

**AUDIT COMMITTEE**

**Minutes of Meeting held on 12<sup>th</sup> May 2016 at 9:30am, Boardroom, Trust  
Headquarters, Bretten Hall, Antrim**

**Present:** Mr Jim Moore, Non-Executive, Chair  
Mrs Elizabeth Ensor, Non-Executive Director

**In Attendance:** Mr Owen Harkin, Director of Finance  
Mr Tomas Wilkinson, Director, Northern Ireland Audit Office  
Ms Patricia Blair, Northern Ireland Audit Office  
Mrs Catherine McKeown, Head of Internal Audit  
Mr David Charles, Northern Area Internal Audit  
Mr Colin Bryans, Acting Assistant Director of Finance  
Mrs Dorothy Killough, Administrative Support

**1. Apologies**

Mrs Geraldine McGahey, Non-Executive Director

Mr Moore advised that his term of office as Executive Director had been extended for another year and therefore he would remain as Chair of Audit Committee for that time.

**2. Conflict of Interest**

There were no conflicts of interest declared.

**3. Minutes of Previous Meeting**

The minutes of the previous meeting were agreed. They were proposed by Mr Moore and seconded by Mrs Ensor.

**4. Matters Arising**

**4.1. Regional Training for Non-Executive Directors**

It was noted that Information Governance training has been arranged for Friday 20 May 2016 and there is an expectation that all Non-Executive Directors should attend where possible.

Mr Harkin referred to a training event on 20 June 2016 arranged by the Healthcare Financial Management Association

Mr Wilkinson also referred to training provided for Non-

**Action**



#### 4.2. Information Governance

Mr Harkin confirmed that the Information Commissioner's Action Plan was presented at the Corporate Governance Steering Group and that it would be presented to the Assurance Committee.

#### 4.3. Access NI Clearance

Mr Harkin confirmed that wording in the management response was inaccurate. He agreed to review and ensure that amendments were incorporated.

Mr Harkin

### 5. Internal Audit Business

#### 5.1. Progress Report

Mrs McKeown presented the Progress Report highlighting list of audits completed for 2015/16. She advised that she would report on six audit reports today.

##### Budgetary Control 2015/16:

This audit received a satisfactory level of assurance, with no Priority 1 findings and three Priority 2 findings. All recommendations were accepted by management.

One of these findings was in relation to the Trust Board Finance Report and Mr Harkin advised that he will develop this report to ensure more succinct detail is provided. Mr Moore and Mrs Ensor welcomed this.

##### Care Management 2015/16:

This audit received a limited level of assurance with four Priority 1 findings and six Priority 2 findings. All recommendations were accepted by management.

Mrs McKeown referred to the establishment of a Memorandum of Understanding (MOU) between the Trust and the Office of Care and Protection and commented that this had been highlighted previously and has yet to be actioned. At this point in the meeting, Mr Moore welcomed Mr Oscar Donnelly, Divisional Director of Mental Health who had agreed to join to provide an update on the MOU. Mr Donnelly



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acknowledged the delay in finalising the MOU but emphasised the importance of ensuring that it is legally robust and has broad acceptance across the five Trusts. He was pleased to report that it has now been finalised and agreed by the Office of Care and Protection. The Chief Executive has now signed the MOU and it will now be sent to the Office of Care And Protection for signing. He commented that it had been raised through the Health and Social Care Safeguarding Leads and will be robustly implemented across the region.

Mr Moore acknowledged that legal issues had caused delays in finalising the MOU and was pleased and encouraged to note that it had now reached the stage for signing.

Mr Donnelly left the meeting.

There was discussion regarding other weaknesses identified in this audit. It was noted that in some cases processes are not being followed and Mrs Ensor queried if there are training issues. Mr Bryans confirmed that following a previous case, major training has been ongoing.

Mr Moore also expressed his concern that some service users are not being assessed for up to a year and although he noted the challenges, he emphasised the importance for the Trust to learn from the previous case.

There was also discussion regarding varying templates being used across teams and Mr Moore emphasised the importance of ensuring consistency. It was noted that a regional template is awaited and the urgent need for this has been escalated by the Trust.

### Compliance with Controls Assurance Standards 2015/16:

This report reviewed the evidence provided by the Trust for self-assessment of its compliance with Controls Assurance Standards for Governance, Financial Management, Risk Management, Medicine Management and Information Management and received a substantive level of compliance.

### Payments to Staff – Trust Controls 2015/16:

This report received a limited level of assurance with eight Priority 1 and two Priority 2 findings identified. Mrs



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McKeown advised that this area had previously been audited in 2014/15 when a limited assurance was provided. Management have accepted all recommendations.

There was discussion regarding instances where there was no evidence of satisfactory pre-employment checks being undertaken by the Trust in advance of commencement of staff. Mr Moore and Mrs Ensor emphasised the importance of ensuring such checks are carried out to minimise risk and Mr Moore commented that where there is an urgent requirement to commence staff before checks are completed, then appropriate caveats should be inserted.

There was then discussion regarding the Trust payroll function which moved to BSO Shared Services and Trust employees are now paid through HRPTS. Mrs McKeown commented that many issues highlighted in this report are primarily due to control issues rather than system issues and acknowledged that there are similar issues regionally.

With regard to overpayment issues, Mr Bryans confirmed that he has written to BSO and is working closely with the team there to gain assurance on their processes.

### Non Pay Expenditure 2015/16:

This report received a satisfactory level of assurance with two Priority 1 and six Priority 2 findings identified. Management have accepted all recommendations.

It was noted that there is no process in place for regular monitoring of spend against contracts. Where a contractor has multiple contracts with the Trust, it is difficult to identify spend against individual budgets. Mr Bryans commented that this is a regional issue and consistent use of a contract reference number would help to improve this. Mr Harkin commented that a system development within the FPL payments system is required to address this recommendation.

### Locum Consultant Workload 2015/16:

Mrs McKeown referred to a recent National Fraud Initiative payroll to payroll exercise which had highlighted a consultant with a full time post in another Trust who had also significant earnings in the Northern Trust for locum work. Both Trusts were asked to investigate and



subsequently BSO Internal Audit was requested to carry out a review. The audit had highlighted concerns for both Trusts and identified areas for learning.

Mr Harkin advised that following this report the Trust is currently undertaking a review into payments to Consultants. It was noted that there are some specialist services which may be more complex for payments and Mrs McKeown advised that Internal Audit planned to revisit this area again next year.

Both Mr Moore and Mrs Ensor expressed concern regarding this which has the potential for adverse publicity and the importance of the Northern and Western Trusts working together on this was highlighted.

## **5.2. Year End Follow Up of Outstanding Recommendations**

Mr Charles presented the Year End Follow Up Report on Outstanding Recommendations 2015/16 where Internal Audit had reviewed the implementation of accepted Priority 1 and Internal Audit recommendations where the implementation date has now passed. These reviews included follow up on outstanding recommendations from the previous review in September 2015. At the time of review 75% (394) of the 526 recommendations were fully implemented, 23% (123) partially implemented and 2% (9) not yet implemented. Of the 123 partially implemented, 12 are partially dependent on input from another HSC organisation for full implementation.

Mr Charles particularly highlighted individual audits where recommendations were not fully implemented.

Mr Moore expressed his disappointment that implementation dates were not being met and advised that the Audit Steering Group should monitor these and challenge where necessary and this should be discussed at the next Audit Committee meeting.

Mr Harkin advised that there had recently been consideration at Audit Steering Group and Operational Management Team to produce a database of implementation dates to ensure monitoring of these. Updates from directorates suggested that a significant number of recommendations are met but not complete due to factors beyond the Trust's control.

Mr Moore emphasised the importance of ensuring that



implementation dates are met to ensure that learning is identified. Mrs McKeown commented that Internal Audit is happy to engage with the Trust about particular recommendations as required.

### **5.3. Head of Internal Audit Annual Opinion**

Mrs McKeown presented the Annual Report for the year ended 31 March 2016. The report provides an outline of the 18 audits undertaken in 2015/16 and summarises the levels of assurance provided for each. The report also outlines non-assurance/consultancy work carried out.

Mrs Ensor referred to Charitable Trust Funds which had received a satisfactory level of assurance. She highlighted that Charitable Trust Funds are now regulated by the Charity Commission and as a Trustee she requested assurance that the Trust are following their recommendations.

Mrs McKeown highlighted the need to ensure that draft audit reports are finalised within five weeks of issue.

It was noted that as Head of Internal Audit, Mrs McKeown's overall opinion as outlined in the report is that there is a satisfactory system of internal control within the Trust, however noted that limited assurance was provided in a number of areas.

### **5.4. Annual Plan**

Mrs McKeown presented the proposed Internal Audit Plan for 2016/17 to 2018/19. She outlined factors which are considered when identifying audit areas and advised that she had met with Trust representatives regarding these.

Mrs McKeown sought Committee's approval regarding this three year plan and this was approved by the Audit Committee.

### **5.5. Shared Services Update**

Mrs McKeown shared a paper on BSO Internal Audit: Shared Services Audits as at March 2016 for information.

There was discussion regarding the audit on Recruitment Shared Services which had received an unacceptable level of assurance with seven Priority 1 findings. It was noted that there are significant ERec system functionality issues and performance of Recruitment Shared Services



is not being effectively managed and monitored. BSO have accepted all recommendations. Mr Harkin advised that the Trust has developed a recovery plan which will dovetail with the BSO recovery plan to address issues of concern. It was noted that under the new recruitment system, there is significant, additional responsibility on the Chairs of panels to ensure that processes are following in a fair, consistent and timely manner.

Members also noted that the audit on Payroll Shared Services had received a limited level of assurance with seven Priority 1 findings and again all recommendations have been accepted. It was also noted that in general, these Priority 1 recommendations were previously reported and delays in dealing with these issues is creating more complex problems. Mr Bryans particularly highlighted that BSO Payroll do not have an embedded process for preventing, identifying and recovering overpayments.

Mr Moore and Mrs Ensor expressed their concern regarding both these areas and looked forward to receiving further updates of improvement.

## **6. Audit Committee Annual Report**

Mr Harkin presented the draft report for 2015/16. Members noted the report and it was approved.

## **7. Revised Standing Financial Instructions and Standing Orders**

Mr Bryans presented the revised Standing Financial Instructions. They were initially developed in 2007 and have been amended in line with regional and internal review and to reflect current arrangements regarding the shared service environment and changes in financial systems. Following approval today they will be presented at Trust Board. He also presented the Standing Orders.

Members noted both these documents and Mr Moore thanked Mr Bryans.

There was discussion regarding Committee minutes which are noted at Trust Board and Mr Harkin highlighted the need to consider a process to ensure that updates from Committees are given in a timely manner. He suggested that Chairs could provide a short summary update for Trust Board and this should be discussed with Chairs. Mrs Ensor agreed that the process needs to change to ensure Trust Board receive timely





## **8. Draft Annual Accounts – including draft Annual Report and Draft Governance Statement**

Mr Harkin presented the Draft Annual Report for noting which includes the Governance Statement. This will be subject to change as further comments are received and will be finalised at Audit Committee on 7 June 2016.

## **9. Register of Single Tender Actions**

Mr Harkin presented the register of single tender actions for information. Mr Moore was happy to note the number of green ratings. Mr Harkin commented that it is hoped that the number of single tender actions will reduce.

## **10. Correspondence**

### **10.1. HSC(F)/DAO/DFP Letters**

Audit Committee noted the content of the circular register.

### **10.2. BSO Provisional Assurance**

Audit Committee noted a letter from the Chief Executive of BSO to the Trust's Chief Executive which provides a form of provisional assurance to support audit committee considerations in advance of the approval of year end statutory accounts.

## **11. Any Other Business**

There were no items.

## **12. Date of Next Meeting**

Tuesday 7<sup>th</sup> June 2016 at 2pm, Meetings Room, Bretten Hall, Antrim