

AUDIT COMMITTEE

1 October 2024 at 10:00am
Boardroom, Non Clinical Building, RVH/Virtual via TEAMS

MINUTES

Present:

Mr David Small, Non-Executive Director (Chair)
Prof Carmel Hughes, Non-Executive Director (joined via Teams)
Mr Joe McVey, Non-Executive Director

In Attendance:

Mrs Claire Corry, Interim Director of Finance, Estates and Capital Development
Mrs Fiona Cotter, Co-Director Accounting and Financial Services
Mr Colin McMullan, Interim Director Adult Community and Older Peoples Services and Allied Health Professionals (*via MS Teams and for part of Item 5.1 only*)
Mrs Nicola Williams, Head of Governance and Client Accounting
Mrs Catherine McKeown, Head of Internal Audit (BSO)
Mrs Gillian Jest, Internal Audit Manager (BSO)
Ms Karen Costly, Northern Ireland Audit Office (*for the initial part of the meeting*)
Mr Peter Watson, Head of Office of the Chief Executive
Mrs Angela Young, Minute taker

Apologies:

Ms Collette Kane, Northern Ireland Audit Office
Professor Catherine Ross, Non-Executive Director
Miss Patricia Gordon, Non-Executive Director
Mr Brian Clerkin, Sumer NI
Mr Jason McCallion, Sumer NI

Mr Small welcomed everyone to the meeting.

No	Item	Presenter	Action
1	<p>Apologies</p> <p>Apologies were noted as above.</p>	Chairman	Note
2	<p>Minutes of Previous Meeting – 13 June 2024</p> <p>The minutes of the previous meeting were agreed.</p>	Chairman	Approve
3	<p>Matters Arising/Action Log</p> <p>It was agreed that going forward it would be important that an Action Log be maintained of actions arising from each meeting. Mr Watson to liaise with Mrs Williams regarding actions outstanding from previous meetings.</p> <p>ACTION :- Mr Watson</p> <p>Mr McVey raised a query in relation to the unsatisfactory rates reported for job planning.</p> <p>Mrs McKeown noted that this would be an area of interest for Internal Audit prior to the end of the financial year.</p> <p>Mr Small noted that there had also been discussion at Trust Board in relation to the need for the job planning completion figures to be improved.</p>	Chairman	Note
4	<p>Chairman’s Business</p> <p>Mr Small noted that this was his first meeting as Chairman of the Audit Committee. Mr Small indicated that he would wish to acknowledge the leadership of Mr Smyth in his role as Audit Committee Chair over many years, prior to his resignation as a non-executive director earlier in the summer.</p>	Chairman	
4.1	<p>Conflicts of Interest</p> <p>No conflicts of interest were declared.</p>	Chairman	Note
4.2	<p>Final External Auditors Report to those Charged with Governance 2023/24</p> <p>Ms Costly noted that the Trust final accounts had been certified on 3 July 2024 without qualification.</p> <p>Ms Costly noted that in the circulated report there were 7 findings.</p>	NIAO	Note

No	Item	Presenter	Action
	<p>Ms Costly noted that one of the findings related to Clinical Negligence, where a potential understatement of £10.2m in provisions for clinical negligence had been identified.</p> <p>Any unadjusted errors were not considered to be material. Ms Costly noted that all their recommendations had been accepted and that NIAO were content with the BHSC Management responses.</p> <p>Mr Small indicated that he was grateful for the audit opinion provided by NIAO.</p> <p>He also commented on the finding and recommendation regarding overall internal control. This was a worrying finding and one that would require a strong focus within the Trust.</p> <p>Mr Small noted the current number of limited and unsatisfactory Internal Audit assurances, and asked for Executive Team to focus on these matters in the coming months.</p> <p>ACTION :- Mr Watson / Executive Team</p>		
4.3	<p>Audit Committee Terms of Reference – Annual Review</p> <p>The circulated Terms of Reference were reviewed and it was noted that no changes were indicated at this time, other than amendment to the referencing of appointments to the Audit Committee.</p> <p>ACTION:-Mrs Williams</p>	Nicola Williams	Approval
	<p>Audit Committee Papers – Revised Format</p> <p>Mr Watson noted that he would liaise with the Chairman and finance colleagues on the best approach for papers going forward, with the potential to use the recently procured Convene application.</p> <p>ACTION:- Mr Watson</p>	Peter Watson	To discuss
4.4	<p>Proposed amendment to Powers Reserved to the Board - Capital Business Cases approval level</p> <p>Mrs Williams referenced the proposed change to the level of capital expenditure requiring Board approval, which is to increase from £1m to £1.5m.</p> <p>The Audit Committee agreed to this proposed change in the context of increasing prices, and the absence of any recent change to the limit.</p>	Nicola Williams	Approval

No	Item	Presenter	Action
	<p>Mrs Williams to ensure that the proposed change to the Trust's Standing Orders be tabled at the full Trust Board in November 2024. ACTION :- Mrs Williams</p>		
4.5	<p>Partnership Agreement between BHSC and DoH</p>		
	<p>The agreement was noted, Mr Small noting the similar approach being taken across all ALBs.</p>		
5	<p>Report of Internal Auditor</p>	Internal Auditor	
5.1	<p>Progress Report 2024/25</p>		
	<p>Mrs McKeown referred to her tabled report.</p>		
	<p>Mrs McKeown noted that there were 5 reports being tabled to the Committee with a further 4 currently in progress.</p>		
	<p><i>Mr Colin McMullan joined the meeting.</i></p>		
	<p>Management of Client Monies in Independent Sector Homes</p>		
	<p>Mrs McKeown firstly referred to the Management of Client Monies in Independent Sector Homes. While there had been a Satisfactory assurance at all 8 homes visited, there had been a Limited assurance in relation to the Trust Monitoring Arrangements of Residents/Service Users Finances.</p>		
	<p>Mr McMullan indicated that he was disappointed by the findings but provided assurance that an action plan had been prepared, with all items "green" on the action plan. Mr McMullan provided further reassurance that the Trust was fully compliant in those areas considered to be of greatest risk.</p>		
	<p>Mr Small noted that the recommendations had been accepted, and good progress had been made. Following discussion it was agreed that a reasonable target for end March 2025 would be 80% compliance.</p>		
	<p>ACTION:-Mr McMullan</p>		
	<p><i>Mr Colin McMullan left the meeting.</i></p>		
	<p>Cash Management in Social Services Facilities</p>		
	<p>Mrs McKeown secondly referred to Cash Management in Social Services Facilities. While there was an overall assurance of Satisfactory, the following had been noted:-</p>		

No	Item	Presenter	Action
	<p>(A) On review of administration of meal monies at facilities visited, audit noted that whilst processes were in place to collect meal monies, they required strengthening and review.</p> <p>(B) Staff members at facilities have not consistently applied appropriate Trust procedures when handling client monies; this has led to errors and a lack of supporting documentation.</p>		

Non-Pay Expenditure

Mrs McKeown thirdly referred to Non-Pay Expenditure. Again there had been a satisfactory assurance level provided. Mrs Cotter noted the mitigation in place regarding Direct Award Contracts (DACs), with no orders placed until DACs were actually signed.

Ms Costly left the meeting.

Management of Complaints

Mrs McKeown fourthly referred to the Management of Complaints. This had received a Satisfactory assurance, and was notable as the only such assurance across Complaints Audits in NI HSC Trusts.

Mrs McKeown highlighted the satisfactory processes for learning and following up on recommendations. While there were no significant findings there was an ongoing issue in the timely completion of Clinical Record Reviews.

Mr Small noted that recommendations had been accepted, while it was also noteworthy that BHSC Trust was the only Trust to receive satisfactory assurance.

Management of Licences

Mrs McKeown fifthly referred to the Management of Licences which received satisfactory assurance.

Mr Small noted that the two recommendations had been accepted by management.

5.2 Mid-Year Follow Up Report (a&b)

Mrs McKeown noted that during September 2024, BSO Internal Audit had reviewed the implementation of accepted outstanding Priority One and Two Internal Audit recommendations, where the implementation date has now passed.

222 (73%) of the outstanding 305 recommendations examined were fully implemented, a further 79 (26%) were partially implemented and 4 (1%) were not implemented.

No	Item	Presenter	Action
	<p>From the 113 recommendations reviewed in this follow up, 60 (53%) related to significant findings which caused Limited/unacceptable assurances to be provided. Of these 60 recommendations, 8 (13%) were implemented during this follow-up period (April to September 2024).</p> <p>Mrs McKeown advised that substantial follow-ups will be conducted in the areas of Business Continuity Plans, Management of Locums and Children’s Safeguarding later this year.</p> <p>Mr Small asked Mrs Cotter to comment.</p> <p>Mrs Cotter indicated that in recent days there had been helpful engagement with Internal Audit on the outstanding areas, with support to be provided by Internal Audit in flagging areas with the relevant Directorates.</p> <p>Mr Small indicated that he considered the report of 73% to be generally good, but indicated the need for continuing focus on significant findings.</p> <p>Mr Small highlighted a particular issue in relation to the Management of Medical staff in respect of completion of job plans with actions slipping from 2017 to date. Mr Watson indicated he had previous involvement in these matters and noted the particular challenges there were in this area. The Audit Committee indicated they would wish to see progress in this area, including perhaps a review of the process of job planning. It was noted that the matter had also been discussed at a recent Trust Board meeting. ACTION:- Medical Director</p> <p>The Committee asked for a report at its next meeting in relation to the work being conducted with Internal Audit and Directorates to address outstanding findings. ACTION:-Mrs Cotter</p> <p>Mr Small raised concerns in relation to the apparent slippage in relation to Cyber Security recommendations. Mrs McKeown advised that 9 of these were regional recommendations that are not within Trust control.</p>		
5.3	Mid-Year Assurance Statement		
	The Internal Audit mid-year assurance statement was noted.		
5.4	BSO Internal Audit – Shared Service Audit		Note
	The report from BSO Internal Audit was noted.		

No	Item	Presenter	Action
6	<p>BHSC Mid-year Assurance Statement as at September 2024</p> <p>Mrs Williams noted that the report had been tabled at Executive Team on 30 September 2024, and some minor adjustment in wording will follow.</p> <p>There may also be a new reported divergence in relation to the new Maternity Hospital.</p> <p>Mr McVey enquired in relation to the Safeguarding Audit, and Mrs McKeown indicated that this was scheduled for early 2025.</p> <p>Mr Small indicated that it would be important that a Trust Board review of the Risk Register be included on the Board's annual workplan.</p> <p>ACTION:-Mr Watson</p> <p>Mr Small noted his concern regarding the report that 44% of Service Delivery Plan targets were categorised as "Red." Mrs Williams noted that this was a slight increase on previous years at this point in the year, and there may be some reporting issues which are contributing. Mr McVey reiterated Mr Small's concern in the context of this being the plan against which the Board monitored key parts of its business.</p> <p>Mr Small observed that it was concerning that there were some issues including workforce and performance where there are significant challenges, without any obvious solutions, but he noted the significant difficulties involved.</p> <p>Professor Hughes enquired as to an update on Neurology. Mrs Corry noted that a positive report had been provided the previous day at Executive Team, following the NIMDTA visit to the Trust during the previous week and this would be reflected in the Mid Year Assurance Statement.</p>	Nicola Williams	Approval
7	<p>Direct Award Contracts April to August 2024</p> <p>Mrs Cotter referred to the report tabled, noting the value of £128m across the first five months of the financial year. Mrs Cotter noted that large parts of this expenditure related to full year commitments including eg £30m for a specific patent protected cystic fibrosis drug. She also noted that this report covered projected annual spend with independent sector providers in a number of areas and the likelihood was therefore that the trend of DAC spend would reduce across the latter part of the financial year.</p>	Fiona Cotter	Note

No	Item	Presenter	Action
	<p>Mr Small raised a query in relation to those matters where tenders were pending, and Mrs Cotter referred in particular to the work of the Social Care Procurement Board.</p> <p>Mr Small asked for DAC trend data across recent months and years to be provided. ACTION:-Mrs Cotter</p>		
8	<p>Fraud Update Ongoing and new frauds reported to Finance</p> <p>Mrs Williams noted that there had been 13 new allegations since the last meeting, while the same number (13) of cases had been closed since the last meeting.</p> <p>The summary chart of the types of allegations was noted.</p> <p>It was noted that there were ongoing issues in relation to agency timesheets, with investigations ongoing, but mitigating actions also being taken. Professor Hughes enquired if there was a particular issue with a particular agency or agencies, and it was confirmed there was no such particular issue.</p> <p>It was noted that a number of cases were old in nature, primarily due to the PSNI progressing a number of these.</p> <p>It was noted that an Early Alert Notification had been made to the Department of Health in relation to the agency timesheets issue.</p> <p>Mr Small enquired as to the vehicle for lessons to be learned from these cases. Mrs Williams assured Audit Committee that there was a Regional Lessons Learned forum.</p>	Nicola Williams	Note
9	<p>Any Other Business</p> <p>It was agreed that an annual committee work plan be developed. ACTION:-Mrs Williams</p> <p>Mrs Williams noted that annual self-assessment was to be undertaken by the Committee. Mrs Williams will send out the results of the last self-assessment, and the new template to be completed later in the financial year. ACTION:-Mrs Williams</p>	Chairman	Note

No	Item	Presenter	Action
10	Date of Next Meeting 10:00am 4 February 2025	Chairman	Note