Belfast Health and Social Care Trust

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TRUST BOARD SUBMISSION TEMPLATE

MEETING	**Trust Board**	**Ref No. 8**
DIRECTOR	**Director of Finance**	**Date 1 Dec 2022**

Audit Committee papers from October 2022 meeting

Purpose	• For assurance and noting. • Audit committee minutes, Audit Committee Annual Self-Assessment of Effectiveness and Annual Review of Audit Committee Terms of Reference
Corporate Objective	• Underpins all corporate objectives
Key areas for consideration	• Audit committee minutes for noting • Audit Committee Annual Self-Assessment of Effectiveness Report – demonstrated 100% compliance with National Audit Office Good Practice Checklist • Annual Review of Audit Committee Terms of Reference
Recommendations	• For noting

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Minutes of the Audit Committee Meeting
21 June 2022, 10 am
Virtual via TEAMS due to COVID-19 Restrictions

Present:

Professor Martin Bradley, Non-Executive Director (Chair in Mr Smyth's absence)
Mrs Nuala McKeagney, Non-Executive Director
Ms Carmel Hughes, Non-Executive Director

In Attendance

Mrs Maureen Edwards, Director of Finance, Estates and Capital Development
Mrs Fiona Cotter, Co-Director Financial Services
Mrs Nicola Williams, Head of Governance and Client Accounting
Mrs Catherine McKeown, Internal Audit (BSO)
Miss Gillian Jest, Internal Audit (BSO)
Mr Brian Clerkin, External Audit (ASM)
Mr Stephen Knox, External Audit (ASM)
Ms Sarah Christie, Board Apprentice
Mrs Christine Wilkinson, Co-Director ACCOPS – Min AC20/22 a
Mrs Eileen Carson, PA, Minute Taker

Apologies:

Mr Gordon Smyth, Non-Executive Director
Dr Patrick Loughran, Non-Executive Director
Mrs Miriam Karp, Non-Executive Director
Dr Cathy Jack, Chief Executive
Mr Chris Hagan, Medical Director
Miss Gillian Traub, Director of Adult, Community, Older People Services and AHP

Professor Bradley welcomed everyone with special thanks to Miss Hughes attending to ensure quorum.

AC19/22 Minutes of the previous meeting

Members considered and approved the minutes of the previous meeting held on 26 April 2022.

Proposed: Mrs McKeagney *Seconded:* Professor Bradley

AC20/22 **Matters Arising/Action Log**

a. Min AC/13/22i – Management of Clients Monies IS Homes

Mrs Wilkinson provided an update on the Management of Clients Monies with particular regard to City View Court advising that following the Internal Audit report, the Trust's Co-Director for Accounting and Financial Services, the Co-Director for Adult Community and Older Peoples Services and the Trust's Contracts Manager met with the management team from City View Court to review the audit findings and agree an action plan. Mrs Wilkinson advised that City View Court had been given to 4 July 2022 to provide evidence of full compliance with 12 of the Internal Audit recommendations or contractual action in the form of a performance notice will be considered.

Mrs Wilkinson also advised that meetings have taken place with the other IS homes who have provided evidence and assurances that their action plans have progressed and recommendations implemented.

Mrs Wilkinson advised that the Trust had shared the Internal Audit report, action Plan and the minutes of the meeting with City View Court with RQIA who will attend the follow up compliance meeting on 4 July 2022.

Mrs Wilkinson advised the Committee that she is confident that City View Court would be able achieve some level of acceptance by 4 July adding that the new manager has been very proactive and has been reminded that contractual action would be taken if this isn't the case.

In response to Mrs McKeagney's concerns over the overall governance of the home, Mrs Wilkinson advised that City View Court is under enhanced monitoring which has gone from weekly to fortnightly and now monthly monitoring as the day to day quality of care operations is evidenced to be good. There have been site visits, unannounced, out of hours and a lot of family contact in relation to feedback around the day to day quality of care and their experience. Mrs Wilkinson concluded that there are no other concerns at this time.

Professor Bradley thanked Mrs Wilkinson for her update.

With regard to the recruitment of agency staff in the home and verification checks regarding their Access NI status, Professor Bradley suggested that it would be useful to get a bit more reassurance at some stage that checks are being carried out.

Action: Gillian Traub

AC21/22 **Chairman's Business**

a. **Conflicts of Interest**

No conflicts of interest noted.

b. **Management Statement/Financial Memorandum (MS/FM) – Annual Review**

Mrs Williams advised the MS/FM had been subject to annual review and noted there were no revisions to the document. The Committee noted the MS/FM.

Members noted that the new DoH partnership agreements, currently being developed, would replace the MS/FM.

AC22/22 **Report of Internal Auditor**

a. **Progress Report 2021/22 and 2022/23**

Mrs McKeown provided a summary of the Progress Report made against the 2021/22 Internal Audit Plan and an update of the audit reports finalised since the last Committee meeting. Mrs McKeown advised that all work is complete for 2021/22 with the exception of the Covid Payment Validation Work SRP - Post Payment Validation checks on behalf of DoH for Independent Sector Providers. The report is in draft form, with IA awaiting management responses directly from DoH. Once finalised, the work will be completed and a briefing note provided through the Audit Committee.

i. **Management of Medical Devices 2021/22**

Mrs McKeown provided limited assurance in respect of Management of Medical Devices 2021/22. Limited assurance was provided as there wasn't a complete central inventory and there was limted assurance that Designated Equipment Controllers, appropriate servicing, maintenance and training were in place for every Trust medical device. Management have accepted all recommendations. An action plan has been developed and Mr Hagan will provide an update at the next Audit Committee meeting.
Action: Mr Hagan

ii. **Quality Management Systems (QMS) Division of Surgery 2021/22**

Mrs McKeown provided satisfactory assurance in respect of QMS Division of Surgery 2021/22. Management have accepted all recommendations.

iii. **Quality Management System (QMS) Corporate Process 2021/22**

Mrs McKeown provided satisfactory assurance in respect of QMS Corporate Process 2021/22. Management have accepted all recommendations.

iv. **BSO Internal Audit Briefing Note on Assurance Mapping Advisory Work May 2022.**

Mrs McKeown provided a summary of the outcome of advisory work IA conducted over the 5 Trusts around assurance mapping. The advisory work aims to assist in the ongoing development of assurance frameworks and specifically assurance mapping in HSC Trusts. The Belfast Trust is ahead of some of the other Trusts and has already introduced the concept of RAG rating, control effectiveness and utilising the 3 lines model in the assurance framework already. Mrs McKeown advised that there are partial assurance sources at each of the 3 lines which is consistent with the Trust's overall RAG rating of Amber.

b. Head of Internal Audit Annual Report 2021/22

Mrs McKeown provided a summary of the Head of Internal Audit Annual Report 2021/22.

Mrs McKeown noted that with regard to Management of Whistleblowing the limited level of assurance opinion was being carried over from last year. Mrs McKeagney advised that the Trust has employed a new whistleblowing manager and has been very impressed with her approach to the work involved so IA should see major improvements going forward.

Mrs McKeown advised that there were 18 assurance assignments, 8 being provided with satisfactory assurance, 6 provided with limited with the remaining 4 with a split opinion with an element of satisfactory, limited and in one case unacceptable (City View Court).

Overall for the year ended 31 March 2022, Mrs McKeown provided satisfactory assurance on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.

c. Head of Internal Audit General Annual Report for HSC 2021/22

Mrs McKeown provided a summary of the Head of Internal Audit Annual General Report for HSC 2021/22.

Mrs McKeown noted that there was a lower proportion of satisfactory assurances in 2021/22. Mrs McKeown advised that 51% of assurance opinions provided across the HSC in 2021/22 were satisfactory. A further 15% of opinions were split satisfactory/limited assurance, 32% were limited assurance, 1% split satisfactory/limited/unacceptable assurance and 1% was Unacceptable assurance.

Mrs McKeown added that across the 16 HSC organisations, the 2021/22 year end follow up on Internal Audit recommendations found that 80% of recommendations reviewed were fully implemented, an increase from the previous year (71%).

It was noted that the Belfast Trust (No 3) had performed well relative to other Trusts.

Mrs McKeagney thanked Mrs McKeown and her team for their hard work in producing a comprehensive and professional report. This was endorsed by the rest of the Committee.

AC23/22 Belfast Trust Consolidated Annual Report and Accounts including Patients Residents Monies 2021/22

Mrs Edwards presented the Annual Report and Accounts for consideration by the Audit Committee for recommendation for approval to the Trust Board. She explained the Accounts had been prepared in accordance with 90(2) of the HPSS(NI) Order 1972 as amended by Article 6 of the Audit and Accountability (NI) Order 2003, and are in the format directed by the DoH. The Trust's financial statements consolidate the accounts of charitable trust funds. The Trust has accounted for these transfers using merger accounting as required by the FReM.

Mrs Edwards advised the accounts were submitted by 6 May 2022 and will be available for laying prior to the 6 July 2022.

ASM have confirmed in the draft report to those charged with governance that they are recommending to the Comptroller and Auditor General that he certifies the 20212/22 financial statements with an unqualified audit opinion without modification.

Mrs Edwards provided a review of the accounts:

- The Accounts show that the Trust met the statutory breakeven target, a surplus of £127k is reported, and remained within the Capital Resource Limit by £740k.
- The Trust income and RRL increased by £131m between 2020/21 and 2021/22.
- The total gross pay expenditure for 2021-22 was £1,137m which represents a slight increase of £3m on 2021-22.
- Goods and services expenditure (excluding non-cash items) rose by £101.7m.

- The Trust's Capital budget for 2021/22 was £87.2m, major capital schemes accounted for £56m and general capital schemes for £31.2m.
- There were no adjusted difference identified during the course of the audit. The was one unadjusted misstatement to the draft accounts reported in the RTTCWG: £26m classification on payroll payable to provision.
- Monies held on behalf of patients and residents - £3.716m was received from, and £3.195m paid out to patients and residents. The balance at year end amounted to £8.042m.
- In line with the DoH Circular HSC(F) 09-2-21 electronic signatures are permitted again on submission of the final approved annual report for 2021-22 to the NIAO.

Mr Knox advised that with regard to PFI there would be guidance notes coming from the DoH later today in the form of an IFRS16 disclosure note. He also advised that there would be an email coming through regarding the wording for the budget. Finally, clinical excellence has been moved from an accrual to a contingent liability.

Mrs Edwards thanked Mr Knox and ASM for all the assistance and support given to meet the timetable despite a number of late emerging issues and was hopeful that clarification would be received in the next day or two.

Mrs Edwards and Mr Knox provided the two different interpretations regarding holiday pay and whether it should be treated as an accrual or a provision. Mrs Edwards asked whether the Committee were content not to adjust the accounts. This was agreed.

The Belfast Trust Consolidated Annual Report and Accounts including Patients Residents Monies 2021/22 was approved by the Committee in its current form.

Proposed: Mrs McKeagney *Seconded*: Professor Bradley

AC24/22 Belfast Trust Charitable Trust Fund Accounts 2021/22

Mrs Edwards presented the Charitable Trust Funds Accounts for consideration by the Audit Committee for recommendation for approval to the Trust Board. The Accounts have been prepared in accordance with 91 of the HPSS(NI) Order 1972 as amended by Article 6 of the Audit and Accountability (NI) Order 2003, and are in the format directed by the Department of Health. Although the CTF accounts are consolidated into the Trust financial statements, the Trust is still required to publish a separate report and accounts for CTF. The CTF Accounts timetable mirrors that for the Public Accounts and the draft annual accounts were duly submitted by the prescribed date. Subject to final certification by the NIAO, the CTF Accounts will be available for laying before prior to 6 July 2022, in line with the DoH timetable.

ASM has confirmed, in the draft RTTCWG, that they are recommending to the C & AG that he certifies the 2021-22 CTF Accounts with an unqualified audit opinion, without modification

There were no audit issues raised in the RTTCWG in respect of Charitable Trust Funds Accounts.

Mrs Edwards provided a review of the accounts:

- Income was £1.81m, a 68% decrease from £5.72m in previous year, which was inflated by the £3m Ministerial directive donation. Comparable donation and legacy income fell by £750k; investment income decreased by £160k.
- Expenditure of £1.24m for the year, a small decrease of £23k (2%) from 2020/21. Administration and Governance costs represent 9% of this total and unrealised gains for the year were £3.373m.
- The total Fund balance is £65.61m, an increase of £3.94m, primarily due to the unrealised gain in year
- The were no adjusted differences made to the CTF accounts and no unadjusted differences reported.
- In line with the DoH Circular HSC(F) 10-2022 and the Manual of Accounts, electronic signatures are permitted again on submission of the final approved annual report to the NIAO.

The Charitable Trust Fund Report and Accounts 2021/22 were approved by the Committee.

Proposed: Professor Bradley *Seconded*: Miss Hughes

AC25/22 External Auditors Draft Report to those Charged with Governance (RTTCWG)

Mr Clerkin presented the External Auditors Draft Report RTTCWG. He thanked Mrs Edwards and the finance team for the huge amount of work undertaken and for all their assistance during the course of the audit.

Mr Clerkin advised that the proposed audit opinion is unqualified without modification. There were no adjustments made to the accounts with only one uncorrected misstatement around the provision/accrual in respect of holiday pay. Subject to the few clarifications of wording or disclosures that will come from the DoH, this will be signed on Thursday.

The Audit Committee approved the External Auditors Draft Report to those Charged with Governance.

Proposed: Mrs McKeagney *Seconded*: Professor Bradley

AC26/22 **Draft Audit Committee Annual Report 2021/22**

Mrs Williams presented the Draft Audit Committee Annual Report 2021/22, which detailed the business carried out by the Committee during 2021/22.

The report acknowledged and thanked the work of Internal and External Audit colleagues.

The report concluded that the Committee was satisfied that based on the assurances available an adequate system of control is in place in the Trust to manage internal governance.

The Committee recommends that the Annual Report for 2021/22 be approved and that it be submitted to Trust Board. The Report will be amended to reflect the appreciation of the support given to the Committee from the NIAO in the audit process. **Action**: Mrs Williams

Proposed: Mrs McKeagney *Seconded*: Professor Bradley

AC27/22 **Any other Business**

Professor Bradley took this opportunity to thank Mrs Edwards and her team for all their work during the year which was greatly appreciated. Professor Bradley also thanked Mrs McKeown, Mr Clerkin and Mr Knox.

AC28/22 **Date of Next Meeting**

Members noted the next meeting was scheduled for 11 October 2022.

Belfast Health and Social Care Trust

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AUDIT COMMITTEE SELF-ASSESSMENT OF EFFECTIVENESS REPORT

OCTOBER 2022

1. Introduction

HM Treasury recommend that the audit committees of all publicly funded bodies undertake regular self assessment. The National Audit Office (NAO) has designed an condensed Checklist for this purpose which assists audit committees in assessing their levels of compliance with a range of good practice criteria derived from HM Treasury's Audit and Risk Assurance Committee Handbook. This Checklist seeks to assess the Audit Committee's effectiveness under five key principles:

- Principle 1 - Membership, independence, objectivity and understanding;
- Principle 2 - Skills;
- Principle 3 and 4 - The role and scope of the Audit Committee;
- Principle 5 - Communication and reporting

This report summarises the approach adopted by the Audit Committee of Belfast Health and Social Care Trust in undertaking this review. It summarises the key findings arising out of the Committee's self-assessment.

2. Process

The Audit Committee agreed to undertake a review of its own effectiveness by completing the NAO self-assessment Checklist. A meeting was held of Audit Committee members on 22nd September 2022 to collectively discuss and complete the Checklist. Any members unable to attend the meeting were given the opportunity to provide their own return and commentary. All members confirmed their agreement with the responses which are summarised at Appendix 1.

3. Summary of Checklist Results

The Checklist is set out in the form of a questionnaire and follows a series of good practice questions that are framed in order to generate a "yes", "no" or "comment" response. A statistical analysis of the results highlights that 100% of questions were answered in the positive.

This is the seventh self-assessment carried out by the Non-executive Directors and a high-level comparison with the results of the previous self-assessment shows improvement with previous year's scores and demonstrates that overall the Audit Committee has the ability to achieve 100% of the good practice questions.

A more detailed qualitative analysis of the main principles examined within the Checklist is set out in Section 4 below.

4. Findings

4.1 Principle 1: Membership, independence, objectivity and understanding – 100% positive

The Checklist returns confirmed that the Audit Committee is compliant with the minimum membership requirements and that the Trust's Accounting Officer attends at least one Audit Committee meeting per annum.

When a Directorate receives a Limited Assurance Internal Audit Report, the Committee requires the Director responsible to attend to answer members questions and provide details of their action plan together with an accurate timeline.

In respect of the relationship and communication with the DoH ARAC, particularly in support of the DoH Governance Statement, the Trust submit a draft Governance Statement to allow the DoH to comment and provide feedback on the content of the Trust Governance Statement and this is used to inform the DoH Governance Statement.

The sponsor Dept is provided with dates of all meetings and copies of all papers are shared in advance of meetings. Sponsorship and Governance activities had been paused by DoH from December 2021 but have been reinstated for the 2022/23 year. Members will encourage and welcome attendance at Audit Committee from the sponsor Department.

All Non-Executives agreed that conflicts of interest are sought at the start of each meeting and members have a clear understanding of their terms of appointment.

Non Executive Directors have an annual appraisal process with the Chair of the Board at which all members have the opportunity to discuss matters arising from Audit Committee.

Members recognised they have a very experienced and engaged Audit Committee and welcome the opportunity to avail of additional training if appropriate.

Overall, all members concluded that the Committee are performing effectively in this area.

4.2 Principle 2: Skills – 100% positive

This principle focused on the range of skills of Audit Committee members and results demonstrate high compliance against all of the good practice questions.

The results indicate that members have an appropriate skills mix to allow it to carry out its overall function. All members of the Audit Committee are experienced members in their second term of office and can challenge effectively when necessary.

Training on cyber-security was received within the last year. Input into the wider political landscape has been missing over the period of covid, however members welcome the opportunity to engage on strategically relevant issues over the coming year.

At least one member of the Committee has recent and relevant financial experience and is a qualified accountant.

All current members are fully trained and are very experienced in their role. Induction will be provided to any new members joining the Audit Committee over the coming months.

Overall, all members concluded that the Committee are performing effectively and there is an ongoing process of continuous learning.

4.3 Principle 3 and 4: The role and scope of the Audit Committee – 100% positive

Audit Committee members advised they have a clear understanding of their role and responsibilities and that the work programme covers the assurance needs of the Trust Board and Accounting Officer.

Members understand the Trust's overall control environment and critically review the comprehensiveness and reliability of assurances received both internally and from external sources.

Assurance mapping in respect of targeting areas of greatest risk was evident in the Risk Appetite work that members completed within the last number of months and comes under the remit of the Trust Assurance Committee. In addition the QMS data received by Non-Executive Directors is particularly useful in reviewing the comprehensiveness and reliability of assurances received.

The Chair of Audit Committee will brief the Chair of the Board who in turn will liaise with the Accounting Officer where issues of concern arise around the management of risk.

A draft of the Governance Statement is presented to Audit Committee prior to submission to the Accounting Officer and DoH and any comments or advice on its content/completeness are reflected.

Members have confidence in the experience and professionalism of the Trust's Finance Team and receive reports in a timely manner for appropriate consideration. Key accounting judgements are clearly explained as part of the year end financial statements approval process.

The Audit Committee are updated on the Trust's anti-fraud and corruption arrangements and are briefed on emerging guidance as necessary. Learning is taken from the cases that are presented for review.

Training in cyber risk management has recently been completed by the Committee.

The Senior Board member with overall responsibility for Whistleblowing arrangements is the Trust's Medical Director taken forward operationally by Ms Claire Cairns, Head of Office and Mrs Nuala McKeagney is the responsible NED.

Overall, all members concluded that the Committee are performing effectively and there is an ongoing process of continuous learning.

4.4 Principle 5: Communication and reporting – 100% positive

This principle focuses on communication with the Board, Head of Internal Audit, External Audit and other stakeholders and results demonstrate excellent communication and reporting skills.

Audit Committee minutes continue to be provided to the Trust Board along with the Annual Report of the Audit Committee which supports the Trust Governance Statement.

The Chair of Audit Committee will brief the Chair of the Board who in turn will liaise with the Accounting Officer where issues of concern arise. He also has regular meetings with the Director of Finance and the Audit teams.

Audit Committee work is communicated across the departmental group via the Audit Chairs Forum.

Overall, all members concluded that the Committee are performing effectively in this area.

5. Conclusion

The Committee recommends that this Self-Assessment Report be submitted to the Trust Board for approval.

November 2017

Audit and Risk Assurance Committee Effectiveness Checklist

Introduction

1 Audit and Risk Assurance Committees play a crucial role in supporting the effective governance of central government departments, their agencies and their arm's-length bodies. The main source of guidance for public sector Audit and Risk Assurance Committees is HM Treasury's *Audit and Risk Assurance Committee Handbook*. *Corporate Governance in central government departments: Code of Practice 2011* specifies that Audit and Risk Assurance Committees should be established in all central government bodies and that they should function in accordance with HM Treasury's *Audit and Risk Assurance Committees Handbook*.

2 An effective Audit and Risk Assurance Committee is plays a pivotal role in ensuring that organisations function according to good governance, apply appropriate accounting and auditing standards, and adopt appropriate risk management arrangements. A well functioning Audit and Risk Assurance Committee has the ability to:

- understand the role and activities of the Board;
- discuss with the Board policies and attitudes towards risk and ensure that management act within these parameters;
- critically challenge and review risk registers to provide assurance that the arrangements in place are working within the organisation;
- understand the risk management framework and the respective assignment of responsibilities;
- assume good communications and relationships with both those it seeks briefings from and those it provides assurance to; and
- contribute to the delivery of results and add value to the organisation.

Audit and Risk Assurance Committee Effectiveness

3 In line with good practice, Audit and Risk Assurance Committees should assess their effectiveness annually. A variety of assessment tools exist, from facilitated workshops to short questionnaires. Core principles from HM Treasury's *Audit and Risk Assurance Committee Handbook*, and common themes and good practice we have seen through our range of work with Audit and Risk Assurance Committees across central government, have been condensed to generate a series of prompts that Committees can use to help assess their effectiveness. This checklist can be used as a standalone exercise to consider effectiveness or in conjunction with other methods of assessment.

How to use this effectiveness tool

4 This short checklist condenses the core good practice principles of HM Treasury's *Audit and Risk Assurance Committee Handbook*. Committee members and other regular attendees should consider whether the Committee meets the detailed good practice question – "yes" (or adequately for the entity), "no", or "comment". As well as providing an opportunity to comment on an issue, the last of these categories could indicate uncertainty, that there is room to enhance practice in this area, or that the practice is not relevant. As an aide memoire, there is also space to note issues and actions identified at the end of each section.

5 Audit and Risk Assurance Committee members and their committee secretaries will, of course, need to ensure that they are familiar with the full requirements of the Handbook, and that they operate in accordance with them.

David Aldous
National Audit Office 2017

Design & Production by NAO External Relations

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Principle 1

Membership, independence, objectivity and understanding

"The Audit and Risk Assurance Committee should be independent and objective; in addition each member should have a good understanding of the objectives and priorities of the organisation and of their role as an Audit and Risk Assurance Committee member."

Question/Checklist	Y/N	Comments
1 Do we have a minimum of three members, all non-executive, at least two of whom, including the ARAC Chair, are non-executive board members?	Yes	
2 Do the Accounting Officer, Director of Finance, the Head of Internal Audit and the External Auditor routinely attend ARAC meetings?	Yes	Accounting Officer attends once a year. Usually this is for presentation of final accounts which takes place in June.
3 Are we satisfied with the range, frequency and numbers of executives and other participants attending the ARAC meeting? (Numbers of attendees should be sufficient to deal adequately with the agenda, but not so many as to blur the issues).	Yes	Where a Limited Assurance Report is due to be presented to Audit Committee, the relevant Director is asked to attend to respond to queries from the Committee members.
4 Is our relationship and communication with the Departmental ARAC effective (or, in the case of a Departmental ARAC, its relationship and communications with its group ARACs), particularly in support of the Departmental Governance Statement?	Yes	A draft Governance Statement is submitted to DoH in advance of annual accounts to allow DoH to comment and provide feedback. This is used to inform the DoH Governance Statement.
5 Does a representative of our Sponsor Department (or, in the case of a Departmental ARAC, a representative of its ALBs) attend our ARAC, where appropriate?	Yes	The sponsor Dept is provided with dates of all meetings and copies of all papers are shared in advance of meetings. Sponsorship and Governance activities had been paused by DoH from December 2021 but have been reinstated for the 2022/23 year. We will encourage and welcome attendance at Audit Committee from the sponsor Dept.
6 Are conflicts recorded and declared at the start of every meeting, and is appropriate action taken when relevant matters are discussed?	Yes	
7 Do we have a clear understanding of our terms of appointment, including what is expected of us, how our individual performance will be appraised, the duration of our appointment, training required and how this will be provided?	Yes	Non Executive Directors have an annual appraisal process with the Chair of the Board at which all members have the opportunity to discuss matters arising from Audit Committee.

Conclusion

Are we performing effectively in this area?	Yes
Are there any actions we want to take to build our effectiveness?	We have a very experienced and engaged Audit Committee and we welcome the opportunity to avail of additional training if appropriate.

Principle 2

Skills

"The Audit and Risk Assurance Committee should corporately own an appropriate skills mix to allow it to carry out its overall function."

Question/Checklist	Y/N	Comments
8 Are we satisfied that, collectively, we have the range of skills we need to ensure that the Accounting Officer and the Board gain the assurance they need on governance, risk management, the control environment and on the integrity of all elements of the Annual Report and Accounts?	(●) Yes ( ) No	
9 Do we possess the wider skills necessary to be fully effective (eg in relation to the core business of the organisation, change management, digital strategy, the wider political landscape and other strategically relevant issues)?	(●) Yes ( ) No	Training on cyber-security was received within the last year. Input into the wider political landscape has been missing over the period of covid, however we will welcome the opportunity to engage on strategically relevant issues over the coming year.
10 Does at least one member have recent and relevant financial experience sufficient to allow them to competently analyse the financial statements and understand good financial management discipline?	(●) Yes ( ) No	
11 Where we need additional skills are we empowered to co-opt additional members or procure specialist advice?	(●) Yes ( ) No	
12 Do we have effective induction and training arrangements for new members and does the ARAC Chair ensure that all members have an appropriate programme of engagement with the organisation to help build sufficient understanding?	(●) Yes ( ) No	All current members and fully trained and are very experienced in their role. Induction will be provided to any new members joining the Audit Committee over the coming months.

Conclusion

Are we performing effectively in this area?	Yes
Are there any actions we want to take to build our effectiveness?	This is an ongoing process of continuous learning

Principle 3 and 4

The role and scope of the Committee

"The Audit and Risk Assurance Committee should support the Board and the Accounting Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report."

"The scope of the Audit and Risk Assurance Committee's work should be defined in its terms of reference and should encompass all the assurance needs of the Board and Accounting Officer. Within this the Audit and Risk Assurance Committee should have particular engagement with the work of Internal Audit, risk management, the External Auditor and financial management and reporting issues."

Question/Checklist	Y/N	Comments
13 Do we, have a clear understanding of the role and responsibilities of the ARAC?	Yes	
14 Does our work programme cover the assurance needs of the Board and Accounting Officer through a balance of agenda items?	Yes	
15 Do we provide insight and strong, constructive challenge to the organisation (including within the Departmental family/group) where required?	Yes	
16 Do we have sufficient understanding of the organisation's overall control environment, including its governance and any outsourcing arrangements, and review its effectiveness regularly to provide assurance that arrangements are responding to risks within the organisation?	Yes	We understand the Trust's overall control environment and critically review the comprehensiveness and reliability of assurances received both internally and from external sources.
17 Do we use assurance mapping to target the areas of greatest risk in our organisation (including within the Departmental family/group)?	Yes	This was evident in the Risk Appetite work that we completed within the last number of months.
18 Do we critically review the comprehensiveness and reliability of assurances that we receive from across the organisation?	Yes	The QMS data that we receive is particularly useful in this regard.
19 Are we proactive in commissioning additional assurance work where we have identified a risk or control issue which is not subject to sufficient review?	Yes	

Principle 3 and 4 *continued*

The role and scope of the Committee

Question/Checklist	Y/N	Comments
20 Do we draw the Accounting Officer's and the Board's attention to the results of our work on risk?	Yes	The Chair of Audit Committee will brief the Chair of the Board who in turn will liaise with the Accounting Officer where issues of concern arise around the management of risk.
21 Do we lead on the assessment of the annual Governance Statement for the Accounting Officer and Board, including the provision of advice on its preparation and scope?	Yes	A draft of the Governance Statement is presented to Audit Committee prior to submission to the Accounting Officer Office and DoH and any comments or advice on its content/completeness are reflected.
22 Do we give sufficient and timely attention to financial management and reporting issues, including the consideration of key accounting policies, estimates and judgements and the quality of the year-end financial statements?	Yes	We have confidence in the experience and professionalism of the Trust's Finance Team and receive our reports in a timely manner for appropriate consideration. Key accounting judgments are clearly explained as part of the year end financial statements approval process.
23 Do we sufficiently consider and challenge the work of internal audit and external audit?	Yes	
24 Do we track all audit recommendations (internal and external, including any arising from the NAO's VFM work) and hold the organisation to account for their implementation?	Yes	
25 Do we regularly review anti-fraud and corruption arrangements?	Yes	We are updated on the Trust's anti-fraud and corruption arrangements and are briefed on emerging guidance as necessary. Learning is taken from the cases that we review.

Principle 3 and 4 *continued*

The role and scope of the Committee

Question/Checklist	Y/N	Comments
26 Do we regularly review the organisation's cyber risk management and consider the appropriateness of the organisation's risk mitigation strategies?	Yes (selected) / No	Training in this area has recently been competed by the Committee
27 Do we regularly review the organisation's response to the *Cabinet Office's Counter-Fraud Standards* and consider the sufficiency of this response?	Yes (selected) / No	
28 Do we ensure that a senior board member has overall responsibility for whistleblowing arrangements within the organisation?	Yes (selected) / No	Nuala McKeagney has this role and there has been active work ongoing in recent months in this area.
29 Do we regularly review our Terms of Reference to ensure they are consistent with the model Terms of Reference provided in HMT's ARAC Handbook?	Yes (selected) / No	

Conclusion	
Are we performing effectively in this area?	Yes
Are there any actions we want to take to build our effectiveness?	This is an ongoing process of continuous learning

Principle 5

Communication and reporting

"The Audit and Risk Assurance Committee should ensure it has effective communication with all key stakeholders, for example, the Board, the Group Chief Internal Auditor, Head of Internal Audit, the External Auditor, the Risk Manager and other relevant assurance providers."

Question/Checklist	Y/N	Comments
30 Is our work effectively and promptly reported to the Board and Accounting Officer after each meeting and are these reports copied to the Head of Internal Audit and the External Auditor?	(●) Yes ( ) No	
31 Are our relationships and communications sufficiently well developed with those we seek briefings from and those we provide assurance to, including where risks cross organisational boundaries?	(●) Yes ( ) No	
32 Do we provide an Annual Report to the Board, timed to support the Governance Statement; is our report open and honest in presenting our views and opinions from the work we have done during the year; and, is its content consistent with good practice?	(●) Yes ( ) No	
33 Does the ARAC Chair have regular bilaterals with the key attendees (eg the Accounting Officer, Director of Finance, the Head of Internal Audit and the External Auditor)?	(●) Yes ( ) No	The Chair of Audit Committee will brief the Chair of the Board who in turn will liaise with the Accounting Officer where issues of concern arise. He also has regular meetings with the Director of Finance and the Audit teams.
34 Where appropriate, do we communicate our work across the departmental group?	(●) Yes ( ) No	

Conclusion

Are we performing effectively in this area?	Yes
Are there any actions we want to take to build our effectiveness?	None

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TERMS OF REFERENCE

COMMITTEE	**AUDIT COMMITTEE**
PURPOSE	The Board hereby resolves to establish a Committee of the Board to be known as the Audit Committee (The Committee). The Committee is a non-executive committee of the Board and has no executive powers, other than those specifically delegated in these Terms of Reference.
MEMBERSHIP	**Chair:** One of the members will be appointed Chair of the Committee by the Board. The Chairman of the organisation shall not be a member of the Committee. **Membership:** The Committee shall be appointed by the Board from amongst the Non-Executive directors of the Trust and shall consist of not less than three members. **In attendance:** The Director of Finance and appropriate Internal and External Audit representatives shall normally attend meetings. However at least once a year the Committee should meet privately with the External and Internal Auditors. Executive members of the Trust may be invited to attend to provide information to the Committee as necessary. A representative of the DoH may attend meetings. **Secretary:** The Trust Secretary, or whoever covers these duties, shall be Secretary to the Committee and shall attend to take minutes of the meeting and provide appropriate support to the Chairman and committee members. **Member appointments:** The membership of the Audit Committee shall be determined by the Audit Committee, based on the recommendations of the Chair taking

	into account the skills and expertise necessary to deliver the Audit Committee's remit.
DUTIES	The duties of the Committee can be categorised as follows: **Governance and Internal Control** The Committee will: • oversee the establishment and maintenance of an effective system governance and internal control • review the adequacy of all control related disclosure statements (in particular the Mid-Year Assurance Statement and the Governance Statement), together with any accompanying Head of Internal Audit statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board • review the adequacy of the policies for ensuring compliance with relevant regularity, legal and code of conduct requirements, including the Trust's Standing Orders and Standing Financial Instructions • review the adequacy of the policies and procedures for all work related to fraud, corruption and whistleblowing as required by the DoH and BSO Counter Fraud Services • review the annual schedule of losses and compensation payments and make recommendations regarding approval • review single tenders actions/direct award contracts or any other exceptional financial transactions or shared learning e.g. from large capital post project evaluations (PPEs). In carrying out its work, the Committee will primarily utilise the work of Internal Audit, External Audit and other assurance functions, but will not be limited to these functions. **Internal Audit** The Committee shall ensure that there is an effective internal audit function established by management that meets the Public Sector Internal Audit Standards (PSIAS) and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board. This will be achieved by: • consideration of the provision of the Internal Audit service • review and approval of the Internal Audit strategy, operational plan and more detailed programme of work, ensuring that this is consistent with the audit needs of the organisation • consideration of the Chief Internal Auditor's annual report, major findings of internal audit work (and management's response), and ensure co-ordination between the Internal and External Auditors to optimise audit resources • ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation • annual review of the effectiveness of internal audit

	External Audit The Committee shall review the work and findings of the External Auditor appointed by the Northern Ireland Audit Office and consider the implications of, and management's responses to, their work. This will be achieved by: • consideration of the performance of the External Auditor • discussion and agreement with the External Auditor, before the audit commences, of the nature and scope of the audit as set out in the Annual Plan • discussion with the External Auditors of their local evaluation of audit risks and assessment of the Trust • review of all External Audit reports, including consideration of the Report to Those Charged with Governance (RTTCWG) before submission to the Board and any work carried out outside the annual audit plan, together with the appropriateness of management responses. **Financial Reporting** The Audit Committee shall review the financial extract of the Trust's Annual Report and the Financial Statements before submission to the Board, focussing particularly on: • the wording in the Governance Statement and other disclosures relevant to the Terms of Reference of the Committee • changes in, and compliance with, accounting policies and practices • unadjusted mis-statements in the financial statements • major judgemental areas • significant adjustments resulting from the audit The Committee should also ensure that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Board. **Value For Money** The Audit Committee shall oversee the adequacy of the Trust's arrangements for ensuring that value for money is obtained in the expenditure of all public funds entrusted to its care. This will include a review of the findings from, and management's response to, all value for money audit reports issued to the Trust as part of the regional VFM programme sponsored by DoH.
AUTHORITY	The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-

	operate with any request made by the Committee. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
MEETINGS	**Quorum:** A quorum shall be three members. **Frequency of Meetings** Meetings shall be held not less than four times a year. The External Auditor or Head of Internal Audit may request a meeting if they consider that one is necessary. The Chair of the Committee may convene additional meetings as is deemed necessary. **Papers** The Committee shall be supported administratively by the Trust Secretary, whose duties in this respect will include: • Agreement of agenda with the Chairman and attendees • Collation and distribution of papers sufficiently in advance of each meeting to facilitate their full consideration and discussion at the meeting • Taking the minutes and keeping a record of matters arising and issues to be carried forward • Advising the Committee on pertinent areas. **Meeting Arrangements** The Chair of the Audit Committee in discussion with the Audit Committee Secretary shall determine the time and place of meetings and procedures of such meetings. **Withdrawal of individuals in attendance** The Audit Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of a particular matter.
REPORTING	The minutes of Audit Committee meetings shall be formally recorded by the Trust Secretary and submitted to the Board. The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board, or require executive action.

	The Chair will meet with the Trust Chairman and Accounting Officer as and when required and draw to their attention any matters that require executive action of disclosure to the full Trust Board. The Committee will report to the Board annually on its work in support of the Governance Statement, specifically commenting on the fitness for purpose of the Governance Framework, the completeness and embeddedness of risk management in the organisation and the integration of governance arrangements.
CONFLICT/ DECLARATION OF INTEREST	The Chair shall seek and record any declaration or conflict of interest from members prior to every meeting of the group.
REVIEW	These terms of reference and operating arrangements will be reviewed on at least an annual basis by the group.