Southern Health and Social Care Trust

TOGETHER, IMPROVING CARE, TRANSFORMING LIVES

Minutes of a meeting of the Audit & Risk Assurance Committee held on Thursday, 21st May 2026 at 9.30 a.m., in the Committee Room, First Floor, Trust Headquarters, Craigavon

PRESENT:

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

IN ATTENDANCE FOR FULL MEETING:

Mr S Spoerry, Interim Chief Executive, (left at 10:00am, returned at 11:15am)
Mrs C Marks, Director of Finance, Procurement & Estates
Dr S Austin, Medical Director
Mrs F Jones, Corporate Financial Accountant, Fraud Liaison Officer
Mrs C McKeown, Head of Internal Audit
Ms G Jest, Assistant Head of Internal Audit
Mrs A Rutherford, Assistant Director of Finance for Financial Services
Mr S Wallace, Head of Office, Chair & Chief Executive Office
Mrs R Montgomery, Senior Project Manager

IN ATTENDANCE FOR SPECIFIC ITEMS:

Mrs V Toal, Director HROD, SHSCT – item 7a
Mr D McClements, Interim Director Surgery and Clinical Services – item 7b&c
Ms A McCorry, Head of Pharmacy and Medicines Management- item 7b
Mrs D Livingstone, Assistant Director, Performance Improvement and Contract Management – Item 7d
Ms E Wilson, Director Planning, Performance and Informatics, item 7e
Ms A Kane, Audit Manager, NIAO (joined the meeting at 9:50am)
Ms Elaine Wilson, Director Planning Performance and Informatics (Teams) item 7e

APOLOGIES

Mr T Wilkinson, Director, NIAO

1) CHAIR'S WELCOME

Mrs L Ensor (Chair) welcomed members and attendees to the meeting.

2) DECLARATION OF INTERESTS

Mrs L Ensor asked members to declare any potential conflict of interest in relation to items on the agenda. None were noted.

3) CHAIR'S BUSINESS

No additional business was raised by Mrs L Ensor.

4) MINUTES FROM THE MEETING HELD ON 23rd April 2026

The minutes of the meeting held on 23rd April 2026 were approved.

5) MATTERS ARISING FROM THE PREVIOUS MEETING

Domiciliary Care Contracts – Item Remaining Open
Mrs Marks confirmed legal advice had been received and remains under review. Mrs Ensor noted the length and complexity of this longstanding issue. Mrs Ensor asked this matter to remain open on the action log pending further update.

Claims Management (Internal Audit follow-up) – Item Closed
Mrs Marks confirmed that Belfast Trust report new claims through their governance structures. It was proposed that this Trust adopt a similar approach, with annual reporting of claims through SLTRA and subsequently Patient Safety and Quality Committee.

Financial Controls in Trust Homes – Item Closed
Mrs Marks confirmed that while processes vary by service, all adhere to standard financial controls. A programme of periodic reviews and spot checks is underway.

Healthcare Roster / Equip Integration - Item Closed
Clarification was provided by Mrs Marks following discussion with Mrs Toal that an integration interface will be reviewed and implemented post

Equip go-live. Mr Spoerry advised that all Trust Chairs have requested a full position statement on the Equip programme.

ARAC regional chair group to seek a regional timeline for addressing Trust level recommendations – Item Remaining Open

Mrs Ensor updated members on the ARAC regional chair meeting and specifically referred to the regional homecare contract development. Mrs Marks advised that feedback on the procurement contract by stakeholders is expected by BSO in July. Contractual document finalisation will likely be year end 2026/27.

6) RISK MANAGEMENT

(i) Corporate Risk Register Update

Dr Austin presented the Corporate Risk Register update, outlining the key themes emerging at Trust level. He highlighted that the most significant risks continue to relate to workforce capacity and retention, increasing demand pressures and challenges in maintaining access to services, as well as financial sustainability.

Dr Austin also drew attention to emerging risks associated with digital infrastructure, including system resilience and the potential impact of IT outages. He noted that these risks are becoming increasingly prominent across the wider health sector. In addition, reputational risks and risks relating to public confidence were identified as key considerations.

Mrs Ensor expressed concern regarding the volume and level of detail currently contained within the risk register, noting that it presents challenges for Non-Executive Directors in terms of interpretation and oversight. She emphasised the importance of clearly articulated headline risks, supported by detailed information at directorate level.

Dr Austin acknowledged this feedback and confirmed that work is underway to rationalise the risk register, reduce duplication and align reporting with the principles of the DAO (DoF) HM Treasury's Orange Book (Orange Book) He further noted that this will form part of a broader programme of work to strengthen risk management arrangements, although he acknowledged that resource constraints remain a key challenge.

Mr Hughes queried the Trust's position in relation to compliance with updated Orange Book guidance. Dr Austin confirmed that a revised risk management strategy has been approved but noted that further work is required to fully embed this across the organisation.

7) INTERNAL AUDIT PROGRESS REPORT

I. Internal Audit Progress Report 2025/2026

Mrs C McKeown advised the Committee that all internal audit work for the 2025/26 year has now been completed. The final audit reports for 2025/26 were presented which included four limited assurance, one split assurance, limited / satisfactory assurance, one satisfactory assurance.

a. Management of Agency Medical Locums – Limited

In presenting the report, Mrs McKeown informed the Committee that a limited assurance opinion had been assigned. She outlined that the audit had identified significant reliance on non-framework agency staff, together with inconsistencies in the application of contract rates and enhancements. She also highlighted gaps in the recording of pre-engagement checks.

In response, Mrs Toal acknowledged the findings and explained that the issues identified primarily related to documentation rather than the absence of checks themselves. She confirmed that where gaps had been identified, retrospective validation had been undertaken and that there is now assurance that appropriate checks were completed.

Mrs Toal further advised that the introduction of a new regional agency framework in March 2026 has significantly strengthened controls, including the introduction of capped rates. She informed the Committee that a transition plan is in place to move all agency staff into framework arrangements and that the use of non-framework engagements will be subject to strict escalation processes involving the Department of Health.

Mrs Ensor sought assurance that no individuals had been engaged without appropriate checks in place. Mrs Toal reiterated that while documentation had not always been readily accessible at the time of audit, evidence has subsequently been obtained and verified.

Mr Hughes raised concerns regarding the length of time some agency staff have remained in post and the potential implications from an employment perspective. Mrs Toal acknowledged this risk and confirmed that a line-by-line review is being undertaken to reduce long-term reliance on agency staff.

Action: Mrs V Toal to provide a comparative analysis of long-term agency locum usage across Trusts, including duration and scale of engagement, for consideration at a future meeting.

b. Management of Discharges - Limited

Mrs McKeown reported that this audit had also received a limited assurance opinion. She outlined that the key issues relate to the reliability of reporting from the Epic system, delays in discharge processes, and inconsistent utilisation of system functionality.

Dr Austin advised that the issues identified reflect the challenges associated with transitioning from paper-based systems to a digital environment. He emphasised that the Trust is undergoing a significant cultural shift and that staff confidence in the system is continuing to develop.

Mr McClements supported this position and noted that while the findings were not unexpected, there is a structured programme of work underway to address them. He highlighted the role of the patient flow coordinator and ongoing training interventions aimed at improving use of the system.

Mrs McCorry added that although progress is being made, the scale of implementation challenges remains considerable. She explained that further development of dashboards and reporting tools is required and noted that similar issues are being experienced across other Trusts.

Mrs Ensor asked whether staff resistance was contributing to the issues identified. Dr Austin clarified that this is not a matter of resistance but rather a period of adjustment and adaptation.

Mrs Corkey queried the timeline for full optimisation of the system. Mrs McCorry responded that the projected timeline reflects the significant volume of system developments required and the prioritisation of clinical functionality.

c. SHSCT Theatre Utilisation 2025-26 - Limited

Mrs McKeown advised that this audit also resulted in a limited assurance opinion. She outlined that the audit identified loss of theatre capacity due to late starts and early finishes, as well as delays in pre-operative assessment contributing to cancellations.

Mr McClements provided assurance that a number of improvements have already been implemented, including the centralisation of pre-operative assessment services. He noted that this has led to improved efficiency and that further work is underway to develop pre-fit patient pools to minimise cancellations.

Mrs Ensor expressed concern regarding the recurring reference to Epic across audit findings and queried whether the Trust is progressing sufficiently in relation to system utilisation. Mr McClements acknowledged that this remains a challenge but confirmed that the Trust is working collaboratively with other organisations to improve performance and share learning.

Mrs Corkey commended the quality and clarity of the management response provided in the report.

d. WLI - Purchased Healthcare - Limited

Mrs Livingstone responded to the limited assurance assigned highlighting three key findings impacting this assessment:

- **Non-compliant procurement practices**: The Trust continues to rely on long-standing direct award contracts without compliant procurement processes. This issue has been recognised at a regional level and escalated to the Regional Procurement & Supply Chain Partnership Board. Initial work had commenced to establish a baseline position and support transition to a compliant regional procurement route; however, progress to date has been slow.
- **Contract deficiencies**: Weaknesses within the existing contract were identified. These however should be addressed through a comprehensive review as part of any future re-procurement of the service.
- **Governance and oversight:** There is a need to strengthen corporate oversight in relation to incidents and complaints.

Mrs Livingstone confirmed that management had accepted all recommendations and agreed actions outlining each recommendation alongside the agreed management responses. Noting that an EOI process, unless fully compliant, would not meet Procurement Act 2023 requirements, transparency and competition rules. She noted that contracts do include appropriate high-level provisions across key areas such as clinical governance, environmental standards, medicines management and infection control but they were not consistently supported by clearly defined performance metrics or formalised reporting

requirements within the contract itself. The KPIs in the contract monitor Performance Targets, Quality, Performance and Productivity indicators.

Mrs Livingstone also noted that RQIA inspection reports are shared with the Trust and are reviewed at Directorate level, with contract owners responsible for addressing any issues identified. This provides an important source of independent external assurance, which is being actively considered and managed at an operational level.

The Committee was also advised of the limited resources within the contract management team supporting this area.

Mr McClements highlighted the significant resourcing challenges within the contracts team and noted the risks associated with reliance on a small number of staff.

Mrs Marks acknowledged these concerns and confirmed that the Trust is actively engaged in regional discussions and is acting as a pilot site for strengthening contract management arrangements. She cautioned that resolution of these issues is likely to take several years.

Mr Hughes raised concerns regarding the potential for a single point of failure. Mrs Livingstone acknowledged the risk and confirmed that contingency arrangements would need to be implemented if required.

e. IT Asset Management 2025/26 - Split - Satisfactory / Limited

Mrs McKeown advised that a split assurance opinion had been given, with satisfactory assurance in relation to lifecycle management but limited assurance regarding utilisation of assets.

Mrs Wilson provided context, explaining that the findings must be considered in light of the Encompass system rollout, which required the rapid deployment of a large number of devices based on advice given by the Encompass team. She advised that this has resulted in a temporary imbalance in utilisation while services adapt to new ways of working.

Mrs Wilson confirmed that all recommendations have been accepted and that actions are underway to review utilisation and improve asset management processes.

f. Risk Management 2025/2026

Dr Austin noted that this report had received a satisfactory assurance opinion and advised that work is ongoing to refine the risk register and improve clarity and usability.

ii BSO Shared Services Summary Report

Paper taken as read – no questions were forthcoming.

iii Head of Internal Audit Annual Report

Mrs McKeown presented the annual report, confirming that an overall satisfactory assurance opinion has been issued summarising key findings, noting themes relating to Epic utilisation, contract management and workforce planning.

Mrs Marks advised that discussions at Internal Audit Forum have highlighted the need to improve the timeliness of management responses, particularly for cross-directorate reports, and confirmed that arrangements are being put in place to help address this in this financial year.

Mrs Ensor welcomed the overall assurance opinion and along with Mrs Keown emphasised the importance of addressing recurring themes, particularly in relation to system utilisation.

8) REPORT ON LONG TERM OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

This item will feature as part of the June 2026 agenda.

9) I) DRAFT ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

Mrs Marks presented the draft Annual Report and Accounts and provided a comprehensive overview of the Trust's financial performance for the 2025/26 financial year. She emphasised that the year had been exceptionally challenging, characterised by sustained demand growth, workforce pressures and system-wide financial constraints across the health and social care sector.

Mrs Marks advised that the Trust had achieved financial balance for the year; however, she stressed that this position was supported by additional

non-recurrent funding of £21.1 million received from the Department of Health during the year. In addition, the Trust successfully delivered its savings target of £43 million. This achievement was attributed to a combination of financial control, a structured savings programme and collaborative working across directorates, including the continued oversight provided through the RISE programme. She noted that a significant proportion of savings had been realised through reductions in agency expenditure, particularly following the implementation of the regional off-contract framework.

In terms of overall financial performance, the Trust reported a small surplus of approximately £177,000 and a marginal capital underspend of £13,000, thereby meeting all statutory financial targets, including those relating to prompt payment and budgetary control limits.

Mrs Marks provided detailed analysis of key financial movements. She reported that total staff costs increased significantly during the year, largely as a result of national pay awards, increases in employer-related costs, and workforce expansion. While the Trust had seen an increase of 42 whole-time equivalent staff, this included a reduction in agency staffing. She further noted that targeted recruitment, particularly of nursing staff, had been implemented in the latter part of the year and would deliver further financial and operational benefits in 2026/27.

Mrs Marks outlined that non-pay expenditure had decreased overall by approximately £2 million, although this was a overall net impact of underlying increases in key areas. Reference was made to a notable rise in expenditure on independent sector services, driven by increased waiting list activity, as well as significant increases in high-cost drugs and laboratory services. She also drew attention to increased direct payments and domiciliary care costs, largely because of inflationary uplifts and demand growth.

In relation to provisions, Mrs Marks explained that there had been a reduction in certain provisions, particularly those relating to holiday and sick pay, following a recalculation at regional level. However, this had been offset by a substantial increase in clinical negligence provisions, reflecting both an increase in case numbers and changes in discount rates.

Turning to the Statement of Financial Position, Mrs Marks advised that non-current assets had increased, primarily because of capital investment in infrastructure and digital systems. Current assets had also increased, including higher receivables, partly driven by amounts relating

to the Encompass system and VAT recoveries. However, this was accompanied by an increase in current liabilities, particularly provisions associated with anticipated clinical negligence settlements within the forthcoming financial year.

Mrs Marks also outlined that the Trust's capital allocation for the year had reduced compared with the previous year, and that expenditure had been focused on essential works, including estate remediation, IT infrastructure, and Encompass-related developments. She highlighted that management costs remained stable at approximately 3.2% of total income, demonstrating continued cost control in administrative expenditure.

The Committee discussed aspects of the Annual Report in detail. Mrs Ensor commended the Finance team for what she described as a comprehensive and well-presented set of accounts. She also noted that a reference within the Governance Statement required amendment to accurately state the ARAC use of the Northern Ireland Audit Office Self Assessment checklist and not the National Audit Office Risk Assurance Committee Effectiveness Tool. Members further sought clarification on disclosures relating to committee membership and staff remuneration, and Mrs Marks undertook to review these points to ensure consistency and accuracy in the final version.

Action: Amend the Governance Statement to correctly reflect the use of the Northern Ireland Audit Office Self Assessment Checklist in place of the National Audit Office reference (S Wallace)

II) CONSIDERATION OF LOSSES FOR WRITE-OFF

Mrs Jones explained that salary overpayments amounted to approximately £1,700 and were primarily small values arising from payroll adjustments, where recovery would not be cost-effective. She confirmed that appropriate thresholds and controls are applied in determining whether recovery action should be pursued.

In relation to bad debts, Mrs Jones reported a total value of approximately £180,000. She outlined the robust process in place within the Trust, including referral to the Debt Panel and, where appropriate, legal advice through the Directorate of Legal Services. She confirmed that all available recovery routes had been explored prior to recommending write-off and noted that Department of Health approval is sought for debts exceeding the prescribed thresholds.

Mrs Jones further reported pharmacy stock losses of approximately £322,000, explaining that these primarily related to expired, damaged, or obsolete stock. She advised that pharmacy services actively manage stock levels and seek to minimise waste through redistribution arrangements across the region but noted that losses remain an inherent risk in managing high-value and time-sensitive medicines.

Mrs Jones also highlighted ex gratia payments totaling approximately £15,000, largely relating to incidents involving lost or misplaced patient property, including dentures and hearing aids. She confirmed that preventative measures are in place but acknowledged that such incidents can still occur in busy ward environments.

Additional losses included isolated incidents of property damage, such as damage to vehicles or infrastructure, which were managed in line with established policies.

The Committee noted that appropriate governance and approval processes had been followed in all cases and, having considered the detail presented, formally recommended the losses and write-offs be presented for approval to Trust Board.

10) DRAFT GOVERNANCE STATEMENT 2025/26

Mr S Wallace presented the draft Governance Statement and advised that it had been prepared in line with established formats used in previous years, with updates made to reflect changes in governance structures and committee arrangements arising from the Board review.

He noted that benchmarking activity had been limited during the year but confirmed that this would be undertaken retrospectively to ensure consistency with sector practice. Mr Wallace also advised that no new significant governance concerns had been identified for inclusion in the statement, aside from a previously noted divergence relating to laboratory controls.

During discussion, the Committee considered whether the recent IT outage should be reflected within the Governance Statement. It was clarified that the incident had been attributed to a supplier issue rather than an internal control failure and therefore had not been formally classified as a governance divergence. However, it was acknowledged that, given the significance of the incident, there would be merit in including a reference within the Information Governance section to

provide assurance regarding the controls in place and actions taken in response.

The Committee agreed that such a reference would enhance transparency and public confidence. Subject to this amendment, the Committee reviewed and noted the Governance Statement.

Action: Consider inclusion of reference to the recent IT outage within the Governance Statement to provide assurance and transparency.

11) DRAFT ANNUAL REPORT AND CHARITABLE TRUST FUND ACCOUNTS FOR THE YEAR ENDED 31.03.26

Mrs Rutherford presented the Charitable Trust Fund Accounts and provided an overview of the financial performance and governance arrangements for the year.

She reported that total income had increased compared with the previous year, driven largely by growth in corporate donations, although individual donations had declined slightly. Expenditure during the year had supported a range of initiatives, including medical research, staff development, and patient welfare improvements. Mrs Rutherford advised that there is an ongoing strategic focus on increasing the proportion of funds directed towards direct patient benefit.

Mrs Rutherford further confirmed that the Trust continues to utilise a professional fund manager to oversee investments, ensuring appropriate stewardship and growth of funds. She reported that the closing balance of the Trust Fund stood at approximately £6.6 million.

She also provided an update on the application for formal charitable status, advising that all documentation has been submitted and that the Trust is awaiting confirmation. It is anticipated that this will be finalised within the current financial year.

Mrs Rutherford advised that the accounts have been prepared in accordance with required standards and that the associated audit fee for the year is £9,000.

Mrs Ensor asked for clarity on the Trustees as stated on the SORP and queried trustee approval mechanisms.

Mrs Corkey noted that a review of membership arrangements for the Charitable Trust Fund Committee is planned and confirmed that a workshop will be held to consider future governance arrangements.

The Committee noted the Charitable Trust Fund Accounts for information.

12) HSC FINANCE CIRCULAR LOG

Mrs Marks confirmed that there had been no additional finance circulars issued since the previous meeting. The Committee noted the position.

13) TRAINING AND DEVELOPMENT

Mrs Marks advised that financial governance and training requirements continue to be monitored and delivered through the Finance Directorate. She confirmed that appropriate training is being provided to support both operational staff and governance requirements, including areas linked to financial controls and accountability. The Committee noted the update.

14) ANY OTHER BUSINESS

No other business was noted.

Mrs Ensor thanked members and attendees for their contributions and brought the meeting to a close

The meeting concluded at 12:10pm