



Southern Health
and Social Care Trust

TOGETHER, IMPROVING CARE, TRANSFORMING LIVES

Audit and Risk Assurance Committee

ANNUAL REPORT 2025/26



1. INTRODUCTION

It is the delegated responsibility of the Audit and Risk Assurance Committee to oversee the maintenance and effectiveness of internal systems of control designed to support the achievement of the Trust's strategic objectives. In fulfilling this role, the Committee provides independent assurance to the Trust Board on the adequacy and effectiveness of the arrangements in place for internal control, risk management, and integrated governance across the organisation. The Committee will provide independent and objective assurance to the Board on the adequacy and effectiveness of governance, risk management and internal control arrangements, including reviewing the quality and integrity of assurances, identifying gaps in assurance provision, and overseeing the operation of the Trust's risk management framework.

This Annual Report of the Audit and Risk Assurance Committee to the Trust Board, for the financial year ended 31 March 2026, reports on the work undertaken by the Committee in discharging its responsibilities. The report demonstrates how the Committee has provided assurance to the Board throughout the year and confirms compliance with Good Practice Principle 5 (Communication and reporting) of the Department of Finance Audit and Risk Assurance Committee Handbook NI (April 2018).

The timing of this report supports the preparation of the Trust's Governance Statement and includes the Committee's assessment of the Governance Statement for 2025/26. This assessment is informed by a structured review of governance, risk management, and internal control arrangements across a planned programme of Committee activity during the year, including scrutiny of internal and external audit reports, risk management, and assurances provided by Senior Leadership Team.

2. CHAIR'S FOREWORD

In presenting this Annual Report, I wish to place on record my sincere thanks to my fellow Non-Executive Directors, Mrs Michele Corkey and Mr Alastair Hughes, for their continued support, commitment and significant contribution

to the effective governance and operation of the Audit and Risk Assurance Committee during the year.

On behalf of the Committee, I formally acknowledge and express our appreciation to the Director of Finance, Procurement and Estates and her team; the Head of Internal Audit and her team; the Director of the Northern Ireland Audit Office (NIAO) and his team; along with the Board Assurance Manager and the Committee Secretary. Collectively their dedication, professionalism and expert advice and support have been integral to the Committee's ability to discharge its duties effectively and to maintain a strong framework of assurance and oversight.

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 E Ensor (<i>Committee Chair</i>) Non-Executive Director	6	6
Mrs M Corkey Non-Executive Director	5	6
Mr A Hughes Non-Executive Director	5	6

The Accounting Officer, Executive Director of Finance, Procurement and Estates, Head of Internal Audit, Business Services Organisation (BSO), representatives of the NIAO (appointed auditors) are in attendance. The Committee invites Operational Directors to attend Committee meetings to discuss limited outcomes on internal audits. In this context, relevant Directors attend meetings throughout the year to provide assurance on actions being taken to address the control weaknesses identified.

A representative from the Department of Health attended two Committee meetings during 2025/26.

4. TERMS OF REFERENCE FOR THE COMMITTEE

The Terms of Reference were reviewed during the year and these were approved at a meeting on 19th February 2026.

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 2025, the Committee met on 6 occasions as per the agreed schedule below: -

10th April 2025
15th May 2025
23rd June 2025
9th October 2025
30th October 2025
19th February 2026

The Committee convened an additional meeting within its annual cycle to monitor the timely implementation of Internal Audit recommendations across the Trust.

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 in keeping with Trust Board processes.

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 next Board meeting, highlighting any matters that require escalation to the Trust 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 year.

The Committee also noted the Chair's participation in the ALB ARAC Chairs' Forum, which provided valuable insights into emerging issues, shared challenges, and best practice across arm's length bodies, informing the Committee's ongoing work.

8. WORK PROGRAMME

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

During 2025/26, the Committee maintained a strong focus on key areas of governance, internal control and risk management. In particular, significant attention was given to the implementation of Internal Audit recommendations, including detailed scrutiny of Priority 1 and Priority 2 findings and engagement with Directors to provide assurance on progress, considering a range of Internal Audit reports across clinical, operational, governance and financial systems, discussed the Corporate Risk Register at each meeting, and received regular updates on fraud, procurement, and financial governance.

Cross-cutting themes arising from internal audit reports including workforce pressures, contract management, data quality, and the effective utilisation of systems such as Encompass and the proposed future implementation of EQUIP.

The following sections detail the areas and reports considered by the Committee in 2025/26.

9. INTERNAL AUDIT SERVICES

9. 1 PROVIDER

Internal Audit Services for 2025/26 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 2025/26 Internal Audit Plan was developed in conjunction with Senior Leadership Team and was approved by the Audit & Risk Assurance Committee in April 2026.

The agreed fees for 2025/26 were based on a Service Level Agreement with the Business Services Organisation. Planned internal audits covering 890 days were agreed by the Audit Committee for 2025/26

All audit assignments included in the 2025/26 Internal Audit Plan were completed

The following are the Internal Audit Reports considered.

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
Corporate Risk Audits:	
Management of Simple Discharges at Craigavon Area and Daisy Hill Hospitals	Limited
Theatre Utilisation	Limited
Maternity and Gynaecology Risk Stratification Processes	Satisfactory
Medical Recruitment and Retention	Limited
Management of Agency Medical Locums	Limited
Children's Safeguarding – Child Protection cases	Limited
Management of Dementia Patients in Willow Ward	Satisfactory

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
IT Audit – Asset Management	Satisfactory: Asset lifecycle management Limited: Utilisation of Trust wide End User Computer Devices
Governance Audits:	
Risk Management	Satisfactory
Management of Clinical Audit	Satisfactory
Implementation of the Independent Neurology Inquiry recommendations	Satisfactory
Management of Medical Job Planning - Follow up of 23/24 audit	Satisfactory
Implementation of People Framework	Limited
Absence Management	Satisfactory
Claims Management	Satisfactory
Finance Audits:	
Payments to Staff - Nursing	Satisfactory
Non Pay Expenditure in the Mental Health and Disability Services Directorate and Retained Finance	Satisfactory
Management of Purchased Healthcare Contracts	Limited
Client Monies in Independent Sector Nursing Homes (including Adult Supported Living services)	Satisfactory: Management of Client Monies in 6 of the 7 homes/facilities visited. Limited: Management of Client Monies in 1 of the 7 homes/facilities visited

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
Management of Capital Projects	Satisfactory - Management of Major Capital Projects (except for learning) Limited - Learning from Major Capital Projects

The Committee noted that whilst most Internal Audit reports provided Satisfactory assurance, a number of areas received Limited assurance. These included areas such as Medical Recruitment and Retention, Children's Safeguarding – Child Protection Cases, and Theatre Utilisation. In each case, the Committee sought direct assurance from relevant Directors on the actions being taken to address the identified weaknesses.

9.2 Follow Up Work

At year-end, the Trust had achieved 86% implementation of recommendations, which is a slight reduction from the prior year which was 90%.

The Committee closely monitored outstanding recommendations, particularly those classified as significant or Priority 1 during the year. While progress was evident, Members noted that a proportion of recommendations, particularly those requiring regional solutions, additional resources or system developments, would extend beyond the financial year for completion.

The Committee received detailed updates from Directorates throughout the year and welcomed the strong engagement and ownership of audit actions across the organisation.

The Committee received regular updates on the status of outstanding recommendations through established governance arrangements, including the Internal Audit Forum and Senior Leadership Team, and continues to

maintain oversight to ensure that appropriate progress is being made in addressing all outstanding actions.

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 the Trust is a customer of BSO Shared Services, the final reports have been shared with the Senior Leadership Team, and a summary of the reports are presented to the Audit and Risk Assurance Committee.

Shared Service Audit	Assurance
Accounts Receivable Shared Service	Satisfactory
Accounts Payable Shared Service	Satisfactory
Payroll 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 organisation's framework of governance, risk management and control.

Satisfactory assurance has been provided in the majority of the audits conducted in 2025-26, including in core areas such as Risk Management, Payments to Nursing Staff, Absence Management, Medical Job Planning and Management of Clinical Audit. The Head of Internal Audit acknowledges the extensive sustained focus on addressing Internal Audit recommendations and also highlights that Limited assurance is provided in a number of areas, most notably, Implementation of People Framework, Management of Discharges, and Theatre Utilisation.

She advised the Trust to focus on addressing key issues and the themes identified in the 2025-26 audits, primarily the need to develop: Effective Utilisation of and reporting from EPIC and Contract Management.

9.4 Governance Improvement

The Committee noted sustained organisational focus on audit recommendation implementation during the year, supported by strengthened governance arrangements including the Internal Audit Forum, increased Directorate accountability, and enhanced monitoring through Senior Leadership Team structures. Members also observed evidence of a positive cultural shift across the organisation in recognising the importance of timely implementation of audit actions.

9.5 Progress Reports on Internal Audit Recommendations

The Committee were assured that there is an effective process within the Trust for addressing Priority 1 & 2 Audit Findings and that Internal Audit reports and recommendations are discussed at Senior Leadership Team and Internal Audit Forum meetings.

Internal Audit provide their update on the implementation of all outstanding 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 2025-26 was put in place and updates against progress were provided to the Committee during the year.

9.6 Performance of Internal Audit
Internal and External Quality Assessment

Internal Audit work for 2025/26 has been completed in accordance with Public Sector Internal Audit Standards 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 within the in 2025/26.

PERFORMANCE DURING 2025/26

Key Performance Indicator	% Achieved in 2024/25	% Achieved in 2025/26
100% Delivery of Annual Audit Plan	100% (90%*)	100 (102%*)
85% of First Draft Reports Issued within 4 weeks of fieldwork completion	84%	73%

For review by Audit Risk and Assurance Committee

75% of reports finalised within 5 weeks of issue (and within 1 week of receiving management comments)	72% (68%)	50% (73%)
75% Management Comments should be received within 4 week	80%	64%
% of reports significantly amended between draft report and final report stage ¹	nil	5% (1 report)

**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.

9.7 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, for the quality and rigour of their Internal Audit reports and their positive support on the system of governance and internal control across the Trust and the good working relationships and positive engagement.

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. 2025/26.

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

10.2 External Audit 2025/26

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 2026 in their Report to those Charged with Governance at the Audit and Risk Assurance Committee meeting on 22nd June 2026.

The accounts are to be laid to the Assembly before 4th July 2026.

10.3 External Audit Strategy for 2025/26

The NIAO presented the External Audit Strategy for the financial year ended 31 March 2026 to the Committee at its meeting held on 19th February 2026.

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 on outstanding recommendations. During 2025/26, the Committee monitored progress on all external audit recommendations arising from the 2024/25 external audit.

10.5 Performance of NIAO

The Committee is pleased to report that External Audit reports presented to the Committee are rigorous and meet the required standards and acknowledge the positive engagement between the NIAO and Trust Senior Management Team.

In line with good practice, the Committee will have a private meeting with the External Auditors on 22nd June 2026.

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 22nd June 2026. The Committee will have an opportunity on 22nd June 2026 to discuss the external audit findings arising from the external audit 2025/26.

11. AUDIT COMMITTEE – SELF ASSESSMENT

The Committee assessed its effectiveness in line with the Northern Ireland Audit Office (NIAO) Audit and Risk Assurance Committee self-assessment tool and note that the committee is complying with Audit and Risk Assurance Committee best practice.

12. FINANCIAL REPORTING AND THE GOVERNANCE STATEMENT FOR 2025/26

The Audit and Risk Assurance Committee reviewed the Trust's Draft Accounts at its meeting on 21st May 2026. Members were pleased to note that the Trust achieved financial breakeven for the year ended 31st March 2026 aided by deficit funding support from the Department of Health and achievement of the Trust savings. 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, Procurement and Estates. Members commended the Interim Chief Executive, Senior Leadership Team, and Director of Finance Procurement and Estates for producing the draft Annual Report, Governance Statement and draft financial statements for the year ended 31st March 2026

The final audited Accounts and Annual Report for the year ended 31 March 2025 will be presented to the Committee on 22nd June 2026. Subject to a satisfactory outcome, the Audit and Risk Assurance Committee will recommend final approval of the Annual Report and Accounts to Trust Board at its meeting on 25th June 2026.

The Mid Year Assurance Statement as at 30 September 2025 and the draft Governance Statement for the year ended 31 March 2026 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 21st May 2026. when members were advised that following feedback received from the Department of Health any further adjustments would be made to the

draft Governance Statement. This updated document will be reviewed by the Committee on 22nd June 2026. The Chair of the Patient Safety and Quality Committee confirms that this Committee also reviewed the Governance Statement.

The draft Report to those Charged with Governance from NIAO for the year ended 31 March 2026 will be considered at the meeting on 22nd June 2026

13. FRAUD

Fraud remains a standing item on the Committee's agenda and the Committee received regular updates on counter fraud activity throughout the year.

During 2025/26, the Committee was advised of a number of fraud-related cases, including issues relating to agency worker timesheets, overpayments, and control weaknesses identified through audit processes. Investigations were undertaken in conjunction with the Business Services Organisation Counter Fraud Service, with appropriate action taken where necessary.

The Committee also received updates on lessons learned from fraud investigations, including improvements to systems and controls, staff awareness initiatives and the introduction of enhanced monitoring processes. The Committee additionally noted the outcome of the National Fraud Initiative.

14. RISK MANAGEMENT

The Committee maintained oversight of risk management arrangements throughout 2025/26 and received updates on the Corporate Risk Register at each meeting.

The Committee noted ongoing work to strengthen risk management processes within the organisation, including the development of a revised Risk Management Strategy, improvements to risk reporting arrangements, and the introduction of enhanced governance structures to support risk oversight.

Progress was also noted in relation to the implementation of a new electronic risk management system and work to align risks with the Trust's strategic objectives. Members welcomed the continued review and refinement of the

Corporate Risk Register, including regular updates by the Senior Leadership Team.

The Committee also supported the Board workshop on risk appetite and acknowledged the importance of further development in this area to strengthen the overall risk management framework.

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 advise 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 2025/26 and recommended its approval by Trust Board in June 2026.

(b) Post Project Evaluations

In June 2026, the Committee received a summary report on Post Project Evaluations completed for major projects and programmes during 2025/26 and particularly focused on the key lessons learned.

(c) Direct Award Contracts

In line with good practice, a list of Direct Award Contracts 2025/26 will be presented at the 22nd June 2026 meeting.

16. SUMMARY

16.1 Discharge of Committee Responsibilities

The Committee is of the opinion that, for the audit year ended 31st March 2026, 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. Senior Leadership Team 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
 - i. 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 2025/26 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 operating effectively overall, with ongoing improvement required in a number of areas, and acknowledges the on-going work taking place to further develop governance systems and effect quality improvement initiatives.

The Committee acknowledges the sustained focus on the control environment during 2025/26, particularly in relation to the implementation of Internal Audit recommendations and the strengthening of governance arrangements.

While recognising this progress, the Committee emphasises the need for continued focus on key risk areas, including workforce challenges, contract management, service pressures and the embedding of new systems and processes.

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Elizabeth Ensor

Chair and on On behalf of the Audit and Risk Assurance Committee

22 June 2026

