



**MINUTES OF THE AUDIT COMMITTEE HELD ON
THURSDAY 29 OCTOBER 2020 AT 10AM BY ZOOM
(DUE TO COVID-19)**

PRESENT: Mr W Abraham Non-Executive Director (Chair)
Mr D Ashford Non-Executive Director

IN

ATTENDANCE: Mr B Clerkin ASM (External Auditors)
Ms C McKeown Head of Internal Audit, BSO Internal Audit
Mr S Knox Northern Ireland Audit Office
Mr M Bloomfield Chief Executive
Mr P Nicholson Interim Director of Finance
Ms R O'Hara Programme Director Strategic Workforce Planning
Dr N Ruddell Medical Director
Mr A Phillips Assistant Director of Finance
Ms T Steele Financial Accounts Manager
Ms N Lappin Chair (observer)
Mrs L Mitchell Independent Adviser to Committee
Mrs C Mooney NIAS Board Secretary

APOLOGIES: Ms R Byrne Director of Operations
Mr A Cardwell Non-Executive Director
Ms L Charlton Director of Quality, Safety & Improvement
Ms M Lemon Interim Director of Human Resources & Corporate Services
Mr B McNeill CRM Programme Director
Ms M Paterson Director of Planning, Performance & Corporate Services
Ms A Quirk Board Apprentice

Welcome, introduction and format of meeting

The Chair welcomed everyone to the meeting and extended a particular welcome to the Trust Chair who would observe the meeting. The Chair

also welcomed Mrs Lesley Mitchell and said he would explain Mrs Mitchell's attendance later in the meeting.

33/20 **Apologies**

Apologies were noted as listed above.

34/20 **Declaration of Potential Conflict of Interest & Confirmation of Quorum**

The Trust Chair advised that she was also Chief Commissioner for the Charity Commission, and, as a result, declared a potential conflict of interest in the discussion around the External Audit Final Report To Those Charged With Governance which referred to NIAS Charitable Trust Funds.

The Chair also stressed the confidentiality of information presented.

35/20 **Previous Minutes (AC29/10/20/01)**

It was noted that the minutes of the previous meeting held on Thursday 2 July 2020 had been **APPROVED** by e-mail and reported to Trust Board on 27 August 2020.

36/20 **Matters Arising**

The Chair referred to the questions he had posed at the Committee meeting on 2 July 2020 and said that, while he appreciated the responses to the questions were included within the minutes, his preference would be to have a separate paper setting out the response against each question. He asked that this would be prepared for the next Committee meeting.

The Chair also referred to agenda items 7.2 and 7.3 and the questions posed within these documents to be considered by Audit Committees. He asked that Mr Nicholson prepare responses and suggested that it might be prudent to arrange an interim meeting to consider this depending upon Covid-19 concerns.

37/20 **Committee Chair's Business**

(i) Support for Audit Committee

The Chair welcomed Mrs Lesley Mitchell to the meeting and explained that she would act as an Independent Adviser to the Audit Committee. He confirmed that, following discussions with the Trust Chair and Chief Executive, it had been felt that it would be helpful to bring in additional skills and experience to advise the Committee as provided for in the Terms of Reference.

The Chief Executive advised that, as the Trust revised its Committee structures, it would be important to ensure that the Committees had the necessary skills and experience to discharge their responsibilities as effectively as possible. He indicated that a similar arrangement had been put in place within the Safety Committee for a Senior Clinical Adviser with significant clinical background to provide support. Mr Bloomfield said that he very much looked forward to working with Mrs Mitchell.

Echoing the Chief Executive's comments, the Trust Chair said that Mrs Mitchell's background would be of significant value to the Committee. She added that it was not unusual to have an independent accountant in an advisory role on Audit Committees to assist members in discharging their functions. The Trust Chair advised that the DoH had also been keen to have additional independent accountancy experience on the Committee.

Mrs Mitchell provided members with a brief summary of her career to date and said the involvement of independent members only strengthened the importance of Audit Committees from a governance perspective. She added that she looked forward to working with members in the coming months.

(ii) Audit Committee Terms of Reference (AC29/10/2020/02)

The Chair drew members' attention to the Committee Terms of Reference and, taking account of the establishment of the

People Committee, emphasised the importance of ensuring they all dovetailed. He suggested it would be helpful to consider the Terms of Reference and determine that they remained comprehensive and covered all elements of the Committee's business; whether any aspects of Committee business could be improved and identify any gaps/liaison items with other Committees.

The Chair also suggested that it would be important to take account of the Audit and Risk Assurance Committee Handbook (NI) 2018 while considering the Terms of Reference. At the Chair's request, Mrs Mooney undertook to circulate the Handbook and the Terms of Reference to members. He suggested that the interim meeting to be arranged could also consider revisions to the Terms of Reference.

The Chair indicated that Mrs Mitchell had identified some points for future discussion and he noted that he would circulate these to Committee members for information in due course.

Mr Ashford agreed with this approach and emphasised the importance of ensuring meaningful consideration of the various aspects of risk and where that risk sits. He stressed the importance of the Committee discharging its responsibilities and functions effectively and was of the view that Terms of Reference could be amended as necessary over time.

38/20 **Internal Audit**

(i) Progress Report (AC29/10/20/03)

At the Chair's request, Ms McKeown took members through the detail of the Progress Report. She advised that, at the end of September, Internal Audit had completed 25% against the normal SLA figure. However she reminded the meeting that Internal Audit had stood down normal assurance work in Quarter 1 and had offered its services on an advisory basis. Ms McKeown pointed out that an element of this time had been under-utilised in NIAS. Therefore, taking into account

adjusted figures, Internal Audit had delivered 31% of SLA audit days to the end of Sept 2020.

Ms McKeown drew the Committee's attention to page 4 of the Report which set out progress against individual audit assignments approved by the Committee for the year.

She advised that the Risk Management Audit had received a satisfactory assurance with no significant findings identified and described the four key findings.

Mr Bloomfield welcomed the satisfactory assurance and said that the Trust would continue to work to progress the audit findings. He highlighted the challenge of staff, in particular Operational staff, undertaking e-learning over the coming months when one took account of the additional learning required in the context of Covid-19 around increased IPC requirements for example and believed it would be important to manage expectations.

Mr Ashford said that he would ensure the finding in relation to the reporting process of key risks to the Safety Committee was included in the next agenda. He referred to the revisions to the Committee structure and stressed the importance of ensuring the Framework to consider risk was improved where necessary.

Ms McKeown explained that page 11 of the Report concluded with a short briefing note on the advisory work carried out by Internal Audit across the six Trusts to develop a high level template around corporate Fraud Risk Assessment. She advised that the template, which had been agreed with Trust Assistant Directors of Finance, would assist Trusts in determining how directorate/service area level fraud risk assessments would be incorporated into the existing Directorate Risk Registers, or developed as a stand-alone Directorate Fraud Risk Assessment.

The Chair thanked Ms McKeown for her report which was **NOTED** by the Committee.

(ii) Mid-Year Follow-up Review of Outstanding Internal Audit Recommendations 2020-21 (AC29/10/2020/04)

Ms McKeown reported that, during September, Internal Audit had reviewed the implementation of the 132 outstanding audit recommendations and had determined that 65% of the total had now been fully implemented, with 34%, or 45 recommendations being partially implemented, and one percent (1%) yet to be implemented.

Ms McKeown advised that the oldest recommendation dating back to 2013-14 related to a Payroll audit and the AfC issue which should now be closed down by the year end. She indicated that Internal Audit had acknowledged the progress made against the 2016 Performance Management audit and was of the view that it was now a matter of implementing and embedding the decisions which had been made in terms of progressing performance management. Ms McKeown alluded to the recommendation made in 2019-20 around recruitment and the need to increase the numbers of staff sitting on job evaluation panels within the Trust. She acknowledged the impact of Covid-19 and the ability to source training at this time.

Ms McKeown confirmed that there was evidence of continued work in the majority of areas tested by Internal Audit and she said it was clear that Trust management were working to embed real change in these areas rather than merely implement the audit recommendation.

She referred the Committee to page 3 of the report and highlighted audit reports where she had given limited assurance: ICT 2017-18; Board Effectiveness 2018-19; Absence Management 2018-19; Complaints, Incidents and Claims Management 2018-19, noting that this audit area had recently received a satisfactory level of assurance; PCS 2019-20; Recruitment 2019-20 and said that she was content that work was ongoing in these areas.

The Chair referred to the fact one Internal Audit recommendation had related to the 'rejuvenation' of the Board

Governance Self-Assessment Tool and he sought further detail in relation to this.

Mr Bloomfield explained that work was being taken forward to explore whether the Self-Assessment Tool could be made more relevant by introducing a different tool. However he acknowledged that this work had been paused over the last 6-8 months in the context of Covid-19. Mr Bloomfield referred to recent correspondence from the DoH which had advised of a further pause in governance/sponsorship activities. He said that, while he considered the Self-Assessment tool to be included within such activities, it would still be important to progress the review of the effectiveness of the Board. He was of the view that the recommendation within the Audit Report to make the review meaningful was obligatory.

Mr Bloomfield reported that progress had been made around the recruitment of staff to participate in job evaluation panels. He acknowledged that there was a backlog in relation to such panels and said that a number of posts had been delayed due to lack of job evaluation panels.

Mr Bloomfield said that Ms McKeown had also highlighted the audit on Complaints, Incidents and Claims Management which had increased from a limited to satisfactory level of assurance. He said it was recognised that further work was required in relation to SAIs and acknowledged the significant amount of work ongoing to address and improve SAIs including clearing the backlog of investigations.

With regard to the PCS review, Mr Bloomfield reminded the meeting that he had asked Internal Audit to examine this area of work. He acknowledged that only eight recommendations had been partially implemented with no recommendations fully implemented as yet. Mr Bloomfield explained that the Trust had taken the view that to address the recommendations would not deliver the improvements required within the service and therefore it had been decided that it would be more prudent to undertake a review of PCS. To this end, he said, the Trust established a PCS Improvement Project led by Mr John Wright. Mr Bloomfield advised that the project had paused between March and July to allow Mr Wright return to his operational role within the Tactical Command centre. He

said that work on the review had now resumed and it was hoped that Mr Wright's role in the review would be protected through further surges of Covid-19.

Mrs Mitchell agreed with the approach outlined by Mr Bloomfield with regard to the Self-Assessment tool and the importance in ensuring the steps taken by the Trust were effective rather than address the audit recommendations from a purely academic perspective. She said it was important for all Board members to be fully involved and understand what was required collectively in order for improvements to be made.

Referring to the audit recommendation in relation to the Payroll report, Mr Nicholson reported that significant progress had been made in September with one-off payments made to EMTs. He further advised that current EMTs had yesterday been rebanded from Band 4 to Band 5 and Paramedics had also been rebanded from Band 5 to Band 6. He added that work now focussed on responding to queries from staff and he commended staff from Trust Finance and HR Directorates as well as colleagues from BSO Payroll in meeting the deadlines to ensure payments were made.

The Chair asked Mr Bloomfield to ensure the Committee's thanks were conveyed to all those involved working on such a significant achievement in relation to this long-standing issue.

Mr Bloomfield commented that the Agenda for Change issue had continued for a number of years and welcomed its resolution which he said would now allow the Trust to move forward.

Mr Ashford was of the view that the Self-Assessment Tool was not suitable and suggested that it might be helpful to have a facilitated discussion between Non-Executive Directors and SMT with a view to developing an action plan which could be used in responding to the next Self-Assessment Tool.

Mr Ashford referred to the PCS review and noted that the implementation timescale was 31 March 2021. He asked whether this timescale remained realistic and whether those

undertaking the review had access to external assurance, for example from AACE.

In response, Mr Bloomfield explained that the implementation date had been agreed at the time the Trust had reviewed and accepted the audit recommendations and he agreed that it would be prudent to revisit this. With regard to external support, he confirmed that Mr Wright had access to AACE and had availed of their support when developing the Project Initiation Document (PID).

Mr Bloomfield briefed members on the Trust's intention to develop its own project management capacity to support a number of ongoing programmes, thus allowing expertise to be retained within the Trust.

The Committee **NOTED** the Mid-Year Follow-up Review of Outstanding Internal Audit Recommendations 2020-21.

(iii) BSO Shared Service Update (AC29/10/2020/05)

Ms McKeown advised that BSO Internal Audit carried out a programme of Shared Service audit assignments as part of the BSO Internal Audit Plan. She indicated that the recommendations in these reports were the responsibility of BSO Management to take forward and said that the reports had been presented to BSO Governance & Audit Committee in October 2020.

She advised that two areas had been audited: Accounts Payable and the Business Services Team, both of which were given a satisfactory level of assurance. She confirmed that there was nothing specific within the reports to draw the Committee's attention to.

The Committee **NOTED** the BSO Shared Service Update.

(iv) Head of Internal Audit Mid-Year Assurance Statement (AC29/10/2020/06)

Ms McKeown explained that this agenda item was a summary of agenda items 6.1 and 6.2 and would ordinarily feed into the Trust's own Mid-Year Assurance Statement.

However, as members would be aware, the DoH had paused governance/sponsorship activities.

The Committee **NOTED** the HIA Mid-Year Assurance Statement.

**(v) Internal Audit Annual General Report 2019-20
(AC29/10/2020/07)**

Ms McKeown explained that, to assist in sharing learning across the HSC, BSO Internal Audit had compiled the General Annual Report covering the period 2019-20. She drew the Committee's attention to page 4 of the report which summarised the common areas of limited or unacceptable assurances across the sector.

Ms McKeown highlighted some areas, for example clinical governance, procurement and contract management and payments which continued to show trends. She pointed to a number of elements which were relevant to the Trust in terms of corporate governance, for example staff and absence management, complaints management where there had been limited or unacceptable levels of assurance from Internal Audit.

The Chair welcomed the report and said it was useful to see other organisations' performance. He also pointed out that the report did not illustrate the fact that the Trust had been active in looking to identify areas where improvements were required and as such this had resulted in a number of limited assurances. However, the Chair agreed that the Trust had adopted a sensible approach to this work.

In terms of follow-up performance, the Chair referred to Mr Ashford's earlier point and noted that the number of partially implemented recommendations reflected the transitional nature of the work being taken forward by the management team.

Mr Bloomfield agreed with the points made by the Chair. He referred to the percentage of Trust audit findings, ie 14%, which had been deemed as unacceptable and felt that this had been borne out by the Trust's overall limited assurance

opinion. However, Mr Bloomfield pointed out that most of these audit findings, if not all, had been in areas which the Trust had highlighted and he welcomed the improvements and progress which had been made in the follow-up of recommendations.

In relation to the reference to a higher proportion of NIAS audit findings being unacceptable when compared to other HSC organisations, Mr Nicholson advised that the Trust was subject to significantly fewer audit assignments than other Trusts. This had the effect that any unacceptable finding created a higher proportion when compared to other organisations.

Ms McKeown accepted that this was an important point and explained that this percentage only related to one report.

The Committee **NOTED** the report.

39/20 **External Audit**

(i) External Audit Final Report to Those Charged with Governance 2019-20 (AC29/10/20/08)

Mr Nicholson advised those present that this was the final Report To Those Charged With Governance 2019-20 and pointed out that there had been no significant changes to the draft report reviewed by the Committee at its July meeting.

Mr Clerkin confirmed that there had been very few changes. He advised the Committee that Audit Office procedure required a change in audit partner every five years. Mr Clerkin explained that Ms Christine Hagan would now assume the role of ASM representative on the Committee and Ms Judith Shorthall would remain as senior manager. He indicated that Ms Hagan had significant experience in the health sector and currently attended the NIBTS, PHA and HSCB Audit Committees.

The Chair extended the Committee's thanks to Mr Clerkin for his contribution over the last five years and commended him on his attention to detail.

Mr Ashford referred to the further oversight required around Direct Award Contracts and asked how the Committee might achieve this.

The Chair explained that, in preparatory discussions with Mrs Mitchell, she had suggested that Direct Award Contracts become a standing item on the agenda to allow management to advise the Committee as appropriate.

(ii) Guide for Audit and Risk Committees on financial reporting and management during Covid-19 – National Audit Office (AC29/10/2020/09)

Mr Nicholson explained that the documents relating to this and the next agenda item had been included for completeness for the Committee. He said that the Committee would consider the same issues for the 2020-21 year and added that the document would prove helpful when the Committee started to consider its External Audit planning cycle at its next meeting.

Mr Nicholson advised that the Trust had carried out an initial assessment around Covid-19 risks and he referred to Ms McKeown's early reference to the Internal Audit work looking regionally at the controls in place. Mr Nicholson undertook to bring a formal Trust response to each of the areas outlined in both reports to a future meeting.

The Chair suggested that it might be helpful to convene an interim meeting involving Committee members and Trust officers only to ensure a full and comprehensive response to these areas depending upon Covid-19 constraints.

(iii) Covid-19 Fraud Risks – NI Audit Office (AC29/10/2020/10)

Discussion at (ii) above also refers.

40/20 **For Noting**

(i) DoH correspondence re: Pause in Sponsorship and Governance Activities (AC29/10/2020/11)

The Committee **NOTED** the correspondence dated 14 October 2020 from Ms La'Verne Montgomery, Director of Corporate Management, DoH, advising of a further pause in sponsorship and governance activities.

Mr Ashford referred to the correspondence and said he and other Non-Executive Director colleagues would be willing to assist in whatever way necessary.

The Chair alluded to DoH correspondence earlier in the year which had paused activities and which had asked Non-Executive Directors to assume greater involvement in overseeing governance arrangements. He said that great effort had been made to ensure the active engagement of Non-Executive Directors and referred to the arrangements which had been put in place at that time such as the regular meetings between the Chair, Chief Executive and Committee Chairs and the weekly e-mail updates on Covid-19.

(ii) DoH correspondence re: NIAS Overall Limited Assurance (AC29/10/2020/12)

The Committee **NOTED** the Permanent Secretary's correspondence dated 16 October.

(iii) Annual Theft and Fraud Report 2018-19 (AC29/10/2020/13)

Mr Nicholson explained that the Annual Theft and Fraud Report 2018-19 was for members' information. He advised that the report brought together the work carried out across the public sector in the 2018-19 year and said that Trust officers would review the documentation with a view to identifying any learning which could be applied within the Trust.

The Committee **NOTED** the Report.

(iv) National Fraud Initiative – NI Report (AC29/10/2020/14)

Mr Nicholson explained that the Report provided the outcome of the previous National Fraud Initiative and advised that the current National Fraud Initiative exercise had recently commenced. He said that the report would be examined with a view to identifying any potential exposures to fraud for the Trust.

Responding to a question from the Chair, Mr Nicholson clarified that the report encompassed the public sector and was not solely health focussed.

The Committee **NOTED** the Report.

(v) Fraud Update – verbal report

Mr Phillips updated the Committee on four fraud cases which, following enquiries, he had recommended to be closed due to no evidence having been identified. He advised that a further two anonymised cases had been received via the Counter Fraud website and said that preliminary enquiries were ongoing. He undertook to keep the Committee apprised.

Mr Phillips pointed out that the National Fraud Initiative was now on its seventh edition. He said that, whilst there had been no evidence of fraud, it provided an additional level of assurance to the Trust. Mr Phillips also referred to a meeting scheduled in the coming weeks with Counter Fraud and regional Fraud Liaison Officers around the completion of the fraud risk assessment template with a view to implementing this across Directorates in a meaningful way.

Responding to a question from the Chair as to whether any Whistleblowing reports had been received, Mr Phillips confirmed that the two most recent cases had been received anonymously through the Counter Fraud website.

The Chair referred to discussion with Mrs Mitchell around the role of the Committee in relation to receiving Whistleblowing reports as well as ensuring such issues were progressed through the revised Committee structure.

Mr Bloomfield agreed with this point and said that it would be important to ensure Committee members were content with Terms of Reference. He added that, if required, the Terms of Reference could be revised to ensure appropriate balance.

41/20 **Closed Meeting**

At this point in the meeting, Committee members met independently with the Internal and External Auditors in a closed meeting. This was facilitated through the use of a Zoom breakout room.

Upon their return to the meeting, the Chair advised that the general consensus had been that Mrs Mitchell, in her role as Independent Adviser to the Committee, should also attend the closed meeting. There were no other matters arising or actions required as a result of the closed meeting.

42/20 **Any Other Business**

Mr Bloomfield and Mr Nicholson extended their appreciation to Mr Clerkin and wished him well for the future.

43/20 **Date, time and venue of next meeting**

The next meeting of the Audit Committee would take place on Thursday 4 February 2021 at 10am (venue and arrangements to be confirmed)

The Chair thanked Mr Clerkin for his contribution to the Audit Committee over the last number of years and declared the meeting closed.

SIGNED: 

DATE: 19 February 2021