

**Minutes of a meeting of the Audit Committee held on  
Thursday, 9<sup>th</sup> May 2019 at 9.45 a.m. in the Boardroom,  
Trust Headquarters**

**PRESENT:**

Mrs H McCartan, Non-Executive Director (Chair)  
Mr M McDonald, Non-Executive Director  
Ms E Mullan, Non-Executive Director  
Mrs S Rooney, Non-Executive Director  
Mr J Wilkinson, Non-Executive Director

**IN ATTENDANCE:**

Ms H O'Neill, Director of Finance, Procurement and Estates  
Mrs C Cassells, Assistant Director of Finance, Financial Management, SHSCT  
Mrs A Rutherford, Assistant Director of Finance, SHSCT  
Mrs C Doyle, Corporate Financial Accountant  
Mrs F Jones, Corporate Financial Accountant/Fraud Liaison Officer, SHSCT  
Mrs A Magwood, Director of Performance and Reform *(Item 6i only)*  
Mr P Morgan, Director of Children and Young People's Services/Executive  
Director of Social Work, SHSCT *(Item 6i only)*  
Mrs H Trouton, Interim Executive Director of Nursing & Allied Health  
Professionals, SHSCT *(Item 6i only)*  
Ms L Kelly, Grant Thornton  
Mrs C McKeown, Head of Internal Audit, BSO  
Mr J Murray, Internal Audit  
Mr S Knox, Northern Ireland Audit Office  
Mrs S Judt, Board Assurance Manager, SHSCT  
Mrs S McCormick, Committee Secretary, SHSCT (Minutes)

**APOLOGIES**

None

## **1) CHAIR'S WELCOME**

Mrs McCartan welcomed everyone to the meeting and reminded members of their responsibilities in keeping with Board etiquette. She asked that mobile phones are turned to silent and laptops are to be used for accessing Audit papers only during the meeting.

## **2) DECLARATION OF INTERESTS**

Mrs McCartan 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 McCartan advised of her unavailability at the next meeting on 4<sup>th</sup> June 2019 and advised that Mr McDonald, Non-Executive Director would Chair the meeting in her absence.

## **4) MINUTES OF MEETING HELD ON 11<sup>th</sup> APRIL 2019**

The minutes of the meeting held on 11<sup>th</sup> April 2019 were agreed as an accurate record and duly signed by the Chair subject to a minor amendment highlighted by Mrs Rutherford under Item 8i) Finance Circulars.

## **5) MATTERS ARISING FROM PREVIOUS MINUTES**

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

## **6i) INTERNAL AUDIT PROGRESS REPORT (5 REPORTS)**

Mrs McKeown reported on progress to date against the 2018/19 Internal Audit (IA) Plan and a summary of the 5 audit reports finalized since the last meeting. She advised of 3 assignments not yet presented to Audit Committee, one on Board Effectiveness and two on Domiciliary Care Providers: Homecare Independent Living and Peacehaven.

Members noted approval was sought to amend the 2019/20 IA Plan. Mrs McKeown explained the rationale for the change, proposing to replace the Directorate Risk audit in Children and Young People's Services with a Directorate Risk audit in Mental Health and Disability.

**Members approved the proposed amendment to the 2019/20 Annual Audit Plan.**

### **Children and Young People's Directorate Risk, Children with Disabilities - Limited**

Mrs McKeown advised that a Limited level of assurance was provided in relation to the Management of Children with Disabilities Services on the basis that there are significant delays in the timescales for processing of UNOCINI referrals to the service and there is no monitoring of unmet needs. Two Priority 2 and Two Priority 3 recommendations were identified.

At this point, Mrs McCartan welcomed Mr Morgan to the meeting to provide an update on progress post audit. Mrs McCartan raised the system gaps in complying with UNOCINI guidance and the associated impact on targets. At the outset of discussion, Mr Morgan acknowledged the disappointing audit findings. In relation to UNOCINI, he stated that recent feedback from staff had indicated the regional system is cumbersome and advised a system review led by the Department of Health (DOH) is currently underway. However, Mr Morgan acknowledged the Trust had underperformed in terms of achieving timeframes set out by UNOCINI guidance and he spoke to a number of contributing factors including workforce challenges, the complex assessment process, alongside an increase in the number of referrals. A working group is being established to take forward the audit recommendations, part of which will look at a triage/gateway system to filter all referrals in a timely way.

In responding to a question on the Children with Disabilities (CwD) Strategy, Mr Morgan advised that the Trust had accepted the recommendation and would work with the HSCB to implement the development of a CwD Strategy. Mr Morgan went on to advise that he had been lobbying regionally for some time, in terms of the under investment within CwD and stated the HSCB had indicated their willingness to review the matter.

Mrs McCartan recorded disappointment at the poor monitoring identified within the Service in terms of 'unmet need'. Mr Morgan acknowledged the gap and stated the Service is open to improvement; however he assured members all referrals are screened on entry into the system, gateway processes are in place for main-stream referrals and waiting

lists are reviewed every two weeks by a social worker. Mrs McCartan referred to the Delegated Statutory Functions Report and Mr Morgan reminded members 'unmet need' is captured within the monthly data return to the HSCB. Unmet need would also be reflected through to Trust Board.

In response to questions from Mr McDonald and Mr Wilkinson, Mr Morgan assured members that of the 30 referrals tested, lessons learned will be taken forward. A sample of other cases not in the audit will also be reviewed. He went on to state that an Action Plan is being developed to address the issues identified through the Audit and the possibility of enlisting the PARIS information tool to offer more functionality in terms of enhancing monitoring was also being looked into. Ms O'Neill reminded members of the funding and workforce challenges across CwD Services and both Ms O'Neill and Ms Mullan welcomed the development of a CwD Strategy to assist regional engagement around future investment.

On behalf of Audit Committee members, Mrs McCartan thanked Mr Morgan for attending the meeting to provide a clear update on progress despite the challenging environment.

### **Management and Use of Health Roster – Limited**

Ms McKeown advised that a Limited level of assurance was provided in relation to management and use of Health Roster on the basis that the Health Roster control environment around access controls and user privileges needs strengthened. Fourteen Priority 2 and one Priority 3 recommendations were identified in this audit report.

Mrs McCartan recorded disappointment at the outcome of the exercise and at this point, she welcomed Mrs Trouton to the meeting to provide an update on progress post audit. At the outset Mrs Trouton stated that whilst the level of assurance provided was disappointing, she believed the exercise had been useful in gauging how the Health Roster, which is a new platform, is embedding. Mrs Trouton advised that post audit, recommendations aligned to password and access controls have been implemented. In terms of system governance, Mrs Trouton stated that a number of recommendations will be progressed through the recently re-constituted Project Board meeting and work is already underway in relation to Health Roster KPIs and the development of a standard suit of monthly reports and schedule to assist staff in achieving high quality rostering across all wards/departments.

In terms of housekeeping issues identified via the audit, Mrs McCartan asked regarding a timeframe for implementation. Mrs Trouton advised the recommendations will be translated into an Action Plan with the majority being implemented within one year. She referred to areas of challenge and assured members these matters will be monitored via the Acute Senior Governance Forum.

At the conclusion of discussion, Mr Knox asked if any suspected Fraud cases had been reported to the Trust under the umbrella of rostering; Mrs Jones responded appropriately.

Mrs McCartan thanked Mrs Trouton for providing an excellent update on progress and welcomed the good progress made to date.

### **Review of Theatre Utilization - Non-assurance Audit**

In accordance with the 2018/19 Annual Internal Audit Plan, Mrs McKeown advised that BSO IA carried out a review of Theatre Utilization during January to March 2019. The scope of the exercise was to access the Utilization of Theatres for both inpatient and day case procedures across the Southern Trust for one month.

Members considered the findings of the review detailed within the report under nine key areas. At the outset of discussion, Ms O'Neill explained the importance of ensuring maximum utilization of available capacity in Theatres across all 3 Trust sites, in light of the challenging environment. Mrs McCartan asked if regional comparisons were available following the exercise. Ms O'Neill advised that Internal Audit had undertaken the exercise at the request of the Trust. She welcomed the usefulness of the review and stated all recommendations have been accepted by management and these will be translated into a detailed Action Plan and progressed in a collective way, engaging with the appropriate clinical staff.

Ms Mullan welcomed the findings, however she referred to cancelled elective surgery sessions and pointed out the importance of the public working with the Trust to ensure scheduling is optimized fully.

## **Waiting List Initiative Payments to Medical Staff - Non-assurance Audit**

In accordance with the 2018/19 Annual Internal Audit Plan, Mrs McKeown advised that IA carried out an audit of Medical Staff Waiting List Payments (WLI) during March 2019. This audit focused on the implementation of recommendations contained in the 2016/17 Internal Audit of WLI payments. Mrs McKeown advised that of the 10 recommendations previously made, 4 (40%) are fully implemented, 6 (60%) are partially implemented and an additional recommendation was deemed no longer applicable.

Members were reminded that the majority of issues identified in the audit of 2016/17 were as a result of gaps in processes as opposed to the conduct of staff. Mrs McKeown welcomed the high level engagement undertaken between Trust management and Radiology consultants on activity and process requirements within WLI sessions. Members noted IA had identified pre-agreed minimum activity levels are being delivered, however agreed volumes have not changed since the last exercise and admin time during the 4 hour WLI session is a factor.

Ms O'Neill advised that IA had undertaken this assignment at the request of the Trust in order to address outstanding issues and significant work on WLI payments had been undertaken since the last exercise in 2016/17. Ms Mullan welcomed the clarity provided within the report in terms of, all consultants performing WLI sessions using the system appropriately. Ms O'Neill stated it was important to note that where more than minimum levels of activity are performed the Trust are working towards establishing mechanisms for recording and evidencing this additional activity.

## **Cyber Security – Network Security and Home and Mobile Working**

Mrs McCartan welcomed Mrs Magwood to the meeting for discussion on this item.

Mrs McKeown reported that in accordance with the 2018/19 annual IA plan, IA carried out an audit of Cyber Security during July to December 2018. She stated that a Limited level of assurance was provided in relation to network security. In terms of Mobile and Home Working, Mrs McKeown was pleased to advise that a Satisfactory level of assurance was provided.

## **6ii) HEAD OF INTERNAL AUDIT ANNUAL REPORT**

Mrs McKeown presented the above named report which summarizes the work of Internal Audit during the 2018/19 financial year. She drew member's attention to pages 9 and 10 and stated that her overall opinion for the year ended 31 March 2019, is that Satisfactory assurance is provided on the adequacy and effectiveness of the organization's framework of governance, risk management and control.

Mrs McKeown stated it was important to note, that whilst overall Satisfactory assurance is provided, Limited assurance is provided in a number of areas and Unacceptable assurance has been provided in respect of the Management of Trust Homecare. She went on to advise that a positive result at year end follow up on previous recommendations and the non-assurance assignments during 2018/19 had also informed her opinion.

Members welcomed the report. Ms Mullan commended the high quality and consistent work of Internal Audit throughout the year. She stated the deep dive assessments across a broad range of areas are an excellent mechanism by which the Trust can assure itself the Organization is operating effectively and issues of concern can be identified for action.

In conclusion, Mrs McCartan recorded thanks to Mrs McKeown and the wider Internal Audit team for the good work undertaken in 2018/19 financial year.

## **6iii) BSO SHARED SERVICES SUMMARY REPORT**

### **Payroll Shared Services (Limited)**

Mrs McKeown presented the BSO Internal Audit Shared Services Summary report. Members noted the assurance provided by Internal Audit as follows:-

- Payroll Shared Service (March 2019) – Limited Assurance
- Accounts Payable Shared Service - Satisfactory Assurance
- Business Services Team – Satisfactory Assurance

Mrs McKeown stated that in relation to payroll, improvements in control are evident; however some significant previously reported issues remain.

Members welcomed the outcome in relation to the areas provided with Satisfactory assurance, however disappointment was noted in terms of the Limited assurance provided against Payroll Shared Services. In response to a question from Mrs McCartan, Ms O'Neill advised that the outstanding recommendations are worked through on a regular basis via the Director of Finance, Procurement and Estates and the Director of Human Resources and Organisational Development.

**6iv) BSO DRAFT GOVERNANCE STATEMENT 2018/19**

Members noted for information purposes, the BSO draft Governance Statement for the year ended 31 March 2019.

*Mrs McCartan requested that the draft Charitable Trust Fund Accounts for the year ended 31<sup>st</sup> March 2019 would be discussed next on the agenda.*

**7) DRAFT ANNUAL REPORT AND CHARITABLE TRUST FUNDS ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

Ms O'Neill presented the draft Charitable Trust Funds Accounts 2018/19. Members noted the draft financial statements were submitted to the Department of Health on 7<sup>th</sup> May 2019, in line with the reporting timeframe.

At the outset Ms O'Neill reminded members that as in prior years the Trust's Charitable Fund Account is consolidated with the public funds. Ms O'Neill guided members through the key financial performance indicators for 2018/19, with income totalling £461k and expenditure £356k. Members noted the total value of funds at 31 March 2019 amounted to £3,690k a significant increase of £292k from the prior year. Ms O'Neill pointed out that £3,652k of the total value of funds for 2018/19 relates to Restricted funds and £38k relates to Endowment funds.

Members welcomed the draft position. Mrs Rooney, Chair of the Endowments and Gifts Committee thanked Ms O'Neill and Finance staff for their expertise in administering the Charitable Trust Funds throughout the year. She referred to the good progress achieved in terms of the Committee's proactive approach to spending and the work undertaken to promote the new 4 Directorate-wide funds approach. Mrs McCartan reminded members Audit Committee will review the final audited Charitable Trust Fund Accounts at the next



meeting on 4<sup>th</sup> June 2019 prior to onward submission to Trust Board for formal sign off on 12<sup>th</sup> June 2019.

*Mrs Rooney left the meeting at this point.*

**7) DRAFT ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

Ms O'Neill presented the draft Annual Report and Accounts for the year ended 31 March 2019. Members noted, the draft financial statements were submitted to the Department of Health on 7<sup>th</sup> May 2019, in line with the reporting timeframe.

Ms O'Neill highlighted the key elements, advising that the Trust had achieved financial breakeven for 2018/19 with a small surplus of £43k. Total income amounted to £673m and capital expenditure for 2018/19 was c£17m with a small underspend of £19k on the Resource Limit. Monies held on behalf of patients/residents amounted to £9.1m, an increase of £287k on prior year balances.

In referring to Prompt Payment performance for 2018/19, Ms O'Neill acknowledged a disappointing decline in the 30 day and 10 day targets and explained the reason for this. Members noted the Trust had paid out £383m in bills for the period and achieved 88.3% performance against the 30 day target. Ms O'Neill assured members that significant work had been undertaken in year to address the decline and an improved position of 91.4% was reported for April 2019.

For the period under review Trust Management Costs amounted to 3% of total income. Staff costs totalled £440m, an increase of £32.8k. Ms O'Neill advised that the main movements in pay are as a result of increased flexible arrangements and she guided members through the detail. In terms of staff numbers Ms O'Neill advised an increase of 3.4% when compared to prior year figures.

In response to a question from Mrs McCartan, Ms O'Neill confirmed that late guidance received from the DOH on what should be included within the Trust's annual report specified a short section from Non-Executive Directors. In discussion, Non Executive Directors felt that clarity should be sought on the rationale for this and the need for a consistent approach in terms of format. Mr McDonald undertook to

raise at the next meeting of the Hyponatraemia Work stream of which he is a member.

Members welcomed the comprehensive narrative to support the draft financial statements for 2018/19. On behalf of the Committee, Mrs McCartan commended Ms O'Neill and the Finance team for their sterling work in preparing the draft accounts within the challenging reporting timeframe and welcomed the breakeven position in light of a difficult budgetary environment. Mrs McCartan stated discussion would continue at the meeting on 4<sup>th</sup> June, once the external audit had concluded.

## **8) DRAFT GOVERNANCE STATEMENT 2018/19**

Ms O'Neill presented the draft Governance Statement for the year ended 31 March 2019 and highlighted a number of key elements. Members noted the document had been approved by the Trust Senior Management Team (SMT) and submitted to the Department of Health in draft format. Ms O'Neill reminded members the document is considered separately by the Governance Committee and subject to ongoing review during the course of the Audit.

Members asked a number of questions to which Ms O'Neill responded. In light of earlier discussion, Mr Knox suggested the narrative under Cyber security may require further refinement and Ms O'Neill agreed to consider this following the meeting. At this point, Mrs McKeown referred to the percentage implementation of the recommendations in the management of WLI payments and advised that the position is slightly more favorable than included in the draft report and stated she would update her report accordingly.

Members welcomed the comprehensive assessment of the system of internal control operating within the Trust during 2018/19.

## **9) STATEMENT OF LOSSES AND SPECIAL PAYMENTS**

Members reviewed the Statement of Losses and Special Payments for the year ended 31 March 2019 and supporting narrative. In particular the Committee specifically noted the quantum of Clinical Negligence Compensation Payments (81 cases) paid out during 2018/19, amounting to c£2.5m. This was down significantly on the prior year sum of c£5m (87 cases). There were no payments in excess of £250k.

Mr Knox asked about Bad debts and the loss of £331k. Mrs Rutherford advised this varies from year to year as the debt portfolio is worked through.

The Committee recommended the Statement of Losses and Special Payments for onward submission to Trust Board for approval at the meeting scheduled for 12<sup>th</sup> June 2019.

#### **10) CONTROLS ASSURANCE REPORT OF COMPLIANCE FOR 2018/19**

Members welcomed the Trust's positive year-end outcome in respect of the Trust controls assurance process for 2018/19. 17 areas achieved a RAG rating of green and 5 amber. Mrs McCartan asked a number of questions on those standards that had achieved amber rating. In response, Ms O'Neill advised that Action Plans are in place to address areas of control divergence.

Ms O'Neill commended the significant work undertaken in the transitional year by self-assessors, lead directors and peer reviewers. Members concurred with Ms O'Neill's comments and also welcomed the Internal Audit opinion that the processes adopted by the Trust during 2018/19 are adequate to provide appropriate assurances internally to the Trust and onwards to DOH.

#### **11) FINANCE CIRCULARS:**

##### **i) HSC(F) 12-2019 – FD (DoF) Annual Report and Accounts**

Ms O'Neill presented the above named Finance Circular for information purposes. Members noted the detail in relation to the production of the Annual Report and Accounts for 2018/19.

##### **ii) HSC(F) 008-2019 – Manual of Accounts and Excel Template 2018/19 and Financial Reporting Manual (FReM) 2018-19**

Ms O'Neill presented the above named Finance Circular for information purposes and members noted the detail.

#### **12) TRAINING AND DEVELOPMENT**

Members were reminded by Mrs McCartan of the importance of keeping informed of ongoing learning and development opportunities.

### **13) ANY OTHER BUSINESS**

By way of reminder Mrs McCartan advised that in keeping with good practice procedures, Audit Committee members will meet Internal and External Audit representatives in closed session prior to the Audit Committee meeting on 4<sup>th</sup> June 2019, which will review the final audited Annual Report, Governance Statement and Accounts for the year ended 31 March 2019.

***The meeting concluded at 1.05 p.m.***

**SIGNED:** \_\_\_\_\_

**DATED:** \_\_\_\_\_