

**Minutes of a meeting of the Audit & Risk Assurance Committee
held on Thursday, 20th February 2025 at 9.30 a.m., in the
Boardroom, First Floor, Trust Headquarters, Craigavon**

PRESENT:

Mrs L Ensor, Non-Executive Director (Chair)
Mrs M Corkey, Non-Executive Director (until 12 noon)
Mr A Hughes, Non-Executive Director

IN ATTENDANCE:

Mr C McCafferty, Acting Chief Executive
Mr C Stewart, Non-Executive Director, *(via MS Teams)*
Mrs C Cassells, Assistant Director of Finance, Financial Management, SHSCT
Mrs A Rutherford, Assistant Director of Finance for Financial Services, SHSCT
Mrs F Jones, Corporate Financial Accountant, Fraud Liaison Officer, SHSCT
Dr S Austin, Medical Director, SHSCT *(Items 7i, 7ii, 8 and 9i only)*
Ms J McGall, Director of Mental Health & Disability Services, SHSCT *(Item 9i)*
Mrs V Toal, Director of Human Resources & Organisational Development
SHSCT (Item 9i)
Mrs C McKeown, Head of Internal Audit
Ms A Strain, Audit Manager, Internal Audit
Mrs C Kane, Engagement Director, Northern Ireland Audit Office (NIAO)
Mr S McClelland, Trainee Accountant, NIAO
Ms A O'Doherty, Head of HSC Sponsor Branch, DoH *(via MS Teams)*
Mrs S McCormick, Committee Secretary, SHSCT (Minutes)

APOLOGIES

Ms C Teggart, Director of Finance, Procurement & Estates, SHSCT
Mrs S Judt, Board Assurance Manager

1) CHAIR'S WELCOME

Mrs Ensor welcomed everyone to the meeting, and introduced Ms M Corkey and Mr A Hughes, recently appointed as new Non-Executive Directors who were attending their first meeting as members of the Committee. Mrs Ensor noted, this was her first meeting as Chair of the

Audit & Risk Assurance Committee (ARAC) and recorded appreciation to the previous Chair, Mr McDonald, whose tenure as a Non-Executive Director of the Trust came to an end in December 2024. Mrs Ensor referred to those joining the meeting via MS Teams and welcomed Ms O'Doherty, Head of HSC Sponsor Branch DoH, and Mr C Stewart, recently appointed Non-Executive Director attending as part of his induction programme. Ms G Browne new Non-Executive Director gave apologies but had received the papers for information.

2) DECLARATION OF INTERESTS

Mrs Ensor 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 Ensor advised that in November 2024 she had attended the following events: i) ALB ARAC Chair's Forum meeting and ii) HFMA Pre-Conference Dinner.

4) MINUTES FROM MEETINGS HELD ON 17th OCTOBER AND 21ST OCTOBER 2024

The minutes of the meetings held on 17th October 2024 and 21st October 2024 were agreed as an accurate record of the meeting.

5) MATTERS ARISING FROM THE PREVIOUS MEETINGS

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

6) EXTERNAL AUDIT 2025/26

i) Draft Letter of Understanding between NIAO and SHSCT re. Audits of the Financial Statements of the SHSCT

Ms Kane outlined the purpose of the Letter of Understanding and advised that Ms Teggart would sign the letter in her role as Interim Accounting Officer. The NIAO will re-issue the Letter of Understanding when the new interim chief executive is in post.

ii) External Audit Strategy

Ms Kane presented the key messages of the audit strategy referring to the audit plan, significant risks, timetable, fees and audit team, changes to financial reporting, scope of the audit, respective responsibilities, how they maintain independence and objectivity and public reporting relevant to SHSCT. The overall account materiality set at 2% and is £23.9m for public funds, £129k for Charitable Trust Funds and £78.4k for Patients'/Residents' Monies. Interim audit testing will commence on 24th February 2025 with final testing on 6th May 2025. Approval and certification is planned for week commencing 30th June 2025.

Ms Kane referred to Appendix 2 on Value for Money (VFM) studies undertaken by the NIAO across the public sector over the last 3 years, which are relevant to the SHSCT.

Ms Kane highlighted Appendix 3, detailing prior-period misstatements in relation to 1) a potential understatement of £6.42m in Clinical Negligence provisions for the Trust, following changes in valuation methodology, 2) holiday pay provisions given prior year assumptions.

Ms Kane referred to page 3, which included actions for the Audit & Risk Assurance Committee. She explained this provided the Committee with an opportunity to bring to the attention of the audit team any other issues of relevance in advance of year-end.

Members approved the External Audit Strategy 2024/25

7) RISK MANAGEMENT

i) Corporate Risk Register Update

As previously agreed when ARAC last met on 17 October 2024, members received a copy of the Corporate Risk Register (CRR) for awareness and noted the document had been reviewed by the Senior Leadership Team Risk Assurance (SLTRA) Group on 13 February 2025.

There are currently 32 corporate risks: 9 medium, 16 high and 7 extreme. There were no new risks or de-escalated risks recorded on

the CRR since it was last reviewed by the Trust Governance Committee on 5th December 2024.

ii) Update on Review of Corporate Risk Register

Dr Austin referred to the last meeting when he had advised that work was underway to update the directorate risk registers format and a pilot exercise would be undertaken to ascertain how the new format would perform as a live document. Dr Austin advised that the next stage of the work which entails migrating the current risks to the new format has not progressed as he would have liked due to limited resources within the Medical Directorate, as a result of staff being diverted to assist with the Trust's preparation for the implementation of Encompass and the 'Go-Live' date of 8 May 2025. By way of reassurance, Dr Austin said he envisaged work on transferring data over to the new format picking up pace again post Encompass 'Go Live'. He reflected on previous feedback from ARAC members which had highlighted the importance of the new template displaying how risks have changed and said that while this had not been possible for the meeting today, he welcomed the benefit this will be in future reporting under the new format.

As Chair of the ARAC, Mrs Ensor emphasized that the Committee must be clear on what the organization's corporate risks are in order to discharge its responsibility of providing assurance to the Trust Board. Whilst she recognized the impending implementation of Encompass across the Trust locality, she underscored the importance of getting this work progressed as soon as possible. Mrs Ensor referred to the strategic risks included within the Board Assurance Framework (BAF) document, presented at the Board meeting on 20 November 2024 and asked Dr Austin if he had considered that the corporate risks should be feeding into that framework. Dr Austin said it was important to clarify that the Trust has identified its corporate risks, however it is recognized there is opportunity for fine tuning in terms of rationalizing the risks and he emphasized the new format will assist with this. He confirmed that this work will feed into the BAF strategic risks referred to by Mrs Ensor and collectively the pilot across both directorate and corporate risk registers will allow the organization to address the IA recommendation on moving towards using a standardized risk register format across the Trust.

Mrs Ensor asked if the timeline for completion of this work continues to be Autumn 2025. Dr Austin said this is a complex area with work

still to do in terms of transferring information across to the new format, as discussed earlier, remains a work in progress despite the current resource challenges associated with the move to Encompass. He said it was also important to remember the proposed move to using the DATIX system to better support the recording of risks and advised that the Trust have been liaising with regional counterparts and engaging with the Northern Ireland Ambulance Service (NIAS) in regards to work they have undertaken. The Trust currently has a recruitment process for a number of new posts to take this work forward. Dr Austin agreed to keep ARAC members up to date on progress.

Actions – Dr Austin

Mr McCafferty said it was important to emphasise that the organisation is clear with regards to working with the new proforma. He said the Board Assurance Framework (BAF) provides an excellent corporate overview and framework in relation to what it is the organisation needs to do but emphasised this work is not just about the corporate team. He alluded to the requirements right into directorates, divisions and department level, adding there is still considerable work to do in terms of driving risk management down into front line teams. Mr McCafferty reflected on the important work ahead in terms of awareness raising to make sure that the agreed approach to the BAF and CRR is supported by all the various tiers right down to front line teams.

Mr Hughes asked if the 5 risks on the BAF would be migrated into the categories of the CRR. Dr Austin confirmed the intention to undertake a cleansing process and rationalise which risks should be managed at which level in the organisation. Mrs Ensor said it was important to ascertain which risks are corporate and which are operational and currently this is not clear. Dr Austin and Mr McCafferty agreed and welcomed the guidance of the BAF.

Mr Hughes asked when the corporate management structures and CRR were last audited, to which Mrs McKeown advised normal practice is every second year and confirmed an audit was undertaken last in 2022/23. Mr Hughes referred to the Treasury Orange Handbook which following revision in 2023, brought in the risk control framework model and pointed out this is something that ARAC should be mindful of. He referred in particular to the, '4 pillar model' which encompasses the whole risk control framework of an organisation and stated the importance of the Trust adhering to this and added the

Trust had a piece of work to do in terms of this and whilst there are a lot of structures already in place there is work to do in drawing them together in a single source. Dr Austin welcomed all guidance and said the Trust has been working closely with counterparts across the UK to look at their best practice and also recognised the valuable work undertaken by IA and said he would welcome their input once the new process regards Risk Management is embedded.

Mrs Ensor referred to risk number 5.1 and asked why the Trust financial deficit is rag rated red in light of the forecast breakeven position year end 2024/25. Mrs Cassells agreed to review the status and amend if necessary. Mr McCafferty pointed out that it was important to note that any change in status would be as a result of the deficit funding received and not to be confused with the Trust being in a stable financial position. Mrs Ensor said it was important the position was clearly annotated on the document, recognising that deficit funding will not continue in the future.

At this point, Mrs McKeown reminded members that she had suggested at the last ARAC meeting, consideration should be given to whether the timing of the planned audit for risk management was correct given the aforementioned work currently underway in this area. By way of reassurance, Mrs McKeown said she had considered the risk registers at both a corporate and directorate level in conjunction with the planning work for the next 3 years and noted it was evident the organization has a good understanding of its risks. However, she emphasized the presentation of the risks require addressing and refinement and concluded there may be more benefit in auditing the process in 6 months' time, post changes.

Mrs McKeown referred to the ongoing issue of the role of the ARAC, along with the detail and format of papers it should receive in terms of risk management as opposed to the Governance Committee and confirmed the recommendation for review. Mrs Ensor reflected on the summary paper provided by Dr Austin to members at the meeting in May 2024 and said it was imperative the correct process is taken forward to allow ARAC to discharge its role in providing assurance to the Trust Board.

Whilst Mr Hughes recognized the ARAC has its approved Terms of Reference in place, he referred to His Majesty's Treasury (HMT) Orange Book, which clearly sets out that the ARAC leads the assessment and management of risk and the ARAC should support the Board in this role. Mrs McKeown said she recognized the HMT

Orange Book sets out the detail of what the ARAC should do, however pointed out that within the Health Service, the function is often split between Governance Committee and ARAC and outlined some of the finer detail around this approach. She added that since the Trust has now moved to the ARAC model, following its restructuring of Committee's, there is further work to do in terms of ascertaining what functions should remain within the Governance Committee and what should come through the ARAC in line with HMT Orange Book.

At this point, Dr Austin reminded members that at prior meetings there had been agreement that ARAC would provide oversight and receive assurance on the process of management of the Trust CRR, whilst the Governance Committee would look at the qualitative issues of the business to make sure risks are appropriate. Members took time to reflect on this along with the vast number of risks, variation and division of risks and welcomed the approach outlined earlier by Dr Austin regarding the proposed work to cleanse and refine the CRR. Mrs Ensor asked if there is currently a good model across the region to benchmark against. In responding, Mrs McKeown welcomed the Trust's approach to move to an ARAC model in line with the Orange Book guidance. She commended the ARAC model which has been in place for a number of years at the Western Trust and said it is working well. The purpose of the Committee is clear and understood and there is clear reporting to the Committee. Mrs McKeown suggested a Workshop would be beneficial to help clearly define the way forward.

At this point, Mrs Ensor said she was unclear on the role the Governance committee has with respect to the CRR. Mr McCafferty said it was important to remember this work is just developing and asked members to be mindful that the organisation has only recently approved the BAF which does change the approach of how information on risk is capture and escalated. He added, there have been changes to the various committee structures and a period of refinement and bedding in will be necessary to test new approaches and agreed a workshop would be helpful in light of this.

Ms O'Doherty highlighted that changes to committees might sometimes have implications for Trust Standing Orders, the legal document where the Board sets out the roles and responsibilities of the various committees. Mr McCafferty assured members the Trust takes full cognizance of this framework in terms of how the various committees are structured and managed, however he recognized

that in order to move this matter forward a workshop was necessary to breakdown the ambiguity with regards to where is the best place for some of the Trust business around assurances and risk lies.

Mrs Ensor said she would make this a recommendation to Trust Board through her Committee Chair report at the meeting on 3rd April 2025.

Action – Mrs Ensor

As a member of the Governance Committee, Mr Stewart said he was in agreement with the discussion points made and the recommendation for a workshop in light of the further work which is required in terms of getting the relationship between the two committees correct. He said that while he understood the distinction outlined by Dr Austin earlier, he was not certain that it is a practical proposition for ARAC to stop just at the point of assurance on systems and added, that in order to provide full assurance to the Board there must be knowledge that the systems are working. In concluding, he emphasized that the relationship between the two committees is an extremely important issue which would require time to work through to ensure that the two committees and the board members are satisfied that there are effective systems in place and that they are working and managing the risks adequately so that the board can take the level of assurance that it needs.

8) UPDATE ON MEDICAL DIRECTORATE INTERNAL AUDIT RECOMMENDATIONS

Dr Austin gave a verbal update on progress.

9) INTERNAL AUDIT

i) RATIONALE FOR AUDIT DEFERRALS

Dr Austin explained that the Medical Directorate is seeking the deferral of one planned audit in the 2024/25 IA plan until Q3/4 of 2025/26, namely Risk Management. He said that whilst the staff resource to support the development of Risk Management has been confirmed, the associated pre-employment checks, induction and planned work will require some additional time to complete. Furthermore, work has been ongoing engaging with other Trusts in regards to their work on the DATIX system and the requirements and

adaptations required to make the system suitable for the Southern Trust. In light of this, he said it is envisaged that it would be more appropriate to complete this work in advance of an Internal Audit exercise and therefore it has been agreed with the IA team to defer the IA of Risk Management until Q3/4 of 2025/26.

Mrs Toal joined the meeting at this point

On behalf of the Committee, Mrs Ensor welcomed Mrs Toal to the meeting. Mrs Toal referred members to the paper which sets out clearly the reasons for the Human Resources and Organizational Development (HROD) Directorate request to defer 3 planned audits in the 2024/25 Internal Audit plan, namely; Absence Management, Recruitment within the Trust and Management of Medical Locums.

In relation to Absence Management, Mrs Toal outlined the two main reasons for seeking deferral of the audit, i) the ongoing work on a regional basis, to agree with Trade Union colleagues, a new regional absence management policy and procedure and ii) the large-scale staffing gaps within the absence management team during 2024/25 which currently continue. Mrs Toal said that any audit of current absence management processes in 2024/25 would be an audit of processes that are due to change and therefore not a valuable use of these audit days. She added that it is proposed the audit will now take place in 2025/26, once the new policy has been introduced.

Continuing, Mrs Toal referred to Recruitment within the Trust and said this audit was to include Trust medical recruitment and the right to work processes. She said the main reason for the request to defer this audit was in relation to senior staff gaps in both the resourcing team and the medical HR team. Mrs Toal said it was important to note that both Heads of Service and their teams have been heavily involved in the work within the Trust on agency reduction/workforce stabilization linked to financial savings, the Encompass programme and the regional Equip programme which is also impacting on business as usual activity. Members noted the audit of recruitment processes post Equip implementation is now scheduled to take place in early 2027/28.

In relation to Medical Locums, Mrs Toal advised that this audit was intended to be an advisory audit, ahead of the implementation of the new regional Medical and Dental Agency Framework which was due to be implemented in 2024/25. She outlined the regional challenges in progressing this work and said that given the current framework is

not working for locums and the Equip implementation needs to take priority in 2025/26, along with other planned audit assignments for HROD, it has been agreed with IA that an assurance assignment post implementation of the new Medical and Dental framework will now take place in early 2026/27.

Mrs Corkey commented that she was taking a level of assurance from Mrs Toal's comments that the decision to request the deferral of 3 planned HROD audits in the Internal Audit plan in 2024/25 had been a difficult position and is not normal practice.

Mrs McKeown acknowledged the current staffing challenges, however she referred to the IA report on Payments to Staff for discussion later in the agenda and said it was important to ensure the risk around absences in HR vacant posts continues to be managed and key controls are still in place. Mrs Toal provided assurance that progress has been made in relation to filling the gaps and she outlined the finer detail to support this. Referring to Mrs McKeown's point regarding Payments to Staff, Mrs Toal pointed out that the Trust have had a number of recommendations that require additional work particularly in relation to the pay and employment team. She referred in particular to one outstanding recommendation which is based on being able to secure an additional resource to do what is essentially additionality and advised there is currently no funding stream available which makes implementation extremely difficult.

Mrs Ensor asked about the expected length of time the Business Continuity Plan will be in place, to which Mrs Toal advised the plan will be enacted from March until at least June 2025. She said the majority of her team will be supporting the move to both the new Encompass and Equip systems and will be involved by way of support to staff and data cleansing in preparation for and during the 'Go Live' date of 8 May 2025. Mrs Toal said that whilst the current period is extremely challenging, the Business Continuity Plan has been helpful in allowing management to identify areas that can be paused. Mr McCafferty concurred. In conclusion Mrs Toal assured members the risk continues to be monitored through both the HROD risk register and the CRR.

Ms O'Doherty asked for clarity on the differential between an advisory report and an audit to which Mrs McKeown responded appropriately.

Members advised they were content with the rationale provided in relation to the proposed deferral of the named audit assignments.

Mrs Toal left the meeting at this point.

ii) **AGREEMENT OF AUDIT DEFERRALS**

Mrs McKeown referred to page 2 of the IA Progress report which includes a report summarising progress being made against the 2024/25 IA Plan. At this point, Mrs McKeown asked for formal approval to defer the following 2024/25 audits at the request of Trust Management, i) Risk Management and ii) Absence Management.

In addition, Mrs McKeown guided members through the finer detail in terms of how IA in conjunction with Management, propose to utilise the audit time freed up.

Audit Committee members approved the above-named amendments to the Audit Plan

iii) **INTERNAL AUDIT PROGRESS REPORT 2023/24 (6 REPORTS)**

Mrs McKeown presented the IA Progress Report, which demonstrates progress against the 2024/25 IA Plan and provides a summary of the audit reports finalised since the last Committee meeting.

Hybrid Assurance

Self-Directed Support (SDS) Payments – Satisfactory

Mrs McKeown began by outlining the scope of the audit and was pleased to advise that Satisfactory assurance is provided on the basis that there is awareness and promotion of the SDS scheme in the Trust and comprehensive procedures and training are in place. There are adequate governance and reporting arrangements in place and the financial monitoring arrangements were found to be operating appropriately for recurrent and one-off SDS/direct payments, with minor exceptions noted in the findings. However, Limited assurance was provided in relation to Access NI checks for the employment of personal assistants for clients in receipt of SDS payments.

Access NI Checks – Limited

Continuing, Mrs McKeown advised that Limited assurance was provided over this element on the basis that for 70% of sampled clients, the keyworker was unable to provide evidence that an Access NI check was completed. One significant finding was raised through the audit which impacts on the assurance provided and Mrs McKeown guided members through the finer detail. Seven Priority 2 recommendations were identified.

Mrs Ensor invited Ms J McGall to provide an update on progress post audit.

Ms McGall referred to the IA report into Self-Directed Support Payments and to a previous assessment which had provided limited assurance and welcomed the progress made to achieve satisfactory assurance against the 2024/25 audit. Ms McGall recognized there was one aspect of the report which provided limited assurance, namely, Access NI Checks for personal assistants and pointed out this was a new aspect of review within the audit. By way of assurance, Ms McGall said she was confident that Access NI checks were being sought, however she acknowledged there was no evidence that staff had actioned any information that the Access NI checks had generated. At this point, Ms McGall outlined a number of improvement measures that had been implemented to assist in improving governance and addressing the audit recommendations, including monitoring and checking processes and the clarification of the roles of the key worker, advocate and signatory.

Mrs Ensor welcomed the update on the actions to address the gaps identified within the IA report and thanked Ms McGall for clearly demonstrating what is going to happen in the future and sharing how the new system is going to help in addressing any gaps there were in recording.

Ms McGall left the meeting at this point.

Voluntary Contracts – Satisfactory

Mrs McKeown was pleased to advise that Satisfactory assurance was provided in relation to the Management of Contracts with Voluntary Sector organizations and Sure Start on the basis that adequate and effective controls are in place to manage the contracts sampled during this audit. No errors were identified in payments

made to 30 Voluntary Sector providers in the period under review (April 2023 – July 2024). Standardised contract files are in place, along with an escalation process for non-return of monitoring and performance data. Furthermore all contracts are RAG rated on the basis of activity against agreed KPIs and the process was deemed effective with evidence of performance against targets being kept under regular review. There were no significant findings in the report that impact on the assurance provided. Two Priority 2 recommendations were identified. Management have accepted all recommendations for implementation in line with agreed timeframes.

Mrs Ensor welcomed the outcome of the exercise. Members concurred.

Management of Occupational Health – Satisfactory

At the outset, Mrs McKeown pointed out, this was the first occasion an audit of Occupational Health was performed within the Trust explaining the scope of the exercise was to assess the appropriateness and effectiveness of the controls in place surrounding occupational health arrangements in the Trust. Mrs McKeown was pleased to advise that satisfactory assurance was provided on the basis that occupational health appointments in relation to attendance management and pre-employment checks were being managed appropriately; good process were in place in relation to referrals and information governance. Furthermore service user feedback and learning themes are presented to the Staff Health and Wellbeing Steering Committee and Contracts in place with third party suppliers were appropriately managed and invoices reviewed agreed to contracted rates. There were no significant findings in the report that impact on the assurance provided. One Priority 1 and one Priority 2 recommendations were identified. Management have accepted all recommendations for implementation in line with agreed timeframes.

Mrs Ensor welcomed the excellent outcome in relation to the first audit of this area.

Management of Medical Equipment – Satisfactory

At the outset Mrs McKeown explained the scope of the audit was to assess the appropriateness and effectiveness of the controls in place surrounding Management of Medical Equipment in the Trust. Mrs McKeown was pleased to advise that Satisfactory assurance was

provided on the basis that Governance structures in relation to the management of medical equipment are adequate and effective. There are effective systems and processes in place to facilitate checking and monitoring and she guided members through the finer detail in relation to the audit exercise. While Mrs McKeown welcomed the good progress since the last IA was undertaken during 2021/22 when Limited assurance was provided, she pointed out there were a number of issues highlighted which required attention. Members noted that there were no significant findings in the report that impact on the assurance provided. Four Priority 2 and three Priority 3 recommendations were identified. Management have accepted all recommendations for implementation in line with agreed timeframes.

Payments to Staff (including travel expenses – Directorate of CYP) – Satisfactory

Mrs McKeown explained that the objective of the named assignment was to assess the appropriateness and effectiveness of systems and procedures in place to manage the payment of staff within the Trust, in order to prevent inaccuracies, with a specific focus on payments within the Children and Young People Services Directorate, adding the audit also included a review of travel expense payments within the Directorate. Mrs McKeown referred to IA of this was performed during 2023/24, with a focus on Payments to Medical Staff and the Management of Job Planning when Limited assurance was provided.

Continuing, Mrs McKeown said she was pleased to advise, that in relation to the current exercise Satisfactory assurance was provided on the basis that Staff in Post check compliance across the Trust was reasonable and response rates have improved. She guided members through the finer detail of the report and highlighted in particular, any controls which required strengthening. Members noted that there were no significant findings in the report that impact on the assurance provided. Management have accepted all recommendations for implementation in line with agreed timeframes.

Members welcomed the good outcome in relation to the audit and there were no further questions or comments.

Management of Standards & Guidelines – Satisfactory

Mrs McKeown was pleased to report Satisfactory assurance was provided in relation to the Management of Standards and Guidelines within the Trust on the basis that the Trust has adequate controls in

place to record the receipt and subsequent dissemination of Standards and Guidelines to Directorates and acknowledged the achievement of the S&G staff team on the IA report with no findings or recommendations for implementation.

The prior audit in 2021/22, identified that the Trust does not have a suitable IT solution to facilitate effective dissemination, management and assurance of Standards and Guidelines. Members noted that whilst the Trust has agreed to adopt a modified version of the Datix Safety Alerts module to manage Standards and Guidelines there has been limited progress with implementing this due to resource constraints. Mrs McKeown said that while this is recorded on the systems assurance divisional risk register it should be kept under ongoing review.

Mrs Ensor welcomed the outcome.

In conclusion, Mr McCafferty put on record his appreciation for the valuable work carried out by the Internal Audit function and the importance the Trust SLT puts on targeting their work to specific areas.

9iv) UPDATE ON DRAFT INTERNAL AUDIT PLAN 2025/26 TO 2027/28

At the outset Mrs McKeown explained the purpose of the paper, was to provide ARAC with a progress update in respect of the draft planning process. She advised that ahead of the next ARAC meeting in April 2025, she will engage with the Chair of the Committee and the proposed Strategic Audit Approach and 3 year Internal Audit Plan 2025/26 to 2027/28 will be presented to ARAC at the meeting on 10 April 2025 for approval.

Mrs McKeown referred members to the detail in the summary draft plan and mentioned in particular the draft plan has been developed at the current SLA level of 990 audit days per year. Continuing, she said that the SLT have indicated their intention to seek ARAC approval to reduce the annual audit days, to a similar level as other HSC Trusts are receiving. Mrs McKeown said that IA will work with the Trust and ARAC to reduce the SLA audit days and identify the audit areas that will require adjustment as appropriate and added, it was important to note that the impact on the IA Unit will also need considered and that SLA reduction process will require input from the

BSO Strategic Performance and Customer Engagement team and BSO Finance.

A robust discussion took place and members expressed their views on the proposal to reduce the 990 audit days per year, to bring this in line with regional counterparts. Mrs Ensor asked Ms O'Doherty if she had a view on the matter to which she pointed out, it would be important that the Trust is assured that, it has recovered from its overall Limited assurance opinion provided at financial year end 2023/24 due to the number of limited internal audit reports and the number of outstanding significant IA recommendations. Mr McCafferty said that whilst he was of the opinion the Trust should move in line with the region, further work was required by way of engaging with SLT colleagues and the Head of IA on audit activity and this would be a priority in advance of the next ARAC meeting in April 2025. It was agreed. At the conclusion of discussion, Mrs McKeown advised that in keeping with good practice, she would meet with Mrs Ensor to discuss the final IA Plan in advance of the plan being presented for approval to ARAC members on 10th April 2025.

Action – Mr McCafferty / Mrs McKeown/Mrs Ensor

9v) INTERNAL AUDIT DEFINITIONS AND TERMINOLOGY BRIEFING PAPER

Mrs McKeown presented the briefing paper and explained its purpose was to outline the various required standard definitions used by IA in their reports and to explain the standard terminologies used in IA BSO audit reports. She said the document would be a helpful tool to assist new ARAC members to become familiar with IA reports and processes, as well as being a refresher for other ARAC members and Executives.

Mrs McKeown referred in particular to point 4 and the methodology/process which informs her overall audit opinion. Mrs McKeown acknowledged the important follow up process on outstanding internal audit recommendations and acknowledged the huge work going on across the organisation to work towards full implementation of outstanding IA recommendations.

10) INTERNAL AUDIT FORUM UPDATE INCLUDING PRIORITY ONE RECOMMENDATIONS

Referring to the paper entitled, SHSCT IA Oversight Improvement Plan,

Mrs Rutherford reflected on the position across Directorates at 31 January 2025, reporting 66 recommendations due in 2024/25 remain outstanding, of which 35 are significant and 7 classified as Priority 1. She went on to advise that in a subsequent update on 10 February 2025 the overall number of 66 had reduced further to 51 recommendations due prior to 31 March 2025, with 5 recommendations being implemented and 10 recommendations being delayed into 2025/26 for delivery, mostly in relation to recommendations within Adult Community Services. Mrs Rutherford said it was important to note that delivery of 51 recommendations between now and year end is still a significant number to be achieved.

The IA Forum continue to meet and year end follow up meetings are all scheduled for early March 2025. A focus has been maintained on re-assessing the RAG status of all recommendations and identifying any where delivery is slipping beyond 31 March 2025 into 2025/26 and understanding the reasons for this. Members are continuing to work closely with IA colleagues and Dr Corrigan, to ensure as much as possible is achieved prior year end and Encompass 'Go Live'. Mrs Rutherford highlighted the progress against the 'Ten Improvement Targets' set by the previous Chief Executive and members considered the detail.

Mrs Ensor asked about the recommendations not going to be achieved by 31 March 2025. In responding, Mr McCafferty said that whilst many of these are aligned to the Medical Directorate, cross directorate input is also required to move progress forward and this can be challenging. He added that, good progress has been achieved since December 2024 and it was important to commend this. Mrs McKeown assured members IA will continue to monitor the position closely in advance of year end.

In closing discussion, Mrs Ensor reflected on the helpful additional ARAC meeting which had taken place on 21st October 2024, the purpose of which was to ensure a collective approach to navigate through the process of closing as many recommendations, as possible and reminded members a similar approach had been scheduled to take place again in 2025.

Mrs Corkey and Mrs McKeown left the meeting at this point.

11) UPDATE ON EXTERNAL AUDIT RECOMMENDATIONS

Mrs Rutherford provided an update on Outstanding External Audit Recommendations from the 2023/24 financial statements which detailed seven Priority 2 and two Priority 3 recommendations, all of which have

been accepted by the Trust for implementation within the timeframes noted.

Members welcomed the document as very helpful for the Committee in terms of monitoring progress on recommendations.

Mrs Rutherford highlighted the recommendation in relation to Clinical Negligence to ensure provisions are updated accordingly. Members noted the regional Working Group continues to consider the DLS valuation of legal cases. In relation to the Holiday/Sick Pay Provisions recommendation, Mrs Rutherford advised that a change in approach is expected and Mr Hughes enquired if there was anything that might lead to an adjustment in the draft 2024/25 year end accounts. By way of response, Ms Kane said that a huge amount of work had been undertaken on this issue in the prior year. She said engagement continues with HSC regional colleagues on holiday/sick pay and request has been made for DoH guidance on the specific Holiday/Sick Pay provision. Work continues to refine and improve the reliability of estimates. Mrs Ensor asked if the accruals were calculated. In responding, Mrs Cassells said accruals were likely this year in relation to, Consultant Back Pay and Junior Doctors Pay Award and added funding has not been provided in year.

12) **FRAUD UPDATE**

i) **SHSCT Fraud Report**

Mrs Jones, Fraud Liaison Officer (FLO) presented her written report, which included 20 fraud cases reported to date within the Southern Trust for the financial year 2024/25. She referred to a number of cases in particular and subsequently responded to questions raised. The report highlighted the ongoing risk of fraud impacting on SHSCT and the need to promote an anti-fraud culture.

Members welcomed the learning outcome provided against several cases. Mrs Jones added 9 cases reported from 1 April 2024 to date are now closed.

ii) **DAO (Dof) 04/24: Annual Theft & Fraud Report 2021/22**

Mrs Jones highlighted the key aspects of the above-named report. The total number of general Fraud cases reported for the period 2020/21 was 126, a decrease of 4 from the prior year

(130 cases). The value of cases reported amounted to £2,609k, a significant increase of £1,829k on the prior year figure of £780k. Members noted 14% of the total value reported was in respect of 'actual' cases (£370k).

Of the 126 cases, there were 3 reported cases of Fraud by Health Service Boards and Trusts. Members welcomed the good work being undertaken in terms of Fraud prevention and lessons learned.

13) UPDATE ON SHSCT STANDING FINANCIAL INSTRUCTIONS

Mrs Rutherford provided an update on the review of the Standing Financial Instructions of the Trust which were last updated in 2020. She explained that the refresh of the Standing Financial Instructions is intended to bring them up to date and also raise awareness of responsibilities outlined in these instructions again. The re-launch will also fulfil Internal Audit and other financial governance recommendations within the Trust.

Mrs Rutherford advised that it is envisaged the revised SHSCT Standing Financial Instructions will be reviewed by the Trust SLT in March 2025 for consideration by ARAC at the next meeting on 10th April 2025.

14) NEW PROCUREMENT ACT 2023 – EFFECTIVE 24 FEBRUARY 2025

Mrs Rutherford presented a paper outlining the forthcoming changes of the Procurement Act 2023, effective from 24 February 2025 as it replaces the Public Contract Regulations 2015. Members noted the Procurement Act 2023 will bring 4 key changes in the following areas: i) Conflicts of Interest, ii) New notices to be published, iii) Contract Management and iv) Direct Award Contracts.

From the date of affect, Mrs Rutherford advised the most immediate impact will be on the Direct Award Contract processes in the Trust and outlined the requirement on DAC users.

Mrs Rutherford provided assurances that processes were in place to mitigate against any impact on service delivery.

15) COMMITTEE TERMS OF REFERENCE

Mrs Ensor presented the Committee revised Terms of Reference and referred to the amendments highlighted for members ease of reference.

Members approved the Committee Terms of Reference

16) COMPTROLLER AND AUDITOR GENERAL'S REPORT ON FINANCIAL AUDIT FINDINGS 2024 – CENTRAL GOVERNMENT & ASSOCIATED MEDIA RELEASE

Ms Kane referred to the Comptroller and Auditor General's Report on Financial Audit Findings 2024 – Central Government and the associated media release. She advised the report outlines the results of audit work carried out mainly on the 2023/24 annual reports and accounts of central government bodies along with the outcomes of 20 audits from previous accounting periods which had been delayed and were certified in the year to 31 August 2024.

17) FINANCE CIRCULARS/DOH CORRESPONDENCE

i) HSC (F) 21-2024, DAO (Dof) 02/20024 Guidance on Responding to Northern Ireland Audit Office Public Reports

Mrs Rutherford referred to the above-named Finance Circular and explained that the circular provides guidance to help departments and ALBs when preparing responses to NIAO recommendations contained within their public reports and provides advice on how progress in implementing these must be monitored and reported on. Mrs Rutherford summarised the action required by the Trust in relation to the DoH Circular and pointed out that as the Trust ARAC considers NIAO reports, the circular highlights its role in monitoring the implementation of agreed actions.

Members noted ARAC may need to refer some NIAO reports to other Trust Committees for monitoring depending on the nature of the report. Mr McCafferty suggested this may be the case for the Trust Finance, Performance and Workforce Committee.

18) LOG OF FINANCE CIRCULARS

Mrs Rutherford explained the paper provides a list of the 2024 HSC (F) Finance circulars received during the year and how these have been distributed in the Trust for appropriate action. Members noted 5 new circulars had been received for action since the Audit and Risk Assurance Committee last met in October 2024.

19) **TRAINING AND DEVELOPMENT**

Members were reminded to continue to avail of learning and development opportunities.

Mrs Ensor advised she had attended Health Care Finance Manager Training at the Dunadry Hotel.

Members were advised that Ms Teggart was planning Finance training with the Committee and she would come back to the committee to take this forward. Mr McCafferty said that this was linked to the financial reviews and audit that were carried out in 2023/24.

Action – Ms Teggart

20) **REVISED MEETING DATES 2025**

Members considered the revised meeting dates for 2025 and noted the proposed amendments from the previous dates agreed at the meeting in October 2024.

Members approved the revised Meeting Dates for 2025

21) **ANY OTHER BUSINESS**

- Feedback

Mrs Ensor asked Committee members if they had any additional comments/feedback to make at the conclusion of the meeting. Mr Hughes welcomed the clear reports provided. He acknowledged there was a piece of work to do on risk and the interface between ARAC and Governance committees. He referred to the recently approved BAF and said this was a good opportunity to review this with new NEDs who joined Trust Board.

Mrs Ensor thanked everyone who had contributed to the meeting in any way.

The meeting concluded at 12.40 p.m.