

AUDIT COMMITTEE

Minutes of Meeting held on 20th October 2015 at 2:00pm, Boardroom, Trust Headquarters, Bretten Hall, Antrim

- Present:** Mr Jim Moore, Non-Executive, Chair
Mrs Elizabeth Ensor, Non-Executive Director
Mr William Graham, Non-Executive Director (in attendance)
- In Attendance:** Mr Owen Harkin, Director of Finance
Mr Tomas Wilkinson, Director, 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 Suzanne Pullins, Head of Governance and Patient Safety
Mrs Elizabeth Brownlees, Assistant Director Human Resources
Miss Karen O’Kane, Administrative Support
Mrs Hilda Hagan, HSC Sponsorship Branch, Department of Health, Social Services, and Public Safety (observer)

Mr Moore began the meeting by welcoming Mr William Graham, Non-Executive Director, and introducing those present to Mr Graham. Mr Graham will be taking up post as the third Non-Executive member of Audit Committee following formal noting at the next Trust Board meeting. Mr Moore also welcomed Mrs Hilda Hagan, who was in attendance as an observer.

	Action
<p>1. Apologies There were no apologies.</p>	
<p>2. Conflict of Interest There were no conflicts of interest declared.</p>	
<p>3. Minutes of Previous Meeting The minutes of the previous meeting were agreed and would be presented to the next Trust Board meeting.</p>	Miss O’Kane
<p>4. Matters Arising <u>Agenda for Change:</u> Mr Harkin reported that Agenda for Change remained an issue for both the Trust and the region. Work continued with Human Resources to progress and finance staff would review the accrual.</p>	
<p>4.1. Audit Committee Terms of Reference The Terms of Reference were amended as per the new format as agreed through the Governance Framework.</p>	



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The section on the Audit Committee Self Assessment would be revised to reflect the new requirement under the Mid Year Assurance Statement.

Mr Harkin

4.2. Audit Committee Annual Report

The report was agreed by Audit Committee subject to the dates in the document being updated to 2014/15 and the report will then be taken to Trust Board for noting.

Miss O’Kane

5. Internal Audit Business

Before presenting the Progress Report, Mrs McKeown requested that the regional audit of Incident Management be postponed. Audit Committee agreed to the request.

Mrs McKeown

5.1. Progress Report

There were nine internal audit reports presented:

Bank & Cash:

This audit received a satisfactory overall assurance with no priority 1 findings. Management had accepted all recommendations.

Charitable Trust Funds:

The audit of Charitable Trust Funds was satisfactory with two priority 1 findings. All recommendations, including the need for the Trust to have a formal strategy for expenditure of funds and engagement with fund managers, were accepted. Mr Harkin acknowledged that the Trust needed a formal strategy and Mr Moore added that the Charitable Trust Funds Committee continued to focus on increasing expenditure and was encouraging directorates to increase spend by 10%. He was, however, disappointed with the finding on policies and procedures as he was aware of the hard work of both the finance staff and fund managers.

Cash Management & Management of Client Monies in Social Services Facilities:

There were no priority 1 findings in this satisfactory report and again all recommendations were accepted. Audit Committee members were pleased with the outcome and asked that staff continue to be educated. Mr Bryans advised that over 150 staff and managers had been trained across both Trust facilities and the independent sector and, whilst there was some resistance, it was important for staff to be trained to provide protection by following the appropriate guidance.

Review of Client Charging:

Following an unsatisfactory report from RQIA, the Trust requested that Internal Audit carry out an audit of a specific facility with respect to potential inappropriate charging of clients. The audit report found some issues, for example, unacceptable standards of paperwork and



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insufficient records. All recommendations were accepted by management and the Trust would be carrying out work examining financial records over a longer period and would be investigating whether there were potential care issues. This work will be led by a Senior Manager from the responsible service directorate. A referral has also been made to the BSO Counter Fraud and Probity Service.

Mr Moore was keen that Internal Audit would follow up this work.

Management of Client Monies in Independent Sector Homes:

Internal Audit visited 15 facilities and provided a satisfactory assurance with one priority 1 finding and a number of priority 2 findings. Trust Management have accepted all recommendations and the outcome of this audit, and similar ones carried out in other Trusts, would be shared regionally. Mr Bryans, in response to queries from Audit Committee members, reported that the findings are also shared with the appropriate care directorates and that general communication is issued to all independent sector homes. Targeted communication is sent to those homes where specific issues have been identified. The Trust finance department continues to follow up on the assurances required under circular HSC (F) 08/2015 regarding safeguarding of user's finances.

Directorate Risk Audit – Mental Health and Disability Services:

Internal Audit provided a satisfactory assurance over the processes and procedures in place on Admissions and Deprivation of Liberties in the Mental Health Directorate. There were two priority 1 findings, one in each area. All recommendations were accepted. Mr Moore noted that the audit highlighted that managers should reinforce the policies and procedures in place.

COSHH:

This audit received a limited overall assurance, with two priority 1 findings in relation to maintenance of a database and training not being carried out. All recommendations were accepted. It was agreed that the outcome of the report was disappointing; however, Mrs Pullins outlined steps already taken to move forward. COSHH compliance, for example, will be included with general risk assessments and training reviewed with a view to examining options to cascade training and focus on those staff that require immediate training. Mr Moore asked that the timeframes agreed were realistic to enable the staff to meet them, and that the audit was included in the follow up work. Mrs McKeown commented that it was a positive move for the Trust to be examining this area.



Laboratory Procurement & Contract Management:

A limited assurance over laboratory procurement and contract management was provided, with four priority 1 findings and a number of priority 2 findings. The priority 1 findings concerned: lack of agreement on the laboratory spend with Belfast Trust, no register of contracts within laboratory services, lack of management of Single Tender Actions, and issues with laboratory payments. Audit Committee members expressed concern given the previous procurement issues in the Trust and that poor practice was evident. Mr Harkin said that he and the Chief Executive shared this concern and were very aware of previous procurement issues. Mr Harkin will meet with the relevant director and ensure an action plan, with achievable implementation dates, is put in place. Mr Moore asked that the report be amended to show the relevant director as the responsible officer for implementing the recommendations, not the manager.

Mr Harkin

Mr Charles

5.2. Mid Year Follow Up on Outstanding Recommendations

Mr Charles reported that all previous recommendations were examined and of 454, 72% were fully implemented, 26% partially implemented and 2% were not implemented. There were 21 recommendations that required input from other bodies before they could be fully implemented and some, for example in relation to Pharmacy, which also had a regional dimension. Mr Moore drew attention to those areas that had been outstanding for a long period, that is, management of medical staff job plans, community equipment maintenance, use of agency staff and supervision of social work. Mr Harkin advised that going forward follow up of previous recommendations would form part of the new Audit Steering Group process. He further advised that the use of agency staff is monitored at the accountability meetings held with directors and he would maintain a focus on this area. Mr Charles added that supervision of social work would be reviewed again.

5.3. Shared Services Update

An update on three Shared Services Internal Audit reports was submitted to Audit Committee for information. Satisfactory assurance was provided for the Payments Shared Service and the Business Services Team, with a limited assurance on Payroll Services. There were five priority 1 findings, which were previously highlighted and BSO management have accepted all recommendations. Mrs McKeown agreed with Mr Moore's assessment that the issues appeared to be operational rather than relating to the system itself. Mr Harkin added that he had



concerns going forward around the capacity to maintain current performance. Mr Bryans concurred with this view, which is consistent across all Trusts, and has raised the matter with the BSO Customer Forum.

6. Audit Committee Self-Assessment Checklist

Mr Moore said that Audit Committee members had met recently with Mr Charles and had gone through the self-assessment checklist. There was only one action regarding an induction checklist for new members. Mrs McKeown suggested that there may be some regional training available and Mr Harkin would follow this up with his Director of Finance colleagues.

Mr Harkin

7. Head of Internal Audit Mid Year Assurance Report

Audit Committee noted the mid year report from Mrs McKeown which informed the Trust's Mid Year Assurance Statement.

8. Mid Year Assurance Statement

Mr Harkin reported that a draft of the Mid Year Assurance Statement had been submitted to the Department of Health, Social Services, and Public Safety and it would be formally considered at Trust Board on Thursday 22nd October. He then took Audit Committee through the main points of the statement and no comments were made.

9. Trust Audit Steering Group – Terms of Reference

Mr Harkin said that he would foresee the Audit Steering Group taking on the role of holding directors to account on Internal Audit reports and following up on outstanding recommendations. Audit Committee considered the draft Terms of Reference and under the duties section it was agreed that they should be amended to read, "To review and contribute to the Internal Audit Plan," rather than "review and agree."

Mr Harkin

Mr Harkin proposed that the timetable would be to have the Internal Audit reports and the Audit Steering Group meeting synchronised around Audit Committee to ensure a timely flow of information.

10. Whistleblowing Update

Mrs Brownlees spoke to the Whistleblowing Update circulated to attendees and said this was an area the Trust continued to learn lessons on. Mrs Brownlees also provided a brief verbal update on current and previous cases and noted that she had made contact with Valerie Evans, Northern Ireland Audit Office, to discuss regional issues and learning that could be shared across Trusts. Mrs Brownlees would also consider reviewing the proforma used to add a



section on embedding learning. Mr Moore thanked Mrs Brownlees for her attendance and said she had provided a good overview.

11. Register of Single Tender Actions

The register of Single Tender Actions (STA) was brought to Audit Committee for information. Mr Harkin informed the committee that the Permanent Secretary had not approved an STA in respect of a part for a CT Scanner.

12. Fraud Update

12.1. New online resource for staff

Mr Bryans provided a brief update on the new online fraud resource for staff. This includes the grouping of all training resources and policies together, as well as information on best practice and regular updates on fraud cases from Counter Fraud and Probity Services.

13. Schedule of Losses

Audit Committee took note of the schedule of losses up to 30th September 2015.

14. Correspondence

14.1. HSC(F)/DAO/DFP Letters

Audit Committee noted the content of the circular register.

14.2. BSO Assurance 2014/15

Audit Committee noted the assurance provided by the Business Services Organisation to the Trust for the financial year 2014/15.

14.3. NIAO Correspondence

- **Audit of Annual Accounts**
Mr Wilkinson advised that whilst the audit of the Trust's accounts is usually contracted out, a break in the contract has provided an opportunity for NIAO to bring the audit in house this year. The process will be the same as in previous years but it is likely that there will be more focus on regularity issues.
- **Final Report to Those Charged with Governance**
The final report was brought to Audit Committee for noting. Mr Wilkinson said it was unchanged from the draft report presented to Audit Committee in June 2015.

15. Any Other Business

There were no items of Any Other Business raised.

Mr Moore asked Mrs Hagan if she wished to share any



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observations from her attendance. Mrs Hagan responded that the purpose of her visit was to observe how Audit Committees operated across the Trusts and that a report on all Arm's Length Bodies would be produced early in 2016.

16. Date of Next Meeting

To be arranged for early 2016.