

**TRUST BOARD  
SUBMISSION TEMPLATE**

<b>MEETING</b>	<b>Trust Board</b>	<b>Ref No. 8a + 8b</b>
<b>DIRECTOR</b>	<b>Chair Audit Committee</b>	<b>Date 4 Feb 2021</b>
<b>Audit Committee</b>		
<b>Purpose</b>	For information	
<b>Corporate Objective</b>	<ul style="list-style-type: none"> <li>• Safety Quality and Experience</li> <li>• Service Delivery</li> <li>• People and Culture</li> <li>• Strategy and Partnerships</li> <li>• Resources</li> </ul>	
<b>Key areas for consideration</b>	Minutes of 15 October 2020 Audit Committee Terms of Reference Annual Review	
<b>Recommendations</b>	<ul style="list-style-type: none"> <li>• <i>Outline recommendations being brought forward for approval</i></li> </ul>	

**Minutes of the Audit Committee Meeting  
15 October 2020  
At 10 am  
Virtual via TEAMS due to COVID-19 Restrictions**

**Present:**

Mr Gordon Smyth, (Chair) Non-Executive Director  
Professor Martin Bradley, Non-Executive Director  
Dr Paddy Loughran, Non-Executive Director  
Mrs Miriam Karp, Non-executive Director  
Mrs Nuala McKeagney, Non-executive Director

**In Attendance:**

Mrs Edwards, Director of Finance, Estates and Capital Development  
Miss Gillian Traub, Interim Director Adult, Social and Primary Care  
Mrs Claire Cairns, Head of Office  
Mrs Fiona Cotter, Co-Director Financial Services  
Mr. Mrs Catherine McKeown, Internal Audit (BSO)  
Mr Ahsan Sarwar, External Auditor, PWC  
Mr Neil Gray, Director, Northern Ireland Audit Office (NIAO)  
Mrs Nicola Williams, Head of Governance and Client Accounting  
Mr Mark McKenna, Board Apprentice  
Miss Marion Moffett, Minute Taker  
Mrs Eileen Carson, PA, Minute Taker

**Apologies:**

Mrs Lindsay Paterson, External Auditor, PWC

Mr Smyth welcomed everyone to the meeting.

**AC28/20      Minutes of the previous meeting**

The minutes of the previous meeting held on 30 June 2020 were considered and duly approved.

*Proposed: Dr Loughran*

*Seconded: Mrs Karp*

**AC29/20      Matters Arising**

There were no matters arising.

## **AC30/20 Chairman's Business**

### **a. Conflicts of Interests.**

There were no conflicts of interested reported.

### **b. Final External Auditors Report to those Charged with Governance 2019/20**

Members noted the NIAO Final Report to those Charged with Governance, Mr Sarwar advised there was just one minor change from the last report which Mrs Edwards was content with.

*Members approved the Final Report*

*Proposed: Mrs Karp*

*Seconded: Mrs McKeagney*

### **c. Review of Audit Committee Terms of Reference**

Mrs Williams advised the Audit Committee that the Terms of Reference (ToR) had been subject to the required annual review. She explained the ToR had been reviewed in line with the Audit and Risk Assurance Committee Handbook and there were no changes to report.

*Members approved the revised ToR.*

*Proposed: Dr Loughran*

*Seconded: Mrs McKeagney*

## **AC31/20 Report of Internal Auditor**

### **a. Progress Report**

#### **i. Internal Audit Progress against Plan 2020/21**

Mrs McKeown explained that given the impact of Covid-19 there was an under-utilisation of audit time in quarter 1 meaning that 780 audit days would be the target SLA delivery time in 2020/21.

#### **ii. Management of Client Monies at Clifton Park Nursing Home 2020/21**

Mrs McKeown reported that unacceptable assurance is provided rather than limited because of the risks to residents' monies associated with the absence of an audit trail around the previous bank account which was in operation up to August 2019. She noted that this related to the independent sector provider rather than the Trust.

There were a number of significant findings in the report:

1. Residents' money not held in a separate bank account as required under the minimum standards. Internal Audit cannot provide assurance as to how much money is held in the bank account for each resident. Bank reconciliations were not performed on the bank account with the previous manager being a cheque signatory for the account. Whilst Internal Audit was generally able to trace sampled withdrawals and deposits from the current bank account to ledger records (including residents monies) there were complexities, unusual activity, and on occasions a lack of supporting documentation.
2. There were significant queries over the expenditure for two residents which require further investigation and consideration by the Trust, to establish whether there are resident safeguarding issues from a care perspective and/or a financial perspective.
3. Signed Residents Agreements not in place for all residents.

Mrs McKeown advised that there have been a number of meetings with the Trust Management Team, RQIA, the Home and Contracts Management.

In a response to Mrs McKeagney's question regarding the Trust's role in managing monies in independent homes, Mrs Edward's advised that Internal Audit carry out sample audits each year in the care homes where the Trust's residents reside which only gives assurance for homes that are reviewed but provides information on potential issues across homes. Gillian Traub's team visit homes from a safeguarding and care point of view and a finance review eg checking residents receive personal allowance, have adequate toiletries etc. The Trust also asks every home for a statement of assurance each year which includes their financial management arrangements for safeguarding resident's monies. Contractual agreements are also carried out yearly so that there are layers of control. Discussions have taken place within the Trust regarding overall accountability in the independent sector care, which lies with the Department/RQIA.

Miss Traub updated the Committee on a number of very clear action plans that have been set in place by the Trust and the provider. She advised that since the Clifton House situation the Trust has carried out 44 reviews, and significant progress has been made. More work needs to be carried out in terms of the old bank account but in terms of care and financial control today, Healthcare Ireland are now in management control of the home and the Trust have monthly meetings with the manager with governance being part of that ongoing discussion with them.

Mrs Karp thanked Miss Traub who agreed to forward the Committee a copy of the Action Plan and progress so far. **Action:** Gillian Traub

Mrs Edwards agreed to liaise with the Department and RQIA in response to Dr Loughran's concern over clinical care/financial care in other Runwood homes. **Action:** Mrs Edwards and Miss Traub

Mrs Karp asked if the Trust has residents in other homes that Runwood are involved in and what level of scrutiny is in place. Miss Traub advised that they had produced a policy on customer management and her team carried out reviews in each of the other homes which they are also auditing to ensure they meet the standards.

It was agreed that an update would be provided on a regular basis to the Committee as well as keeping the Chairman of the Belfast Trust informed at the next Audit meeting with the Action Plan being circulated beforehand.

In response Mrs Edwards agreed to include Clifton Park Nursing Home on the Trust Board agenda which would provide monthly updates. **Action:** Mrs Edwards

Mrs McKeown reassured the Committee that Internal Audit, as part of their year end follow up in March, would review the implementation of the recommendations.

Mrs McKeown advised the Chairman that the rating of unacceptable in regard to the management of client monies at Clifton park nursing home would not have an impact on the overall assurance to Belfast Trust.

### **iii. Homecare Service – Advisory Assignment 2020/21**

Mrs McKeown reported that Internal Audit conducted an independent review of the Trust's work to date to modernise the Homecare Service to provide comment and recommendations for going forward.

Mrs McKeown advised that the timeline set out illustrated a lack of formality and structure with work having a stop/start approach. It was recommended that we have a formal, clearly defined project plan and governance structure, clarity over the project leadership, appraisal of the various options to modernise the service with fully costed plans and a staff engagement plan.

Management accepted all recommendations in the Report.

Mrs Edwards advised the Committee that Mrs Heaney had asked Internal Audit for the review as the Trust knew that it wasn't working. She explained that the issue with the statutory care service was that it wasn't delivering what it should along with being seen as poor value for money. In order to provide a proper service there was a need for staff to come off zero contract hours which the staff and unions agreed initially but then the review failed as staff didn't then move onto the contracts.

Mrs Edwards advised that a lot of work had been done but the evidence was not available as a number of staff who were heavily involved in the review had left the service which would account for the gaps in the timeline.

Miss Traub informed the Committee there is now an established framework and project plan which she is happy to report back on to the Trust Board on a regular basis. **Action:** Ms Traub

**iv. BSO Internal Audit Briefing Paper: Development of Draft HSC Trusts Fraud Risk Assessment Template**

Mrs McKeown advised Internal Audit had drafted a regional template high level Corporate Fraud Risk Assessment which was agreed by the 5 Trusts who would roll it out across their directorates.

**v. E-Roster Surgery and Specialist Services and Unscheduled and Acute Care Follow up 2020/21**

Mrs McKeown reported that in 2019/20 Internal Audit provided limited assurance but she was pleased to report that this year's work has very much improved and 16 out of the 17 recommendations have been fully implemented and one has been partially implemented therefore Internal Audit can provide satisfactory assurance 2020/21. The fact that the improvement has been made in such a relatively short space of time should be recognised.

Mrs Edwards to pass on thanks from the Committee to Brenda Creaney and her divisional nurses for their excellent work and result.

The Committee approved the Reports

*Proposed: Mrs McKeagney*

*Seconded: Dr Loughran*

**AC31/20 Updated Internal Audit Plan 2020/21 to 2022/23**

Mrs McKeown advised that they carried out their update and development of the 3 year plan in February and March this year and met with the majority of Directors to engage around the content of the plan. Due to COVID they developed the core programme of work across all 5 Trusts which the Audit Committee approved at its last meeting.

Mrs McKeown advised that over the last couple of months she has looked at the corporate risk register, directorate risk registers, met again with Trust management and reviewed the 3 year planning document. Due to COVID Internal Audit will continue to keep the plan under review throughout the year. There may also be further

amendments to the plan when Internal Audit get to meet with the Medical Director and Head of Governance.

Mrs McKeown gave a brief summary of the proposed Internal Audit Assignments for 2020/21 to the Committee.

The Committee Approved the Report

Proposed: Mrs Karp

Seconded: Mrs McKeagney

### **AC32/20 Mid-Year Follow Up**

Mrs McKeown presented the Report of the Mid-Year follow up on Outstanding Internal Audit Recommendations.

Members noted that of the 506 recommendations examined, 372 (74%) had been fully implemented, 133 (26%) partially implemented and 1 not yet implemented.

Professor Bradley emphasised the need to keep pursuing the WHO checklist.

Mrs Edwards will follow up with the Executive Team in the form of a Report for shared learning the issues addressed including the WHO checklist and report back to the Audit Committee at the next meeting.  
**Action:** Mrs Edwards.

### **AC33/20 Internal Audit Mid-Year Assurance Statement 2020/21**

Mrs McKeown presented her Head of Internal Audit Mid-Year Assurance Statement for 2020/21.

One additional item in the mid-year assurance statement review was the outcome of the 2 BSO Shared Services Reports; Accounts Payable Shared Service and the Business Services Team Reports both of which were satisfactory assurance. Mrs McKeown to share the briefing notes at the next Audit Committee meeting.

**Action:** Mrs McKeown

The Committee noted the contents of the report, which summarised the audit assignments completed by mid-year.

### **AC34/20 Internal Audit Annual General Report 2019/20**

Mrs McKeown presented the 5<sup>th</sup> Internal Audit Annual General Report 2019/20 to the Committee which is intended to share learning and general internal audit issues across the HSC. The report is shared with all HSC organisations, for information.

Mrs McKeown advised that in addition to the General Annual Report, specific findings and recommendations associated with limited/unacceptable assurance reports in new audit areas, have been shared across the 5 hospital Trusts with the intention of sharing the learning across the Trusts in order to apply the learning ahead of any audit engagement within other Trusts.

Mrs McKeown provided a summary of the report, concluding that Belfast Trust was performing well in comparison with other HSC organisations.

Mrs Edwards welcomed the sharing of the report with all the Trusts and agreed that it was a better way to share learning. Mrs Edwards reported this would allow Trusts to review areas, using learning from other Trusts, to highlight any issues and then audit once the improvements have been made which would be a much more open and transparent and effective way forward.

Mr Smyth agreed with Mrs Edwards and added that due to Covid taking up so much time there is the need to refocus people and make sure they are doing what they should be doing.

**AC35/20**

**NAO – Guide for Audit and Risk Committees on Financial Reporting and Management During Covid 19**

Mrs Cotter presented a summary of the guide which was produced by the National Audit Office referring it as a reference/training document for Audit Committee.

The guide aims to help audit and risk committee members discharge their responsibilities in different areas, and examine the impacts on their organisations of the COVID 19 outbreak, including on:

- Annual reports;
- Financial reporting;
- The control environment; and
- Regularity of expenditure

Members welcomed the guide and agreed that it would be very useful as a reference guide.

In response to a question regarding pensions Mrs Edwards advised that the only pension issue in the Trust is the issue on the annual allowance for high earners because we are expecting our consultants and higher earners to do a lot of extra work during this period and they obviously are not inclined to do so if they are going to get a large tax bill. This has been raised with DOH.

In response to Dr Loughran's asking if the Trust would have to report very accurately on waiting list changes as a result of turning down elective and some cancer operations, Mrs Cotter agreed and that it



would be included in the Governance Statement/Annual Report with an explanation as to why waiting times have increased.

Mr Smyth asked if the Trust's risk appetite had changed in any way due to COVID 19. Mrs Edwards explained that it would appear in the regular COVID assurance papers that are given to Trust Board so that an audit trail is kept where we have deviated which is always with Departmental agreement.

Professor Bradley again emphasised that a workshop with the Trust Board might be necessary to have discussions around the Trust's risk appetite, covering how money is spent and the balance of spend between different services eg mental health and acute services.

Mrs Edwards assured Professor Bradley that work has been done on this already with quite a lot of investment on the community and social care and will be presented to non-executives. **Action:** Mrs Edwards

**AC36/20**

**Annual Review of Audit Committee Self-Assessment of Effectiveness 2020**

Mrs Williams advised that HM Treasury recommend that the audit committees of all publicly funded bodies undertake regular self-assessment which assists audit committees in assessing their levels of compliance. Mrs Williams thanked the members for completing their self-assessments. The report summarises the approach adopted by the Audit Committee of BHSCT in undertaking this review. It summarises the key findings along with a proposed action plan.

Mr Smyth suggested going forward to have a quick 15 minute meeting after each Audit Committee meeting to discuss any issues arising.

The Committee approved the report.

*Proposed: Mr Bradley*

*Seconded: Mrs McKeagney*

**AC37/20**

**Draft Belfast Trust Mid-Year Assurance Statement 2020**

Mrs Edwards reported that a lot of hard work has been done preparing the document which is useful for the Trust and although the Department has said that they do not require it at this stage the Trust is considering submitting to the Department anyway.

Mrs Williams gave a summary of the report.

Mrs Edwards recommended the Committee approve the draft report and send to the Department. The draft report was approved by the Committee.

*Proposed: Mrs Karp*

*Seconded: Mrs McKeagney*

**AC38/20**

**Direct Award Contracts (DAC) April to September 2020**

Mrs Cotter presented a summary report of the DACs for the period 1 April to 30 September 2020.

Mrs Cotter highlighted that the last six months have brought about significant challenges for procurement particularly due to the global shortages and increased demand of certain key products. Contracts have been extended where necessary in line with legislation. With regards to global shortages and emergency procurements the Cabinet Office provided guidance and the Trust has adhered to this with appropriate controls and systems in place.

In response to a question from Mr Bradley, Mrs Cotter confirmed that BSO PaLS hold the contracts regionally for PPE so if there were any issues with any item of PPE this would be for BSO PaLS to resolve.

Mrs Edwards to confirm the timescale for when the tender for the supply of electricity and gas will go out. **Action:** Mrs Edwards

The Committee noted the contents of the report.

**AC39/20 Updated Scheme of Delegation**

Mrs Williams presented the Report, citing just one change to the Trust scheme of delegation to reflect the revised new threshold for procurement for EU tenders which was changed in January 2020 to £122,976.

The Committee approved the report.

*Proposed: Mrs McKeagney                      Seconded: Mr Bradley*

**AC40/20 Fraud Update**

Mrs Williams presented an update on the ongoing investigations.

Mrs Williams to seek a further update on cases numbers 2220 and 2129 and provide an update at the next Audit meeting. **Action:** Mrs Williams

The Committee noted the update.

**AC41/20 The National Fraud Initiative: Northern Ireland – June 2020**

Mrs Williams presented the report of the National Fraud Initiative.

The Committee noted the update.

**AC42/20 NIAO Covid-19 Fraud Risks – August 2020**

Mrs Williams presented the NIAO COVID -19 Fraud Risks guidance that was published in August 2020 which related to fraud risks and the potential increase of risks during the current pandemic. Mrs Williams advised that the document has been shared throughout Trust Senior Management so that awareness can be raised amongst staff regarding the increased fraud risks.

The Committee noted the update.

**AC43/20 Any other Business**

No items raised.

**AC44/20 Date of Next Meeting**

Members noted the next meeting was scheduled for 12 January 2021.

## TERMS OF REFERENCE

<b>COMMITTEE</b>	<b>AUDIT COMMITTEE</b>
<b>PURPOSE</b>	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.
<b>MEMBERSHIP</b>	<p><b>Chair:</b></p> <p>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.</p> <p><b>Membership:</b></p> <p>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.</p> <p><b>In attendance:</b></p> <p>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.</p> <p>Executive members of the Trust may be invited to attend to provide information to the Committee as necessary.</p> <p>A representative of the DoH may attend meetings.</p> <p><b>Secretary:</b></p> <p>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</p> <p><b>Member appointments:</b></p> <p>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.</p>

**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 and corruption as required by the DoH Counter Fraud Services
- review the annual schedule of losses and compensation payments and make recommendations regarding approval.
- review single tenders actions (STAs) 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 NI 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

	<p>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.</p> <p><b><u>Value For Money</u></b></p> <p>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.</p>
<b>AUTHORITY</b>	<p>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.</p>
<b>MEETINGS</b>	<p><b>Quorum:</b></p> <p>A quorum shall be three members</p> <p><b>Frequency of Meetings</b></p> <p>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.</p> <p>The Chair of the Committee may convene additional meetings as is deemed necessary.</p> <p><b>Papers</b></p> <p>The Committee shall be supported administratively by the Trust Secretary, whose duties in this respect will include:</p> <ul style="list-style-type: none"> <li>• Agreement of agenda with the Chairman and attendees</li> <li>• Collation and distribution of papers sufficiently in advance of each meeting to facilitate their full consideration and discussion at the meeting</li> <li>• Taking the minutes and keeping a record of matters arising and issues to be carried forward</li> <li>• Advising the Committee on pertinent areas.</li> </ul>

	<p><b>Meeting Arrangements</b></p> <p>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.</p> <p><b>Withdrawal of individuals in attendance</b></p> <p>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.</p>
<p><b>REPORTING</b></p>	<p>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.</p> <p>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.</p> <p>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, the integration of governance arrangements and the appropriateness of the self-assessment against the Controls Assurance Standards.</p>
<p><b>CONFLICT/ DECLARATION OF INTEREST</b></p>	<p>The Chair shall seek and record any declaration or conflict of interest from members prior to every meeting of the group.</p>
<p><b>REVIEW</b></p>	<p>These terms of reference and operating arrangements will be reviewed on at least an annual basis by the group.</p>