharge of Committee Responsibilities**

The Committee is of the opinion that, for the audit year ended 31st March 2025, it has discharged its oversight responsibilities in accordance with the Terms of

Reference set for the Committee by the Board. The Committee is also satisfied that it has considered its business in accordance with best practice.

16.2 Board Responsibility

The Audit and Risk Assurance Committee recognises that 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 Board policies on risk and control.

16.3 Assurance

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

- Independent Assurance
 - i) Reports in respect of individual Internal Audit Assignments;
 - ii) Reports from Internal Audit in relation to the current status of implementation of accepted Priority 1 and Priority 2 recommendations;
 - iii) The Annual Report from the Head of Internal Audit;
 - iv) Meeting with Internal and External Auditors in closed session (June each year);
 - v) The Report to those Charged with Governance from NIAO;
 - vi) Written reports to the Committee by BSO representatives and letters of assurance from the Chief Executive BSO to Chief Executives of HSC Organisations.

- Management Assurance
 - i) Reports to the Audit and Risk Assurance Committee from the Director of Finance on the progress of external audit recommendations;
 - ii) Reports to the Committee in relation to fraud, direct award contracts / procurement, post project evaluations and other matters;

- iii) On-going reporting to the Committee in respect of compliance with Departmental directions/circulars;
- iv) Director attendance at Audit Committee meetings to provide oral or written updates on actions to address system deficits, where limited or unsatisfactory assurance has been received on Internal Audit reports;
- v) Reports from the Medical Director on the management of risk;
- vi) Letter of Representation from the Accounting Officer to the NIAO.

The Chair of the Audit and Risk Assurance Committee has a standing item on the Governance Committee agenda to raise any area where the Committee requires further assurance, particularly in relation to those governance domains concerning clinical and social care governance, safety and quality.

The opinion of the Committee is that the reports and formal assurances received from the Internal Auditor and the External Auditor and the Senior Leadership Team are comprehensive and reliable and sufficient to support the Board and Accounting Officer in their decision taking and their accountability obligations.

16.4 Internal Control Environment

The Committee was pleased to note the Head of Internal Audit's Overall Satisfactory Assurance Opinion for 2024/25 on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.

16.5 Overall Conclusion

The Board has delegated to the Committee responsibility for an assessment of the effectiveness of the system of internal control. The Committee is of the view that the system of internal control is sound and acknowledges the on-going work taking place to further develop governance systems and effect quality improvement initiatives.

The Committee acknowledges the significant effort to improve the system of internal control from limited assurance at the end of 2023/24 to satisfactory for the year ended 31 March 2025.

There is no room for complacency and the importance of robust internal control (including financial control) and corporate governance must not be underestimated as the Trust navigates considerable operational and financial challenges in the years ahead.

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Liz Ensor

Chair

On behalf of the Audit and Risk Assurance Committee

23 June 2025

