Southern Health and Social Care Trust

Quality Care - for you, with you

Minutes of a meeting of the Audit Committee held on Tuesday, 11th October 2018 at 9.30 a.m. in the Boardroom, Trust Headquarters

PRESENT:

Mrs H McCartan, Non-Executive Director (Chair)
Mrs P Leeson, Non-Executive Director
Mr M McDonald, Non-Executive Director
Mr J Wilkinson, Non-Executive Director

IN ATTENDANCE:

Ms H O'Neill, Director of Finance and Procurement
Mrs A Rutherford, Assistant Director of Finance, SHSCT
Mrs C Doyle, Corporate Financial Accountant, SHSCT
Mrs F Jones, Corporate Financial Accountant/Fraud Liaison Officer, SHSCT
Mrs M McClements, Director of Older People and Primary Care, SHSCT *(Item 6i only)*
Mrs L Leeman, Assistant Director of Performance Improvement, SHSCT *(Item 4 only)*
Mrs C McKeown, Head of Internal Audit, BSO
Ms J McCaw, Assistant Head of Internal Audit, BSO
Mr S Knox, Northern Ireland Audit Office
Ms D Scott, Head of Counter Fraud & Probity Services *(Item 7 only)*
Mrs S Judt, Board Assurance Manager, SHSCT
Mrs S McCormick, Committee Secretary, SHSCT (Minutes)

APOLOGIES

Ms E Mullan, Non-Executive Director.

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 Committee 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

On behalf of members, Mrs McCartan recorded congratulations to Ms O'Neill on her recent appointment to the post of Director of Finance, Procurement and Estates and wished her well in the future.

4) MINUTES OF MEETING HELD ON 5th JUNE 2018

The minutes of the meeting held on 5th June 2018, were agreed as an accurate record and duly signed by the Chair.

5) MATTERS ARISING FROM PREVIOUS MINUTES

Mrs McCartan welcomed Mrs Leeman, Assistant Director of Performance Improvement to the meeting to provide an update on progress made against the recommendations in the Southern Trust's Console Case Action Plan. Members welcomed the progress made and noted that Head of HSC Internal Audit is chairing a regional group to develop an annual assurance statement. Work is ongoing involving Directorate of legal Services, Internal Audit and HSC in respect of CVS assurance statement. Once agreed a relevant clause can be inserted into new contracts for the 2018/19 period. This will also require an update of current performance management sections within the extant contract to support same.

6i) INTERNAL AUDIT PROGRESS REPORT (6 REPORTS)

Mrs McKeown reported on progress to date against the 2018/19 Internal Audit (IA) Plan and a summary of the audit reports finalized since the last meeting. Members noted Audit Committee approval was sought to amend the 2018/19 Annual Audit Plan. Mrs McKeown took time to explain the rationale for the change and sought approval to amend the planned audit of Management of Patient Flow to focus on the Management of Theatre utilization, rather than progress against the unscheduled care improvement plan and management of waiting lists. In regards to 15 audit days as yet unallocated, Mrs McKeown advised it

was proposed to utilize these across the Theatre Utilization audit and the audit of assurance post controls assurance standards.

Members approved the proposed amendment to the 2018/19 Annual Audit Plan.

Peacehaven Care Services – Limited

At the outset, Ms McKeown advised that this audit assignment had been added to the Southern Trust's approved audit plans for 2017/18 at the request of Trust Management. The focus of the audit was to ensure that hours commissioned as per the Trust commissioning form (DC1) were actually being delivered and accurately invoiced by Peacehaven. The audit also considered policies and procedures, service user and care worker monitoring arrangements and records management arrangements.

Members noted a Limited level of assurance was provided on the basis that staff rotas were not provided and also the inability to produce a record of payroll hours for direct care against the corresponding invoice periods tested. Additionally the provider invoices are based on commissioned times, and not on actual times delivered by care workers. One Priority 1 and Nine Priority 2 recommendations were identified.

At this point Mrs McCartan welcomed Mrs McClements to the meeting to provide an update on progress. At the outset, she advised the Trust had experienced a number of difficulties fully engaging with the provider and stated further performance management meetings were due to take place with Peacehaven the following day. Mrs McClements stated the Trust may have to consider imposing sanctions on the provider however this brings with it further challenges. Mrs McClements advised areas for concern were in the main relating to system and process issues and pointed out it was important that the Trust could assure itself that hours commissioned were being delivered. However, she highlighted it was important to note that the care provided to service users by Peacehaven was generally of a high standard.

In response to a question from Mrs McCartan, Mrs McClements advised the Trust commissions care for around 60 clients through the independent provider Peacehaven. At this point, Mr Knox asked about imposing sanctions on the provider to which Mrs Clements pointed out the possible implications for both the Trust and provider. Mr Wilkinson

welcomed the reassurance around Quality of Care, however he emphasized the need for robust systems and processes and asked at what point the Trust would involve themselves with an alternative provider. In responding, Mrs McClements advised that work was underway with regards to appointing 2 x B4 posts to undertake additional verification checks along with high level work looking at restructuring the service model.

Mr McDonald asked regarding the contract timeframe remaining between Peacehaven and the Trust. Mrs McClements reminded members that agreement on the regional Domiciliary Care model remains outstanding, therefore the contract will roll forward for the rest of this financial year.

Mrs McCartan recorded thanks to Mrs McClements for her attendance and stated the Committee was reassured that despite gaps in systems and processes, good quality care was being provided to service users.

Client Monies in Independent Sector (Residential Homes and Adult Supported Living Facilities – Limited (Apple Blossom)

At the outset Mrs McKeown explained the focus of the IA assignment was to review processes within the 10 independent homes sampled, to manage client monies. The risk in this area is reputational and also risk of financial loss to clients. Mrs McKeown pointed out this topic was previously audited in 2017/18 and members noted the outcome.

In relation to the 2018/19 audit exercise, members noted Satisfactory assurance was provided in respect of 9 of the 10 Independent Sector facilities visited, with financial controls over the management of client monies generally found to be in operation. However, Limited assurance was provided in respect of 1 of the 10 facilities, (Apple Blossom). Audit testing highlighted bank reconciliations had not been completed and client ledgers at the home where not kept up to date on an ongoing basis. Two Priority 2 and 3 Priority 3 recommendations were identified. One significant finding was identified in relation to recording of client monies at Apple Blossom.

Members noted that an unannounced follow up audit was completed at Apple Blossom during August 2018 as part of the Trust response to a range of whistleblowing allegations.

At this point, Mrs McCartan invited Mrs McClements to provide an update on progress. Mrs McClements began by pointing out that the information contained within the IA report had been commissioned regionally from a cohort of 42 Independent Sector homes across 5 Health and Social Care Trust's. Twenty of which fall into a number of "group homes" operating within the Southern locality or in other Trust areas where SHSCT has placed clients in one or more homes within the groups listed.

Mrs McClements acknowledged Limited assurance in relation to Apple Blossom was disappointing, however pointed out the encouraging position in respect of the remaining 9 Independent Sector Homes visited. Ms McCaw stated it was important to take into account the nature of the home alongside the high turnover of administration staff. Mr Knox asked if relatives were provided with an annual statement of client monies. Ms McCaw stated this is dependent on each home. At this point, Mrs Jones advised she had attended a multi-disciplinary meeting and added that Apple Blossom have an action plan in place in relation to safeguarding issues. Members noted all recommendations have been accepted by Trust management. The Finance issues have been resolved, however a number of safeguarding issues remain open.

Cash Management in Cash Offices – Satisfactory

A Satisfactory level of assurance was provided over the Cash Management in Cash Offices. IA carried out testing in the two SHSCT Cash Offices on Craigavon Area Hospital and Daisy Hill Hospital sites, along with Cashier functions completed at Ghana House, Newry. Controls were found to be operating effectively across the two cash offices visited in the Trust. Four Priority 3 recommendations were identified.

Members welcomed the outcome of the audit exercise.

Patients Private Property (PPP) Acute – Satisfactory

A Satisfactory level of assurance was provided in relation to the Management of Patient Private Property (PPP) in Acute Hospitals on the basis that Procedures for PPP are in place and a general awareness of these procedures was found during testing. The majority of wards visited across the four sites did not hold any patient property on the ward and all wards visited had a secure place to hold property if necessary. However, a range of issues were identified around

consistent application of proper process and record keeping. Two Priority 2 and four Priority 3 recommendations were identified.

Members welcomed the good audit result.

Client Monies and Cash Handling in Trust Facilities – Satisfactory

A Satisfactory level of assurance was provided on the system of internal control in relation to Management of Client Monies and Cash Handling at 9 locations selected. Monies held were generally supported by appropriate records and could be reconciled to these at all of the Older People and Primary Care (OPPC) facilities and Children and Young People's (CYP) teams visited. There were no significant findings in this report that impacted on the assurance provided. Seven Priority 3 recommendations were identified.

Members welcomed the detail provided.

Ordering and Receipt of Goods – Satisfactory

A Satisfactory level of assurance was provided on the system of internal control over Ordering and Receipt of Goods on the basis that a comprehensive suite of policies and procedures are available to all e-procurement users via the e-procurement homepage and dedicated share point site and sampled staff displayed good knowledge of these procedures. Two Priority 2 and three Priority 3 recommendations were identified.

Members welcomed the outcome of the audit exercise.

6ii) UPDATE ON INTERNAL AUDIT RECOMMENDATIONS

Mrs McKeown presented the mid-year follow up on outstanding IA recommendations. Members noted a number of IA reports had not been included as part of this mid-year follow up exercise as a full audit has been/will be undertaken in this area in 2018/19 and implementation of previous recommendations will be assessed as part of the audit.

Members noted that of the 239 audit recommendations where the implementation date is now passed, 158 (66%) were fully implemented; 70 (29%) were partially implemented and 11 (5%) were not yet implemented at the time of review. Of the 81 outstanding recommendations within this report, Three Priority 1 and Five Priority 2

recommendations are dependent on another HSC organization to allow full implementation. Of the 11 Priority 1 recommendations not implemented 10 are partially implemented and 1 not implemented. Mrs McKeown advised that a further 11 recommendations had been reprioritized from Priority 2 to Priority 3 during the September 2017 mid-year follow up. Four remain not yet fully implemented.

Ms McCaw emphasized the importance of ensuring all outstanding recommendations are actioned as a priority. At this point, Ms O'Neill updated members on the establishment of the Trust IA Forum. She advised the group, comprising representatives from each Directorate will work collaboratively to drive forward implementation of accepted IA recommendations. Ms O'Neill went on to remind members that she reports directly to the Trust SMT on a monthly basis and assured members there was a commitment to move proactively towards implementation. Significant work has already been undertaken to clear historic recommendations.

In response to a question from Mrs Leeson, regarding Directorates who repeatedly fail to implement accepted IA recommendations within an agreed timeframe, Ms O'Neill advised members Directorates would be accountable to the IA Forum and then to Audit Committee. Mrs McCartan welcomed the innovative work undertaken to date. Ms McCaw stated she would hope to see good improvement by the year end position.

6iii) INTERNAL AUDIT MID-YEAR ASSURANCE STATEMENT

Mrs McKeown presented the IA Mid-Year Assurance Statement. She drew attention to the IA assignments which have been completed and reported on for mid-year and members noted the significant findings identified impacting the levels of assurance provided.

In regards to the Payroll Shared Services follow up review issued in September 2018 with Limited assurance, Mrs McKeown advised that a summary report would be provided to the Audit Committee in February 2019.

Members welcomed the detailed report and noted this would form part of the Trust's Mid-Year Assurance Statement.

6iv) HEAD OF INTERNAL AUDIT ASSURANCE STATEMENT TRAVEL REPORT

At the outset Mrs McKeown advised that her report was in response to the Permanent Secretary's request that BSO IA undertake an audit to provide him with assurance that all Departmental Arm's Length Bodies were complying in full with the instructions set out in his letter dated, 27 September 2016 in respect of travel. Members noted that the audit focused primarily on travel outside Ireland and Britain for the period April 2017 to April 2018.

A Satisfactory level of assurance was provided in relation to SHSCT compliance with the Permanent Secretary's letter regarding travel, on the basis that the Trust is largely following the guidance and the majority of overseas travel has been approved in advance by the appropriate Director/Clinical Director. Mrs McKeown pointed out that whilst Satisfactory assurance is provided IA recommend Trust processes should be further strengthened to ensure all travel outside Ireland and Britain is approved in advance of travel booking.

In terms of next steps, Mrs McCartan highlighted the responsibility aligned to Trust Chief Executives in approving proposals for travel outside Ireland or Britain. Ms O'Neill advised that Trust management have accepted all recommendations and an Action Plan developed. In response to a question from Mrs Leeson on the issue of Value for Money (VFM), Ms O'Neill advised that reminders are issued to staff on the importance of considering VFM when booking travel.

Mrs McCartan welcomed the comprehensive audit findings.

7i) PRESENTATION

Mrs McCartan welcomed Ms Scott, Head of Counter Fraud and Probity Services (CFPS) to the meeting to present the work of the Organisation. At the outset she outlined the important work undertaken by three strategic teams in the areas of i) Investigation, ii) Detection and iii) Prevention, all working collaboratively to deliver a comprehensive counter fraud service to the Health and Social Care sector. Members noted the key statistics for the financial year 2017/18. Ms Scott advised that between April 2018 and 8 October 2018 the Southern Trust reported 8 allegations to the Counter Fraud Service, 3 of which remain open.

Ms Scott advised that since taking up post, links have been strengthened with the PSNI through the PSNI economic crime unit and also with the Department of Health. Ms Scott spoke regarding CFPS Fraud Awareness week and stated a key element of training would seek to impress upon managers the responsibility they have in discharging their responsibilities in an appropriate manner.

Discussion ensued and Mrs Leeson asked a question regarding the perception of public money in relation to Fraud and the importance of making the public aware that Fraud can impact negatively on patient care. In responding, Ms Scott acknowledged this would appear to be the case in some criminal cases, however she assured members the cost to the health service was highlighted in training sessions.

Mrs McCartan thanked Ms Scott for presenting an informative update on the work of Counter Fraud and Probity Services.

7ii) BSO COUNTER FRAUD AND PROBITY SERVICES 2017/18 END OF YEAR REPORT

Members noted the above named report and welcomed the detail. In 2017/18 Counter Fraud and Probity Services (CFPS) investigated a total of 130 referrals from HSC clients and other agencies. 57 cases were closed in year, 20 of which resulted in criminal convictions secured for a range of fraud offences. Mrs Jones emphasized the importance of fraud prevention and members noted the work being undertaken by CFPS in delivering a range of activities aimed at increasing the level of fraud awareness held by staff across Health and Social Care including 31 training presentations and workshops encompassing 2,485 staff. In conclusion, Mrs Jones referred to the Probity Services section of the report and members noted the improvements which have led to a significant increase in financial recoveries in 2017/18.

7iii) NATIONAL FRAUD INITIATIVE REPORT 2016/17

Members noted the detail contained within the NIAO National Fraud Initiative Report, published in June 2018. Mr Knox commended the data matching exercise undertaken by the National Fraud Initiative (NFI) and stated the outcomes for the first 5 exercises in Northern Ireland are almost £35 million. Between 1 April 2016 and 31 March 2018 local participation in the NFI resulted in outcomes of almost £1.9m of fraud being identified.

Members noted the detail on page 24 of the report and discussion ensued in particular around a new pilot exercise into GP registration data to benefits. Initial outcomes have identified a number of high risk registrations not entitled to free health and social care services and work is underway regarding next steps. A potential outcome from the pilot exercise is estimated at around £2 million. Final outcomes from the pilot will be included in the next NFI report in 2020. In response to a question from Mr Knox, Ms O'Neill advised that the Trust have raised the issue of GP registration with the Department of Health.

7iv) FRAUD UPDATE

Mrs Jones presented her written report detailing 9 fraud cases reported to date within the SH&SCT for the financial period 2018/19. Members considered the report and asked a number of questions to which Mrs Jones responded. Mr Knox, NIAO referred in particular to case reference 1812. In responding, Mrs Jones assured members an analysis of lessons learned would be undertaken in relation to the case and consideration given to areas requiring enhanced controls. Ms O'Neill asked members to note the complexities involved with such cases. Mrs McCartan emphasised the importance of taking forward learning. Mrs Jones advised that an Action Plan would be taken forward and she agreed to provide an update on progress at a later meeting. Mrs McCartan welcomed this.

7v) REVISED ANTI-FRAUD POLICY

Mrs Jones presented the Anti-Fraud Policy and Fraud Response Plan for approval and members considered the detail. Mr McDonald suggested that in light of discussions earlier in the meeting it would be useful to include a statement within the policy, highlighting that fraud brings with it an actual cost to patient care. Members welcomed the suggested amendment and Mrs Jones agreed to include within the document. In conclusion, she assured members that as part of Fraud Awareness Training, staff are made aware of the impact fraud has on patient care.

Members approved the Anti-Fraud Policy and Fraud Response Plan.

8) DRAFT MID-YEAR ASSURANCE STATEMENT 2018/19

Ms O'Neill presented the draft Mid-Year Assurance Statement 2018/19 and advised the document had been discussion by the Trust Senior Management Team (SMT) the previous day and further amendments were required. Members noted the detail included on page 16, setting out the Trust's position in terms of Internal Audit reports issued to mid-year point.

Subject to some further amendments, the Committee was content to approve the draft Mid-Year Assurance Statement 2018/19 for onward submission to the Department of Health on 12th October 2018 and ratification by the Trust Board on 25th October 2018.

Members approved the Draft Mid-Year Assurance Statement 2018/19

9) UPDATE ON EXTERNAL AUDIT RECOMMENDATIONS

Mrs Rutherford presented the report and updated members on external audit recommendations relating to 2017/18. In regards to Domiciliary Care, Mrs Rutherford assured members work is progressing on a number of recommendations and will continue into 2019/20. Mrs McCartan asked about payroll accruals to which Ms O'Neill advised that the Trust are presently involved in regional discussions with the Department of Health on the most appropriate classification of payroll accruals between accruals and provisions during 2018/19.

10) FINAL REPORT TO THOSE CHARGED WITH GOVERNANCE 2017/18

Mr Knox presented the final report for information purposes. Members noted the Comptroller and Auditor General (C&AG) had certified the 2017/18 Public Funds, Patients' and Residents' Monies and Charitable Trust Fund financial statements with an unqualified audit opinion without modification.

11) FINANCE CIRCULARS:

i) DoF: Revenue Business Case Test Drilling 2017/18

For information purposes, Ms O'Neill presented the above named correspondence from the Department of Health regarding the outcome of the 2017/18 revenue business case test drilling exercise. She explained the purpose of the exercise is to gain assurance that both the Department and sponsored bodies carry out appraisals and evaluations in line with the Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAR) and that decisions have been taken on a proper basis. Ms O'Neill explained that the Trust has undertaken significant work to address the issues raised through this exercise, including the establishment of an Investment Committee within the Trust to ensure improved robustness in decision making regarding investment and enhanced business cases moving forward. Following a number of questions from Mrs McCartan, Ms O'Neill clarified that the Investment Committee would report to the Trust Senior Management Team (SMT). Ms O'Neill further advised that to date staff have attended a number of face to face training sessions and the Trust continue to progress issues identified through the exercise.

Members welcomed the update and commended the work undertaken in terms of the establishment of a Trust Investment Committee.

ii) <u>HSC(F) 31-2018 October 2018: Review of Financial Process</u>

For information purposes, Ms O'Neill presented the above named correspondence from the Department of Health regarding the review of Financial Process. Ms O'Neill guided members through the proposed changes and pointed out that once the Department of Health is content testing can proceed, a "dry run" based on the 2017/18 accounts will commence. This is anticipated to be towards the end of October 2018, after which the Department will host a working group workshop to facilitate feedback on the dry run process. Members were asked to note that this dry run will not be subject to NIAO review and will be solely for internal use to identify potential issues and allow refinements in advance of the first audited dry run by NIAO, which is planned for the 2018/19 financial year.

Following a short discussion Mrs Rutherford agreed the Finance team would provide feedback on the "dry run" for the next meeting in February 2019.

Action – Ms O'Neill

12) AUDIT COMMITTEE SELF-ASSESSMENT AND ACTION PLAN 2017/18

Members noted the final National Audit Office Checklist completed on 5th June 2018 and took time to review the Action Plan arising from the self-assessment.

Mrs McCartan advised it was her intention to include the Audit Committee Self-Assessment and Action Plan with her summary report to Trust Board for information and provide a copy to Mrs McKeown, Head of Internal Audit.

13) PROPOSED MEETING DATES 2019

Members approved the schedule of proposed meeting dates for 2019.

14) TRAINING AND DEVELOPMENT

Mrs McCartan reminded Committee members to keep informed of ongoing learning opportunities and development in order to maximise their potential.

Mrs McCartan advised she would be attending the NI Public Sector 'Leadership Governance Conference' on 27th November 2018, along with a number of Non-Executive Director colleagues.

15) ANY OTHER BUSINESS

Mrs McCartan advised that Mrs Leeson, Non-Executive Director would be stepping down from the Audit Committee to join Remuneration Committee in January 2019 and she recorded thanks to her colleague for the contribution she had made to Audit Committee business. Mrs Rooney will replace Mrs Leeson on Audit Committee.

The meeting concluded at 12.30 p.m.

SIGNED: _____ ***DATED:*** _____