

Audit Committee

Audit Report for Board Meeting 28th September 2023

The Audit Committee ('the Committee') met virtually on 15th June 2023. The following is a summary of the key items considered at the meeting to update the Board. The formal record of the meeting remains the approved minutes.

1. Welcome

The Chair welcomed the following colleagues to the meeting:

- Catherine Teggart Director of Finance
- Catherine McKeown Head of Internal Audit
- Jenny McCaw Assistant Head of Internal Audit
- James Kelly Trainee Accountant, Internal Audit
- Colette Kane NIAO Engagement Director
- Brian Clerkin Partner – ASM Belfast

And senior members of the Trust finance team including:

- Alison Rutherford (Assistant Director of Finance for Financial Services)
- Carol Cassells (Assistant Director of Finance for Financial Management)
- Fiona Jones (Corporate Financial Accountant and Fraud Liaison Officer)

2. Chair's business

Closed Session with Internal and External Auditors

A meeting between the Audit Committee and the internal and external auditors without executive officers present is considered good practice. The virtual closed meeting with the Head and Assistant Head of Internal Audit, the NIAO Director and ASM Audit Partner took place on 15th June 2023. The Audit Committee met (virtually) with the Chief Executive, Director of Finance and the Board Assurance Manager on 27th June 2023 to provide formal feedback on the closed session. Management found the engagement informative and worthwhile.

DoH correspondence re SHSCT 2022/23 Governance Statement

Members noted the letter from the Deputy Secretary (DoH) dated 24th May 2023 in relation to the SHSCT 2022/23 Governance Statement. The Director of Finance confirmed to the Committee that the revised Governance Statement included within the draft Final Annual Report and Accounts reflected the matters referenced in the letter from DoH.

3. Draft Annual Report, Governance Statement and Accounts for the year ended 31 March 2023

The Director of Finance, Procurement and Estates, presented the Final Draft Annual Report, Governance Statement and Accounts for the year ended 31 March 2023 to the Committee. Her presentation involved taking Members through the document “Summary of Changes to Annual Report and Accounts between submission of draft on 5th May 2023 and meeting of Audit Committee on 15th June 2023”.

The Director of Finance informed Members that, as a result of the normal post balance sheet review of legal cases conducted by DLS and the DoH, there was a net decrease of £5.3m in clinical negligence provisions reflected in the Accounts at 31st March 2023; this had no impact on the reported financial position. The draft Final Accounts also reflected amended disclosures in relation to Contingent Liabilities, the Governance Statement and the Annual Report. The Committee noted the amendments to the Statements of Comprehensive Net Expenditure, Financial Position, Changes in Taxpayers Equity, Cash Flow and related Notes to the Accounts, and was content with the revisions.

Members had already reviewed the draft Annual Accounts 2022/23 at the Audit Committee meeting held on 4th May 2023 together with a comprehensive narrative paper highlighting key financial performance for 2022/23.

The Committee acknowledged that Members had discussed the draft Governance Statement 2022/23 at the Audit Committee meeting on 4th May 23. The Committee was content that the revised document is an accurate reflection of governance and the internal control environment in the Trust.

On behalf of the Committee, the Chair recorded thanks to the Chief Executive, the Director of Finance, Procurement and Estates, the Assistant Directors of Finance and the wider finance team together with the entire Senior Leadership Team for achieving financial balance in a difficult budgetary and operational environment, and for producing the annual report, governance statement and suite of financial statements for the year ended 31st March 2022/23 to a high standard and within a challenging reporting timeframe.

Members were content to approve the Final Draft Annual Report, Governance Statement and Accounts for the year ended 31 March 2023 for onward submission to Trust Board for formal approval at the meeting on 22nd June 2023.

4. Draft Charitable Trust Fund Accounts for the year ended 31 March 2023

The Corporate Financial Accountant presented the Final Draft Charitable Trust Fund Accounts for the year ended 31 March 2023 to the Committee. The Chair noted that the Endowments & Gifts Committee will meet immediately after the Audit Committee to review the Final Draft Charitable Trust Fund Accounts for the year under review. The Corporate Financial Accountant confirmed to members that there were no changes to the reported financial position as presented to the Audit Committee meeting held on 4th May 2023.

The Committee noted the key financial performance indicators including income totalling £439k and expenditure of £769k. The total value of funds at 31 March 2023 amounted to £6.38 million.

The Committee thanked the Director of Finance, Procurement and Estates, the Assistant Directors of Finance and the entire Finance team for all their hard work and commitment in delivering the Charitable Trust Fund financial statements to a very challenging timetable.

Members were content to approve the Final Draft Charitable Trust Fund Accounts 2022/23 for onward submission to Trust Board for formal approval at the meeting on 22nd June 2023.

5. Draft Letter of Representation re SHSCT Annual Report and Accounts 2022/23

The Chair introduced the Draft Letter of Representation in relation to the SHSCT Annual Report and Accounts 2022/23 (including Public Funds, Charitable Trust Funds and Patients' and Residents' Monies).The Draft Letter, which is signed by the Chief Executive in her role as Accounting Officer, is requested by the External Auditors in compliance with International Standard on Auditing (ISA) 580. The Draft Letter is effectively a written statement advising the Comptroller and Auditor General (NIAO) that the Accounting Officer has discharged her responsibilities for the preparation of the Annual Report and Accounts 2022/23 which give a 'true and fair view' and in accordance with DoH direction. The Draft Letter also references the Accounting Officer's responsibility for the effective operation of the system of internal control including the prevention and detection of fraud, and other matters.

The Director of Finance, on behalf of the Accounting Officer, then presented the Draft Letter of Representation to the Committee for information. Members were content to note the Draft Letter.

6. Draft Report to Those Charged with Governance 2022/23

Members reviewed the Draft Report to Those Charged with Governance 2022/23 from the NIAO and its sub-contractor ASM. The Committee was pleased to note that the C&AG proposes to certify the 2022-23 financial statements with an unqualified audit opinion without modification.

NIAO acknowledged the robust processes in place for the production of the accounts supported by good quality working papers. The external auditors also noted that management dealt very efficiently with audit queries resulting in the audit process having been completed within the planned timescales.

The Committee noted the specific Finding (Priority 2 Rating) made by the NIAO in relation to the overall internal control environment ('a deterioration in the 'first line of defence' elements of some aspects of the Internal Control Environment') which was referenced in the Audit Committee Annual Report 2022/23, and also discussed by Members at the closed session with internal and external auditors on 15th June 2023.

A key focus for the Audit Committee during 2023/24 will be the updates for Members from the in-house Internal Audit Forum on the timely implementation of accepted audit recommendations.

7. Internal Audit

a) Internal Audit Progress Report 2023/24

The Head of Internal Audit presented the Internal Audit Progress Report 2023/24. Members were content to note the fieldwork in progress.

b) Draft BSO Governance Statement 2022/23

The Committee noted the draft BSO Governance Statement 2022/23 which outlined the range of assurances on BSO processes, procedures and governance arrangements.

Members were content to note the overall satisfactory assurance provided by the Head of Internal Audit on the adequacy and effectiveness of the BSO's framework of governance, risk management and control.

8. Fraud Update

a) SHSCT Annual Fraud and Lessons Learned Report 2022/23

The Fraud Liaison Officer presented the Annual Fraud and Lessons Learned report 2022/23 to the Committee for assurance. Members noted the learning outcomes for the individual fraud cases identified across the Directorates.

b) Trust Annual Fraud Action Plan 2023/24

Members reviewed the planned programme of work on Anti-Fraud and Financial Governance for 2023/24 as presented by the Fraud Liaison Officer for assurance.

c) DOF Annual Theft and Fraud Report 2020/21

Members considered the DOF Annual Theft and Fraud Report 2020/21 which was presented by the Fraud Liaison Officer for information. She highlighted the summary report in relation to the DoH- BSO Health Service Fraud.

d) BSO Counter Fraud and Probity Year-End Report 2021/22

The Committee reviewed the BSO Counter Fraud and Probity Year-End Report 2021/22.

9. Annual Report on the use of Direct Award Contracts 2022/23

The Committee reviewed the Annual Report to Audit Committee on Use of Direct Award Contracts Year Ended 31 March 2023 presented by the Assistant Director of Finance for Financial Services.

Members thanked the Assistant Director of Finance for Financial Services for the comprehensive report and her on-going work in this important area. The Committee commended the establishment of a DAC sub-group to review current processes and Trust DAC documentation and to provide training to staff. Members were pleased to see a reduction in the number of DACs during 2022/23 (128) vis a vis the position in previous years.

10. Summary Report of Post Project Evaluations completed during 2022/23

In accordance with its terms of reference, the Committee noted for assurance the comprehensive Summary Report of Post Project Evaluations completed during 2022/23 on Capital and Revenue Proposals greater than £300,000. The Report is presented to the Committee on an annual basis by the Assistant Director of Corporate Planning.

11. Audit Committee Annual Report 2022/23

Members noted for assurance the 2022/23 Annual Report of the Audit Committee to the Board on how it has discharged its oversight responsibilities for the financial year 2022/23. Members endorsed the submission of the Report to Trust Board for formal approval on 28th September 2023.

The Committee thanked the Board Assurance Manager for her comprehensive work on the Audit Committee Annual Report.

12. Finance Circulars

The Committee noted for information the following Finance circulars / Good Practice :

- i. HSC(F) 15-2023 – Counter Fraud Responsibilities for all HSC & NIRS Employees.
- ii. HM Treasury: Government Financial Reporting Review – Best practice examples from 2021-22.
- iii. NAO Good Practice Guide – Good Practice in Annual Reporting

- iv. NAO Good Practice Guide – Cyber & Information Security
- v. NAO Efficiency savings require learning past lessons – Insights from the Auditor General

13. Audit Committee Self-Assessment

The Committee is using the NAO Audit and Risk Assurance Committee Effectiveness Tool which was overhauled in May 2022 as the basis for reviewing its own assessment. The process for completion is as follows:

- i. The Chair completed the first draft of the Effectiveness Tool;
- ii. The Chair discussed the first draft with the Board Assurance Manager on the 20th June 2023 with further amendments made;
- iii. A dedicated session of the Audit Committee took place on 27th June 2023 with the Board Assurance Manager to discuss the 2nd Draft with additional amendments suggested on foot of the discussion;
- iv. 3rd Draft discussed at a meeting between the Chair and Board Assurance Manager on 3rd July 2023;
- v. Revised final Effectiveness Tool issued to Members and key stakeholders – internal and external auditors, Board Chair, Chief Executive and Director of Finance on 10th July 2023. In line with good practice, the Committee is seeking the views of key stakeholders in relation to their opinion on the Committee's effectiveness and would welcome any suggestions for improvement.
- vi. The completed self-assessment will be on the agenda for the meeting scheduled for October 2023.

14. Any other business

The Chair recorded thanks to the Chief Executive, Director of Finance and Finance colleagues, the senior leadership team, internal and external auditors, the Board Assurance Manager and Secretariat and Committee colleagues for their support and commitment to the work of the Committee during 2022/2023, and against the backdrop of an extremely challenging operational environment.

The next meeting of the Committee is scheduled for 12th October 2023.

Hilary McCartan
Chair
On behalf of the Audit Committee

20th July 2023