

Audit Committee

Report for Board Meeting on 26th October 2023

The Audit Committee ('the Committee') met on 12th October 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. Introductions

The Chair welcomed the following colleagues to the Meeting:

- Mrs Catherine McKeown - Head of Internal Audit
- Ms Amanda Strain - Internal Audit
- Mrs Colette Kane - NIAO Engagement Director

And senior members of the Trust finance team:

- Catherine Teggart (Director of Finance, Estates and Procurement)
- Carol Cassells (Assistant Director of Finance for Financial Management)
- Fiona Jones (Corporate Financial Accountant/Trust Fraud Liaison Officer)
- Helen O'Hare (Acting Assistant Director of Finance for Financial Services)

Apologies were received from:

- Dr Maria O'Kane (Trust Chief Executive)
- Sandra Judt (Board Assurance Manager)
- Alison Rutherford (Assistant Director of Finance for Financial Services)

2. Chair's Business

On behalf of the Committee, the Chair welcomed Ms Carol Blee, who attended via Zoom, representing DoH Sponsor Branch. She also advised the Committee that NIAO will carry out the external audit of the full suite of Trust financial statements for the year ending 31st March 2024.

3. Revised Terms of Reference – Audit and Risk Assurance Committee

Members approved the revised Terms of Reference which reflected a number of revisions including the area of risk management now part of the Committee's remit. The revised Terms of Reference will progress to Trust Board for formal approval on 26th October 2023.

4. Internal Audit

a) Internal Audit Progress Report

The Head of Internal Audit informed members that 5 final audit reports relating to the 2023/24 Audit Plan were issued for consideration by the Committee. The level of assurance provided by Internal Audit in respect of the individual assignments was as follows:

Audit Assignment	Level of Assurance Provided by Internal Audit	Comment
Management of Client Monies in Independent Sector Facilities (inc Adult Supported Living Facilities)	<p>Satisfactory- Management of Client monies in 9 of 10 Homes sampled</p> <p>Limited- Trust monitoring arrangements for Residents' Finances and management of client monies in 1 of 10 Homes sampled.</p>	<p>Overall, the Committee was pleased to note the satisfactory level of assurance received from Internal Audit in relation to Management of Client Monies at 9 out of 10 Independent Sector Facilities.</p> <p>The Committee was disappointed to note the limited assurance received from Internal Audit.</p> <p>Internal audit made 4 Priority-2 recommendations and 2 Priority-3 recommendations which were accepted by management.</p> <p>The Director of Mental Health and Disability was in attendance to provide the Committee with an update in relation to the internal audit report.</p>
Information Governance	Limited	<p>The Committee was disappointed to note the limited level of assurance received from Internal Audit in relation to Information Governance. Members agreed to refer the Report to Governance Committee together with management action plan.</p> <p>The Director of Performance, Planning & Informatics was in attendance to provide the Committee with a short presentation and written update in relation to the internal audit report.</p> <p>Internal audit made 1 Priority-1, 10 Priority-2 and 3 Priority-3 recommendations all of which were accepted by management.</p>
Fire Safety	Satisfactory	<p>The Committee was pleased to note the satisfactory level of assurance achieved from internal audit uplifted from Limited Assurance in 2019/20. Internal audit made 11 Priority-2 recommendations which were accepted by management.</p>
Management of Residents' Monies at Residential Home X	Satisfactory	<p>The Committee was pleased to note the satisfactory level of assurance achieved from internal audit. Internal audit made 3 Priority-2 recommendations and 3 Priority-3 recommendations which were accepted by management.</p>

Adult Safeguarding	Satisfactory	The Committee was pleased to note the Satisfactory level of assurance achieved from internal audit uplifted from Limited assurance (2020/21). Internal audit made 10 Priority-2 recommendations and 1 Priority-3 recommendation which were accepted by management.
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b) Mid-year follow up on outstanding Internal Audit Recommendations

The Committee noted the results of the Internal Auditor’s mid-year follow-up on the implementation of accepted outstanding Priority 1 and Priority 2 Internal Audit recommendations where the implementation date has now passed.

Out of a total population of 523 accepted audit recommendations:

- 372 (71%) were fully implemented,
- 98 (19%) were partially implemented, and
- 53 (10%) were not yet implemented at the time of review.

Members acknowledged the on-going work of the Trust’s Internal Audit Forum but also noted that there is room for improvement in the overall performance of the percentage of accepted audit recommendations fully implemented. It is the responsibility of management to ensure that, where recommendations have not been fully implemented, that the outstanding issues are addressed in line with revised dates for implementation.

The Chair also thanked the Head of Internal Audit for the informative one page ‘Internal Audit Mid-Year Follow-Up Cover Note – Key Messages for Audit Committee’; she suggested it might be beneficial to place on the Senior Leadership Team (SLT) Agenda for information.

c) BSO Internal Audit : Shared Service Audits Summary Report

The Head of Internal Audit presented the BSO Shared Service Audits Summary Report. The assurance provided by internal audit in respect of shared service audits is as follows:

<i>Shared Service Audit</i>	<i>Assurance</i>
Accounts Receivable Shared Service Centre	• Satisfactory assurance
Accounts Payable Shared Service Centre	• Satisfactory assurance

The Committee was pleased to note the satisfactory assurance achieved in the two Shared Service Audits.

d) Internal Audit Mid-Year Assurance Statement 2023/24

The Committee reviewed the Internal Audit Mid-Year Assurance Statement presented by the Head of Internal Audit which provides assurance to the Chief Executive and the Committee on the systems of internal control and governance, and informs the Trust's Mid-Year Assurance Statement. The five completed Internal Audit assignments reflected in the Internal Audit Mid-Year Assurance Statement were considered by Members earlier in the meeting.

e) BSO Internal Audit : General Annual Report for 2022/23

Members reviewed the Internal Audit General Annual Report of all HSC organisations for 2022/23. The aim of the report is to assist in shared learning across the HSC, and it summarises the performance and outcome of Internal Audit Activity in the HSC during 2022/23.

The Head of Internal Audit informed members that 49% of assurance audit reports provided across the HSC were Satisfactory assurance opinions with a further 14% of opinions split between Satisfactory/Limited opinions; this resulted in 58% of assurances for 2022/23 considered 'above the line' and 42% considered 'below the line'.

She also highlighted the need for action to address the current volume of Limited assurances across the HSC and the downward trend in the proportion of Satisfactory assurance audit assignment opinions. The Committee was also reminded that 'Staff in Post check compliance and management of agency and locums are the two specific areas where there is evidence of a marked deterioration in the internal control environment'. The Head of Internal Audit informed the Committee that across the HSC family there needs to be a renewed focus on staff training, compliance with key processes and controls and prompt implementation of audit recommendations.

After discussion the Chair asked that the Report be issued to the Board Chair for information, and that it be included on the SLT Agenda as there was a need to strengthen the control environment and improve control effectiveness across the Trust.

f) Internal Audit Charter

The Committee was content to approve the Internal Audit Charter which was presented by the Head of Internal Audit.

5. Draft SHSCT Mid-Year Assurance Statement 2023/24

The Director of Finance presented to members the draft Mid-Year Assurance Statement 2023/24. She highlighted for the Committee the on-going internal control divergences being managed by the Trust including clinical and social care risks, unscheduled care

demands, recruitment, domiciliary care, social work services, the Statutory Public Inquiry into Urology Services and the extremely challenging financial position.

Members considered the draft Mid-Year Assurance Statement to be comprehensive and transparent and an accurate reflection of the system of internal governance as at 30 September 2023.

The Committee thanked the senior leadership team for all their work on the draft document, noted the document for assurance and recommended the Statement's ratification by the Trust Board on 26th October 2023.

6. Internal Audit Forum Update

Members noted for assurance the Internal Audit Forum Update paper (in relation to Priority 1 recommendations) and supporting schedule from the Director of Finance. The Committee acknowledged the on-going work by the Forum but also underscored the importance of timely implementation of recommendations and reducing the overall number of accepted audit recommendations not implemented.

7. Fraud Update

a) SHSCT Fraud Report

The Fraud Liaison Officer presented for information a list of reported fraud cases for 2023/24 and highlighted the case outlines to the Committee.

Members thanked the Fraud Liaison Officer for her update and noted the Report.

b) National Fraud Initiative 2022-23 Exercise

The Fraud Liaison Officer presented an update paper in relation to the National Fraud Initiative 2022-23. Members noted the positive results to date and were content to note the update for assurance.

c) BSO Counter Fraud and Probity Services 2022/23 End of Year Report

Members noted the Report for information.

8. Update on External Audit Recommendations

Members noted the update for assurance from the Director of Finance and the Fraud Liaison Officer in respect of external audit recommendations (NIAO) relating to 2022/23, and acknowledged the on-going progress made to date.

9. Final Report to Those Charged with Governance 2022/ 2023

The Committee noted for information the Final Report to Those Charged with Governance for 2022/23 presented by the NIAO Engagement Director. Members had reviewed an earlier draft at the meeting held in June 2023.

10. Audit Committee Self-Assessment 2022/23

- i. The Chair presented to colleagues for information the Trust's second draft NAO Audit and Risk Assurance Committee Effectiveness Tool – Good Practice Guide (overhauled May 2022) together with Annex 1 (detailed supporting commentary) and Annex 2 (feedback from internal and external auditors).
- ii. The Chair advised that members had already discussed the second draft on 27th June 2023, at a dedicated session which proved to be a very useful exercise for all concerned.
- iii. The Chair summarised for colleagues the conclusions of the six component elements highlighted at Annex 1. Overall, the Committee concluded that it is operating effectively and complying with Audit and Risk Committee best practice.
- iv. There were no actions arising from the assessment at this juncture.

11. Finance Circulars

The Committee noted for information the following Circular and supporting cover paper, and acknowledged the significant financial challenges ahead:-

- HSC Breakeven and Financial Recovery

12. Proposed Meeting Dates 2024

Members noted the schedule of proposed meeting dates for 2024.

13. Training and Development

The Chair noted that Martin McDonald was scheduled to attend a DoH facilitated meeting for Audit and Risk Committee Chairs at Castle Buildings on 17th October 2023.

14. Any other business

The Chair advised colleagues that this was the last Audit Committee meeting for John Wilkinson and herself as their tenure as Non-Executive Directors was scheduled to end on 14th February 2024. She took the opportunity to thank John and Martin for their commitment and positive contribution to the work of the Committee over many years, and wished Martin well in his role as incoming Committee Chair. The Chair also thanked

Sandra (Board Assurance Manager) for her advice, support and commitment to the Committee and to her personally, to Susan (Committee Secretary) for her comprehensive minutes and hard work keeping everything on track against challenging timeframes, and to Laura (Committee Secretariat) for her on-going support. The Chair also extended thanks and appreciation to the Head of Internal Audit and her team, and to the NIAO team as well as to Catherine Teggart (Trust Director of Finance) and the entire Finance Team, and also to the Senior Leadership Team.

15. Next meeting

The next meeting of the Committee (renamed Audit and Risk Committee) is scheduled for 22nd February 2024.

Hilary McCartan
Chair
On behalf of the Audit Committee
16th October 2023