

## AUDIT COMMITTEE

Minutes of Meeting held on 21<sup>st</sup> October 2014 at 2:00pm, Boardroom, Trust  
Headquarters, Ground Floor, Bretten Hall, Antrim

**Present:** Mr Jim Moore, Non-Executive, Interim Chair  
Ms Pamela Montgomery, Non-Executive Director  
Mrs Elizabeth Ensor, Non-Executive Director

**In Attendance:** Mr Larry O'Neill, Director of Finance  
Mr Arthur O'Brien, Partner, KPMG  
Mr David Charles, Northern Area Internal Audit  
Mrs Dorinnia Carville, Director, Northern Ireland Audit Office  
Mr Colin Bryans, Acting Assistant Director of Finance  
Mrs Clare Duffield, Director of Human Resources  
Mrs Brona McAuley, Acting Financial Accounting and  
Governance Manager  
Mr John McKeown, Department of Health, Social Services and  
Public Safety (observer)  
Miss Karen O'Kane, Administrative Support

Mr Moore began the meeting by introducing and welcoming Mrs Elizabeth Ensor, newly appointed Non-Executive Director, to Audit Committee. He also took the opportunity to note the contribution of Mr Norman Bennett, Lay Advisor to Audit Committee, and had written to Mr Bennett to thank him.

### 1. Apologies

Apologies were received from Mrs McKeown, Head of Internal Audit, Business Services Organisation

### 2. Conflict of Interest

There were no conflicts of interest.

### 3. Minutes of Previous Meeting

The minutes of the previous meeting were agreed.

### 4. Matters Arising

- Agency and Locum Report: It was agreed that an Audit Committee meeting is to be arranged with all Directors members to discuss outstanding recommendations, including those in the Agency and Locum Report.
- Update on Estate Services Report: Mrs Duffield was in attendance for this item and provided an update on the out workings of the Estates Services Report from the Independent Consultant and Internal Audit. Mrs Montgomery thanked Mrs Duffield for the update and stated that Audit Committee would be keen to see the matters resolved. Mr O'Neill indicated that work was

## Action

**Mr O'Neill**



progressing on the Business Case for Response Maintenance. With respect to the Internal Audit work, a draft report had been received and was currently being reviewed by Trust staff. Mr Charles will be following this up with Mr O'Neill.

- Investigation into Charging and Management of a Service User: Mrs Roulston, Executive Director of Social Work, had supplied an update on this matter. Mr O'Neill said this matter would also be subject to Internal Audit follow up.

#### 5. Audit Committee Terms of Reference

It was agreed that the Audit Committee Terms of Reference would be amended so that all references to the Statement of Internal Control would now read Governance Statement.

#### 6. Internal Audit Progress Report

There were six reports presented to Audit Committee as noted below:

Cash Management & Management of Client Monies in Social Services Facilities: This routine audit received a satisfactory assurance with no priority 1 findings and four priority 2 findings. With respect to the priority 2 finding concerning the loan of monies to a service user, Mr O'Neill has requested that this be followed up. Mr Moore inquired as to whether the situation was improving in the facilities. Mr Charles replied that the number of recommendations made had been decreasing and Mr Bryans reported that over 200 staff had been trained in the past year.

Direct Payments 2014/15: Internal Audit provided a satisfactory assurance on Direct Payments, which had received a limited assurance in the previous year. There was one priority 1 finding with regarding an outstanding invoice and bank statements not being received. Mr O'Neill will investigate this further.

Performance Management: There was one priority 1 finding in this audit report, with an overall satisfactory assurance. The priority 1 related to the Trust Performance Report and the recommendation that this be made more succinct and user friendly. There were also four priority 2 findings on directorate plans. All recommendations had been accepted by management. Mr Moore acknowledged that there had been on-going development of the Performance Report.

Claims Management 2014/15: Mr Charles informed Audit Committee that this report had received a satisfactory assurance with no priority 1 findings and several priority 2 findings. All recommendations have been accepted by management.

Management of Client Monies in Independent Sector

Miss O'Kane

Mr O'Neill



Homes 2014/15: Whilst this audit received a satisfactory overall assurance, there was a limited assurance provided in respect of three facilities, leading to seven priority 1 findings. There were also seven priority 2 findings. All recommendations were accepted by management. Mr Charles then outlined the regional approach being taken across the Trusts on independent sector homes: audit outcomes are shared with all Trusts; the Regulation and Quality Improvement Authority issued a report earlier in May 2014 on the Oversight of Service User Finances in Residential and Supporting Living Settings, and noted that the regional contract had not been updated recently. Mr O'Neill reiterated that the Trust had few options to sanction independent homes but he would review the full report, investigate any further issues and refer the matter to the Trust safeguarding services to ensure there were no care issues. Mrs Carville understood that the regional contract was under review and advised that the Audit Office had written to the Department of Health, Social Services and Public Safety on the wider issues that had arisen due to the recent report on a residential facility. Mr O'Brien added that sanctions were only available when there were serious financial concerns and that it would be difficult to take action against more minor financial matters. Mr O'Neill restated that he would review the report and look at options such as training, for example.

Mr O'Neill

#### **7. Mid Year Follow Up on Outstanding Recommendations**

Mr Charles reported that 79% of previous recommendation had been fully implemented, 15% were partially implemented and 6% had not been implemented. This represented an improvement from the previous position. Mr Moore expressed his concerns around those recommendations that were not yet implemented and stated that he was in agreement with Mr O'Neill's proposal that an Audit Committee meeting be held with Directors to take forward. This will be arranged in due course.

Mr O'Neill

#### **8. Head of Internal Audit Mid-Year Assurance Report**

Mr Charles said that this report provided a snapshot of work done to date, including the Internal Audit assignments completed and reported on. Mr Charles outlined the priority one findings made and the follow up work carried out on previous recommendations. He then drew attention to the Business Services Organisation (BSO) Audit Reports on Income Shared Service and Payments Shared Service, which were shared with the Trust as customers of BSO. There were no priority 1 findings in Income and three in Payments.



Recommendations have been made to BSO management. Mr O'Neill conceded that whilst issues with the FPL system had settled, he was still concerned about the limited assurance and the potential impact on the year-end process and accounts and asked if the areas would be re-audited. Mr Charles confirmed they would be. Mr O'Neill advised that he would be writing to the Head of BSO. Mrs Carville recommended that the matter should be referred to in the Mid-Year Assurance Statement. It was also noted that there had been an issue with the timeliness of third party assurances to the Trust. The Audit Office and Internal Audit will continue to pursue. Mr Charles indicated that Internal Audit would be looking at retained non-pay expenditure as part of the audit assurance work in the Trust.

**9. Mid Year Assurance Statement**

Mr O'Neill spoke to the draft Mid Year Assurance Statement and said it provided an update on the year-end Governance Statement, as well as, identifying any new issues. The format is provided by the Department. Mr O'Neill drew attention to the main issues covered in the statement, for example, how the Trust has dealt with RQIA reports received and updates to the Trust's performance report which are reported by exception. Mr O'Neill also outlined some of the Internal Control Divergences, which had been updated from the Governance Statement.

Following discussion the following actions were agreed:

- Updates will be brought to Trust Board by the relevant directors on the Radiology Review, Pseudomonas and Whistleblowing.
- Service User Finances: Mr O'Neill to consider the addition of a comment reflecting that the Trust is working on a regional basis with other statutory bodies.
- Mr O'Neill to expand the section on financial risk to ensure that the issue is fully covered and that the impact of Agenda for Change is reflected.
- The draft statement will be submitted to the Department of Health, Social Services and Public Safety and taken to Trust Board on Thursday 23<sup>rd</sup> October.

**Mr O'Neill**

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**10. Audit Committee Self Assessment Checklist – Action Plan**

Mr Moore advised that the action plan had been developed following the committee's completion of the Self Assessment Checklist. Mr Moore will take forward the actions.

**Mr Moore**

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

Mr O'Neill outlined the Trust's process for Single Tender Actions and Audit Committee took note of the register. Single Tender Actions are a standing item on the accountability meetings held with each directorate.

### **12. Fraud**

- National Fraud Initiative: Northern Ireland: Audit Committee noted the report from the Comptroller and Audit General. Mr Bryans provided a brief synopsis of the National Fraud Initiative and advised that the 2014/15 exercise was due to commence shortly.

### **13. Correspondence**

#### **a) HSC(F)/DAO/DFP Letters**

Audit Committee reviewed the summary of finance circulars received by the Trust and the actions taken. Mr O'Neill will check if there is an impact on the Trust from the issuing of the Audit and Risk Assurance Committee Handbook, under circular reference HSC(F)17/2014.

#### **b) NIAO/VFM Work Programme 2014/15**

Mrs Carville gave an update on the Value for Money Work Programme in 2014/15. The report on "Safer Births" had been published earlier in 2014. The study on "Private Practice Arrangements in HSC Bodies" and the "Prescribing in Primary Care" study would be issued to the Department of Health within the next few months. The Comptroller and Auditor General would also be issuing a report on general matters in due course.

### **14. Any Other Business**

Audit Committee noted that the final version of the Report To Those Charged with Governance had been received. Mrs Carville advised that the substance of the report had not changed from the draft version previously considered by the committee.

John McKeown, attending in an observer capacity from the Department of Health, Social Services and Public Safety, stated that he was satisfied with the themes covered by Audit Committee and the conduct of the meeting. He described the new focus of departmental accountability meetings, which would now focus on outstanding recommendations and those areas that had received limited assurance on more than one occasion. He requested that all Internal Audit reports with limited assurance be shared with the Department.

**Mr O'Neill**



**15. Date of Next Meeting**

The next meeting of Audit Committee will be arranged in due course.