



**Minutes of the Audit Committee held by teleconference on
Thursday 26 March 2020 at 10am (due to Covid-19)**

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| PRESENT: | Mr W Abraham Mr D Ashford Mr A Cardwell | Non-Executive Director (Chair) Non-Executive Director Non-Executive Director |
| IN ATTENDANCE: | Mr P Nicholson Mr A Phillips Mrs T Steele Mr B Clerkin Ms C McKeown Mr S Knox Mrs C Mooney | Interim Director of Finance Assistant Director of Finance Financial Accounts Manager ASM BSO Internal Audit NIAO NIAS Board Secretary |
| APOLOGIES: | Mr M Bloomfield Ms S Sellars | Chief Executive Board Apprentice |

Welcome and Introduction to Meeting

Mr Abraham welcomed everyone to the meeting of the Audit Committee and thanked members for facilitating the meeting by teleconference. He acknowledged the challenging circumstances in which the Trust, and indeed the wider HSC, was operating.

Mr Abraham confirmed that he had been advised by NIAS that legal advice had been sought regarding holding the Committee via teleconference and it had been confirmed that the Committee would be valid.

1/20 Apologies

Apologies were received from Mr M Bloomfield and Ms S Sellars.

2/20 Declaration of Potential Conflict of Interest and Confirmation of Quorum

No conflicts of interest were declared and the meeting was confirmed as quorate.

3/20 Minutes of the previous meeting of Audit Committee

Mr Abraham advised that he had made a number of very minor amendments to the minutes.

The minutes of the previous Audit Committee meeting held on Tuesday 15 October 2019 were approved on a proposal from Mr Ashford and seconded

by Mr Abraham.

4/20 **Matters Arising**

Mr Nicholson noted several matters which had been noted in the minutes to be followed up. In particular:

Mid Year Assurance Statement (MYAS) - Mr Nicholson advised that the MYAS was being presented to the Committee for completeness only and reminded members that the final version of the MYAS had been agreed by Audit Committee in October 2019. He added that no significant changes had been made at that time.

Agenda for Change (AfC) - He said that members had requested an update on AfC which had been a long-standing issue for the Trust. Mr Nicholson acknowledged that this issue would be subject to detailed scrutiny in the External Audit Strategy.

Mr Nicholson further advised that, since the last meeting of the Committee in October, there had been significant progress in that the Trust had received correspondence from the DoH giving the Trust authority to proceed to close the issue. He explained that, on receipt of this correspondence, the Trust had written to Trade Unions outlining a way forward and added that work was being progressed to reach a resolution as soon as possible.

Patient Care Services (PCS) - Mr Nicholson referred to the request made to provide a briefing on PCS. He reminded members that a presentation had been given on the PCS Improvement Project to the Board member workshop on 24 February 2020.

Recruitment - Mr Nicholson also referred to the request for an update on progress following the internal audit of recruitment and advised that the Trust continued to prioritise this matter. He added that progress had been made and explained that this would be reported upon as part of the routine follow-up on the Internal Audit recommendations at the next Audit Committee meeting.

Continuing, Mr Nicholson said that there had been some discussion at the last Committee meeting in relation to progress on Internal Audit recommendations. He advised that there had been significant progress on these during the year both by Directorates and the Senior Management Team to progress a number of recommendations to a satisfactory conclusion. Mr Nicholson said that Internal Audit would now review the progress made against the recommendations as part of their year-end follow-up. He commended staff on the significant work to address the recommendations and said that this would be reported on in further detail at the May meeting.

Mr Cardwell sought clarification on the PCS Improvement Project and asked if this was ongoing. He also referred to the outstanding Internal Audit recommendations and asked if any were outstanding from 2013/14.

Mr Nicholson explained that the PCS Improvement Project was ongoing but clearly, progress had ceased in the current climate.

Mr Cardwell also referred to the work to be taken forward on a regional basis in relation to fraud.

Mr Abraham noted that Mr Phillips would provide an update on this towards the end of the meeting.

Mr Ashford sought clarification from Ms McKeown that she was content with the approach adopted by the Trust in terms of the final accounts, ie discussion at the May meeting.

Mr Nicholson pointed out that the final accounts process and timetable would undoubtedly be challenging in the current circumstances, adding that the DoH was currently considering this. However, he said that the Trust was proactively and reactively planning to put measures in place to deliver the accounts within the timescale currently identified.

Ms McKeown advised that her team was also working to the timeframes set for final accounts and would also be progressing the conclusion of the follow-up work in time for the next Committee meeting in May. She indicated that, while almost all work had been completed, the ICT audit report was yet to be issued and plans were in place to meet the agreed deadline to issue the report in April.

5/20 Chairman's Business

Mr Abraham reported that work was continuing in relation to the Audit Committee Self-Assessment Checklist and the Audit Committee Annual Report with a view to bringing them to the May meeting for consideration.

6/20 Internal Audit

NIAS Audit Committee Progress Report 2019-20

At the Chair's invitation, Ms McKeown took members through the progress report for 2019-20. She drew members' attention to page 4 of the report which set out the current position and gave details on those audits which had been completed to date as well as those reports issued in draft format.

Ms McKeown advised that Internal Audit was awaiting management comments for the Financial Review and also the Procurement and Contract Management audit reports. The ICT Audit fieldwork was ongoing and the Complaints, Claims and Incidents – Follow-up fieldwork had now been completed and the draft audit report would be issued shortly. She reminded the Committee that the latter had been given an 'unacceptable' finding by Internal Audit and said she was pleased to report that excellent progress had been made. Ms McKeown said that a formal report would be presented to the May Committee.

Continuing, Ms McKeown also referred to consultancy work undertaken by Internal Audit looking at the organisational culture and said she was waiting on management comments before finalising.

Ms McKeown referred to the stock-take visits, which would usually take place at the end of each financial year and said that, in the current circumstances, she would not intend to attend but welcomed comments from the Chair and Mr Nicholson on this matter.

Mr Nicholson suggested that this could be covered later in the meeting when he would provide a brief update on the Trust's approach to Covid-19.

Mr Cardwell referred to page 2 of the report, in particular the reference to Key Performance Indicators, and sought further clarification on the statistics provided.

Responding, Ms McKeown acknowledged the ambiguity of the figures and said that the figures represented only those reports, which had been finalised. She added that the Trust would commence the new financial year with a much lower figure.

The Chair thanked Ms McKeown for her report.

7/20 External Audit

External Audit Strategy 2019-20

Mr Clerkin drew members' attention to the External Audit Strategy 2019-20, advising the Committee needed to consider the risks identified in the Strategy and identify if there were any additional risks, which may be relevant. He referred members to page 4 of the Strategy, which identified actions for the Audit Committee to consider.

Continuing, Mr Clerkin referred to page 7, which set out a significant audit risk identified at the planning stage relating to payroll related provisions, accruals and contingent liabilities. He explained that there were three elements to this: a long-standing AfC issue; the 2017 AfC regrading of a pay band issue; and the potential impact of the PSNI ruling. Mr Clerkin said that these were areas, which External Audit would seek an update on during the audit.

Mr Abraham sought an explanation as to how the PSNI ruling would impact upon the Trust.

In response, Mr Clerkin explained that there was potential for holiday pay to accrue in respect of overtime and in theory that could be retrospective for multiple years. He advised that this issue became apparent in May/June 2019 and had been identified as applying potentially across all the public sector.

Mr Nicholson added that the potential impact would be significant and said that it was estimated the ruling could cost approximately £1 million per annum. He also advised that it was likely that this ruling could apply retrospectively and go back multiple years.

Responding to a further question from Mr Abraham as to the process for exploring this further, Mr Nicholson confirmed that it was a regional issue and applied not only to the HSC but to the whole public sector. He confirmed that as part of exploring the issue, there would be assessment of the level of any liability. Mr Nicholson acknowledged that there were a number of ongoing case law that may impact on terms and conditions. He added that reference had been made in the Trust's annual accounts as well as within the External Audit Strategy.

Mr Clerkin drew members' attention to other risk factors on page 8 of the Strategy and identified a few, including the potential impact of change in discount rates. He advised that the Department of Justice was currently consulting on this and added that clinical negligence provisions could differ substantially if the new rate was implemented.

Mr Clerkin advised that he had had initial discussions with Mr Phillips in relation to the Trust's position regarding the annual accounts. He added that updates were expected from the Department of Finance and the DoH in relation to reporting timelines for annual accounts in light of the Covid-19 situation. Mr Clerkin said that he would be happy to work with the Trust to meet the deadlines when confirmed.

Mr Cardwell asked if the PSNI intended to take their case to the Supreme Court.

Mr Clerkin said that he was unsure as to the current position and advised that the Department of Finance was to issue guidance for organisations on this matter.

Mr Ashford said that there was reference online to the fact that the PSNI had taken the pay issue to the Supreme Court. He referred to the other risk factors which had been identified on page 8 of the Strategy and asked if there had been any progress made in relation to the longstanding issue around BSO Payroll.

Mr Clerkin said that he was aware that there had been some progress in relation to the stability of systems.

Mr Abraham thanked Mr Clerkin for his presentation.

8/20 For Noting

Mr Abraham confirmed that there was no other business for noting.

9/20 Closed Meeting

Mr Abraham referred to the requirement to allow members and External Audit to meet independently of management. However he indicated that he did not believe such a meeting was required at this time.

10/20 Any Other Business

a) Fraud Update

Mr Phillips updated the Committee on how cases had progressed since the last meeting.

Responding to a question from Mr Abraham on why Case No 2827 had been designated as fraud case, Mr Phillips explained that this particular case involved an alleged request for credit card details.

Mr Phillips reminded members that the National Fraud Initiative (NFI) which was coordinated by the National Audit Office, sought to extract, compare and match electronic data from public bodies across the UK, for the purposes of providing assistance in potential fraud investigation.

Mr Phillips confirmed that the 2018 exercise had now been completed to his satisfaction with no issues having been identified.

Mr Phillips updated the Committee on the ongoing work in relation to fraud awareness and also progress on regional fraud issues.

b) Coronavirus Update

Mr Nicholson said that members would be aware of the risks and challenges that this pandemic presented to patients, the public and staff.

He said that the Committee had already touched upon the final accounts process and timetable, which may be subject to change. He added that this was currently being considered by the DoH and he undertook to keep members updated. However, he said that Trust officers were currently working to the existing timetable which was very fluid.

Mr Nicholson referred to the requirement to carry out a physical stock-take and said that this would have to be reviewed. He explained that to have staff in close proximity at this moment would not be helpful. Mr Nicholson said that he proposed to include an estimated stock value in the accounts and added that this would be subject to review by External Audit.

Continuing, Mr Nicholson explained that the current situation would also result in changes to business processes and he cited an example of invoice approval. He indicated that the Trust was considering changes to how/who approved invoices. He said that there was a need to make concerted efforts to ensure business continuity and to ensure the supply chain whilst, at the

same time, recognising that staff who had previously approved invoices, may not now be available and staff released from operational to frontline duties.

Mr Nicholson further explained that changes to business processes also applied to other organisations who provided services to the Trust, for example BSO who may need to implement its own Business Continuity Plan. Mr Nicholson assured members that, while these changes may impact on the Trust, the Trust was working to existing timeframes for payroll which included the 2019-20 pay award.

Mr Nicholson acknowledged that such changes to business processes increased the risk of error and fraud and he said that this had been referred to earlier by Mr Clerkin in his presentation of the External Audit Strategy. He alluded to risks going into the new financial year such as staff, service delivery, financial balance and suppliers and acknowledged the pressures in every element of Trust business.

Thanking Mr Nicholson for his briefing, Mr Abraham conveyed his deep appreciation, and that of his colleague Non Executive Directors, for the efforts being made by everyone involved. He emphasised the desire to keep patients and staff as safe as possible and wished to have on record that the Committee's thoughts and prayers were with staff. Mr Abraham asked that this was communicated to staff.

Mr Ashford echoed the comments made by Mr Abraham and reiterated his emphasis on keeping patients and staff safe.

Mr Cardwell said that he fully endorsed the comments made by Mr Abraham and said that he very much appreciated the work being done by all concerned.

Mr Abraham said that he would like to see some form of recognition for those staff members who had served.

Referring to the stock-take and the need to include estimations within the accounts, Mr Nicholson confirmed to Mr Knox that stock levels were approximately £100,000.

Ms McKeown pointed out that Internal Audit usually considered the forthcoming Internal Audit Plan at this time of year and said that officers had already met with Mr Nicholson and his team to discuss. However, she said that, given the current circumstances, she would encourage NIAS management and the Committee to consider how Internal Audit could assist the Trust in a consultancy basis.


Mr Abraham thanked members for their attendance to allow the Committee to progress its business.

11/20 Date, Time and Venue of Next Meetings

It was noted that the next meeting of the NIAS Audit Committee would take place on Thursday 28 May 2020 at 10am. Members to be advised of arrangements.

Mr Abraham noted that members would be available for any interim meetings, should the Trust determine these necessary.

The Committee also noted the dates identified for future meetings.

Signed: 

Date: 21 April 2020