



**Minutes of the Audit Committee held on  
Thursday 2 July 2020 at 10am by Zoom (due to Covid-19)**

<b>PRESENT:</b>	Mr W Abraham	Non-Executive Director (Chair)
	Mr D Ashford	Non-Executive Director
<b>IN</b>	Mr M Bloomfield	Chief Executive
<b>ATTENDANCE:</b>	Mr P Nicholson	Interim Director of Finance
	Ms M Lemon	Interim Director of Human Resources & Corporate Services
	Mr A Phillips	Assistant Director of Finance
	Mr B Clerkin	ASM (External Auditors) (left the meeting at 11.10am)
	Ms C McKeown	Head of Internal Audit, BSO Internal Audit
	Mr B McNeill	CRM Programme Director
	Dr N Ruddell	Medical Director (joined the meeting at 11.15am)
	Ms R O'Hara	Programme Director Strategic Workforce Planning
	Ms M Paterson	Director of Planning, Performance & Corporate Services
	Ms J Shortall	ASM (External Auditors)
	Ms T Steele	Financial Accounts Manager
	Mr R Sowney	Interim Director of Operations
	Dr N Ruddell	Medical Director
	Ms L Charlton	Director of Quality, Safety & Improvement
	Mrs C Mooney	NIAS Board Secretary
	Mr S Knox	Northern Ireland Audit Office
	Ms S Sellars	Board Apprentice
<b>APOLOGIES:</b>	Mr A Cardwell	Non-Executive Director
	Mr D Charles	Internal Audit, BSO Internal Audit

## **Welcome, introduction and format of meeting**

The Chair welcomed everyone to the meeting, in particular Ms Sarah Sellars, Boardroom Apprentice.

### **22/20 Apologies**

Apologies were noted from Mr Cardwell.

### **23/20 Declaration of Potential Conflict of Interest & Confirmation of Quorum**

No conflicts of interest were declared and the meeting was confirmed as quorate. The Chair also stressed the confidentiality of information presented.

### **24/20 Previous Minutes (AC02/07/20/01)**

The minutes of the previous meeting held on Thursday 28 May 2020 were **APPROVED** on a proposal from Mr Ashford and seconded by Mr Abraham.

### **25/20 Matters Arising**

The Committee noted that all Matters Arising had been actioned.

### **26/20 Chairman's Business**

The Chair made the Committee aware of a number of questions he had posed earlier that morning to Mr Nicholson as follows:

'The calculation of the quantum of payments in relation to the Agenda for Change issue was brought to my attention last week. We will be briefed fully on this point but as I understand it, External Audit has reviewed the modelling of NIAS calculations and identified a substantial shortfall. While this may not be material for accounting purposes for this year end, it is still significant for NIAS and raises some concerns. It will be discussed today mainly in the context of the accounts, however, it does raise some additional questions that should be raised today and dealt with as we move forward.

Chairman's Questions and points to discuss:

1. Impact on the Accounts and resolution of the way this will be treated for our year end? Options? Way forward?
2. What does this mean for next year and moving forward?
3. Explanation of the nature of this modelling difference. In short, we need to know if the revised numbers will be or are more likely to be the correct figure. Is this a more refined and updated calculation? A difference in opinion on factors - the battle of the models? A more conservative run of sensitivities etc? Or, is this identifying where we may not have kept our modelling "live" and current.
4. The Agenda for Change money payment has been raised as a key point of discussion at the Audit Committee and at the Board both last year and at the last Audit Committee meeting where I raised this personally with NIAS and External Audit. Indeed, I held the "closed meeting" open to highlight this point.
  - 4.1. External Audit - It is good that this was identified, but why was this increasing year-on-year deviation or shortfall not identified by External Audit in previous audit cycles so that this could be addressed and corrected in a timely manner?
  - 4.2. NIAS - modelling is complex but needs to be kept "live" and updated. Why was this not identified earlier by NIAS? What went wrong, so that we can identify the issues and understand how this can be fixed for this issue and future similar issues.
5. Modelling - what resources do we have to do this? Everyone understands that modelling is complex but a model is a living calculation that needs to be kept under development and refinement. The question is not is it complex but, rather, is it too complex for us? Is this an issue where the model was wrong but the work was right - a faulty model? Or, was this a lack of updating in inputting changes?
6. What other modelling is going on now?

7. In business, models are done internally, but in many cases, the working model is vetted by outside modelling experts. Depending upon the outcome of our discussion, it would seem that this will be required moving forward where there are complex models and I would ask our CEO to comment on this point. Moving forward we would need assurance that similar issues were not missed or identified at the “11th hour”. What will be done to address this issue moving forward?’

The Chair said that, by the next meeting of the Committee on 8 October, he would appreciate responses to his questions and he asked Mr Nicholson to ensure a copy of these were circulated to Committee members for their information. He pointed out that, in posing these questions, he did not envisage this interfering with the Committee’s consideration of the Trust’s final accounts.

**(i) Audit Committee Annual Report 2019-20 (AC02/07/20/02)**

The Chair advised that he had included, within his Committee Annual Report, reference to Covid-19 as it had and was continuing to have a significant impact on health and social care. He emphasised the importance of the Internal Audit opinion which he had underlined in his report, ie ‘I acknowledge that the framework of governance, risk management, and control is improving within NIAS.’

The Chair explained that he did not intend to go through his report in detail and commended it to the Committee, subject to discussion on whether there was a need to include reference to the Agenda for Change issue which arose after he had finalised the report.

Mr Bloomfield said that he was appreciative of the Head of Internal Audit’s acknowledgement that, despite the challenges presented to the Trust over the last number of months in the context of Covid-19, the Trust’s governance arrangements and control had not been adversely effected. He advised that, upon receipt of her report, he had written to the Permanent Secretary to draw to his attention the Head of Internal Audit’s opinion that ongoing action was being taken to address issues, including the outstanding Internal Audit recommendations.

Mr Bloomfield drew the Committee's attention to page 3 of the report and the affirmative action taken by the Trust following the Internal Audit finding of an unacceptable level of assurance in relation to the area of Patient Care Services (PCS). He advised that Trust senior management had accepted all recommendations emanating from that audit and had appointed a senior manager to the new role of PCS Review Manager to take forward a strategic review of PCS.

Mr Bloomfield indicated that the action taken by the Audit Committee itself in terms of requesting input or presentations from him as well as other members of the senior management team on certain issues pointed towards the approach adopted by the Trust.

He pointed out that the Trust had also been proactive and had requested Internal Audit to consider a number of areas on which the Senior Management Team had expressed concern.

Mr Bloomfield said that he wished to take this opportunity to thank both Internal and External Audit staff for their assistance through challenging times.

The Chair referred to the complaints management audit and acknowledged that the Trust had not shied away from difficult issues. He said that he appreciated that, on occasions, this had made for uncomfortable discussions in relation to the Internal Audit reports, particularly when the Trust had received a limited assurance finding. However the Chair reiterated the Internal Audit opinion that the Trust continued to strive to improve its performance in this area and that, should improvement efforts be sustained and planned outcomes achieved, the Trust should be able to move to a satisfactory assurance position.

Mr Ashford commended the Chair on his Annual Report and was of the view that it was well written and had encompassed all the necessary points.

He acknowledged the constructive approach adopted by Mr Bloomfield in terms of being proactive and seeking Internal Audit support in identifying potential issues. Mr Ashford asked whether the Audit Committee could offer any further assistance

in terms of ensuring the appropriate level of oversight, for example convening additional meetings.

Mr Bloomfield referred to his correspondence to the Permanent Secretary, which he had copied to members, and said that he had stressed the Trust's intention to maintain a focus on the outstanding Internal Audit recommendations as well as ensuring progress was made. He acknowledged that Covid-19 had had a significant impact on the progress he had hoped for and said that he would look to the Audit Committee to ensure that progress was being made.

The Chair suggested that it might be helpful to convene an additional meeting of the Committee before the end of the summer but said that he would raise this at the end of the meeting.

#### **(ii) Audit Committee Self-Assessment (AC02/07/20/03)**

The Chair confirmed that the Audit Committee Self-Assessment had been completed as required.

### **27/20 Internal Audit**

#### **(i) Internal Audit Strategy incorporating the proposed Internal Audit Plan 2020-21 to 2022-23 (AC02/07/20/04)**

At the Chair's request, Ms McKeown took the Committee through the Internal Audit Strategy which incorporated the proposal Internal Audit Plan for 2020-21/2022-23.

Referring to the narrative section of the document, Ms McKeown explained that this set out how Internal Audit developed the Plan and how it determined what to include. She added that the Plan was primarily based on the Trust's Risk Register as well as discussions with Trust management as to what the audit needs and requirements of the Trust were.

Ms McKeown advised that core finance/functional reviews were a natural feature of the Plan and she said the Trust needed to be assured that its risk management processes were appropriate to allow the Trust's assessment of risk to feed into the three-year planning cycle. She indicated that the

Strategy broke down the time available and how this would be used against the areas to be audited.

Ms McKeown drew members' attention to page 3 of the Strategy which set out how Covid-19 had impacted on the 2020-21 Audit Plan and advised that the routine Internal Audit Plan for Quarter 1 2020/21 had been stood down with Internal Audit offering to support each HSC organisation in whatever way best met their specific needs during Quarter 1.

Ms McKeown indicated that work conducted during Quarter 1 had largely been advisory work and she said that, at this point, the annual plan had been developed on the assumption that three quarters of the annual audit days would be delivered in Quarter 2-4, delivering assurance assignments. She indicated that the remaining one quarter of SLA time had been reserved for Quarter 1 advisory work. Ms McKeown said that the 2020-21 Internal Audit plan would be kept under review during 2020-21 in conjunction with Trust management to ensure it remained flexible and relevant in the current pandemic situation.

Ms McKeown drew the Committee's attention to page 20 of the Strategy and outlined the proposed Internal Audit assignments for 2020-21.

Continuing, Ms McKeown advised that Internal Audit was working on providing more detailed feedback on year-end follow-up recommendations in terms of specifying what was required to implement the recommendation and would share this work with management. Ms McKeown commented that previous limited/unacceptable reports would be picked up as part of this written follow-up and the Committee would be able to see these reports threaded through the three-year plan when particular audit areas would be revisited, for example PCS and SAIs.

Ms McKeown acknowledged that it was very much a judgement call as to what would be included in the three-year plan and advised that it had not been possible to include all audits within the three-year cycle. However, she said, consideration would be given to including them in the subsequent cycle.

Ms McKeown advised that she was seeking the Committee's approval to the Plan.

The Chair said that he would be interested in having sight of the Governance during Covid-19 review to be carried out by Internal Audit in terms of how the Trust performed. He referred to the fact that the Trust Chair did not normally attend Committee meetings but had expressed her interest in being involved in the audit around ICT as she had a particular interest in this area of work.

Mr Bloomfield welcomed the Trust Chair's involvement in the audit process. He said that he looked forward to the outcome of the work being taken forward by Internal Audit around detailing what was required specifically in order to implement recommendations.

Mr Bloomfield referred to the proposed audit around governance during Covid-19 and said that he understood why this audit was being conducted across the health and social care system. However he commented that it would be important to ensure the audit also considered the context in which actions and decisions were made at that time.

Responding, Ms McKeown said that Internal Audit would be reliant on the Trust management to ensure the context was made clear. She added that Internal Audit fully appreciated that working through the recent months had been hugely challenging and said that auditors would be adopting a reasonable approach.

Mr Bloomfield suggested that Ms McKeown might find the daily NIAS Gold logs helpful when undertaking the audit.

The Chair pointed out that, during the height of the pandemic, the Trust had put in place arrangements for increased Non Executive Director oversight through weekly meetings with the Trust Chair, Chief Executive and Committee Chairs. He suggested that it might be helpful to have these included in the proposed audit.



Ms McKeown agreed to follow this up further with the Chair. She said that the audit would look to confirm that the Trust's effective governance processes continued during Covid-19, for example did the Trust Board/Committees continue to meet and conduct business.

Mr Nicholson said that he very much welcomed the flexibility shown by Internal Audit from the outset of the pandemic and he thanked all concerned for their support.

Mr Ashford referred to the fact that 155 days had been set aside for proposed audits during 2020-21 and he asked Ms McKeown if she was content that this was sufficient. He also enquired whether there were any areas which Internal Audit would like to examine but would not have the opportunity to do so.

In response, Ms McKeown confirmed that she was content that 155 days would cover the audits Internal Audit proposed to undertake. She indicated that it would be important that the Internal Audit Plan was kept under review by management and could be adapted during the year if the Trust felt there were other more specific areas to be audited.

The Chair thanked Ms McKeown for her report and sought approval from the Committee.

The Internal Audit Plan 2020-21 to 2022-23 was **APPROVED** on a proposal from Mr Ashford and seconded by Mr Abraham.

## 28/20 **External Audit**

### **(i) External Audit Draft Report to Those Charged with Governance 2019-20 (AC02/07/20/05)**

At the Chair's invitation, Mr Clerkin took the Committee through the detail of the External Audit Draft Report.

He drew members' attention to page 3 of the report which set out the key messages for the Committee's attention and added that it was likely that the Comptroller and Auditor General would certify the Trust's 2019-20 accounts with an unqualified audit opinion, without modification. Mr Clerkin advised that there

were unadjusted financial statements totalling £1,466k and said that no report on the accounts was required.

Continuing, Mr Clerkin advised that, during the audit, External Audit had reviewed internal controls; accounting systems; and procedures to the extent considered necessary for the effective performance of the audit. He said that two priority one recommendations had been identified in relation to regularity and the internal control environment.

Mr Clerkin indicated that the report had been issued a week previously to allow those concerned sufficient time to review. He added that, since then, he had received the revised Annual Report and Accounts and noted that, with the exception of one change which had been raised with management, all changes proposed by External Audit had been incorporated.

Mr Clerkin confirmed that, while External Audit had now been provided with the Contracts Register as well as the Shared Services Assurance Report, he was currently awaiting the Land & Property Services Assurance Report. However he said that it was his understanding that this report had been delayed across the health and social care sector and that the Audit Office was giving consideration to this at a HSC-wide level. Mr Clerkin said that he did not see this as causing any difficulty in the certification of the Trust accounts.

Continuing his report, Mr Clerkin drew members' attention to page 4 of the report which set out a number of actions to be taken by the Committee.

Mr Clerkin referred to the Significant Risk which had been identified on page 6 and took members through the detail of these as well as a number of other risk factors.

He referred in particular to the significant risk relating to the 'Valuation of payroll related provisions, accruals and contingent liabilities' and said that External Audit had not been content with the calculation of the accrual relating to paramedic/EMT Agenda for Change and had recorded an unadjusted audit misstatement. He explained that, in relation to the contingency liability aspect which had been rolled forward from previous

years, it was External Audit's view that this was no longer required.

Referring to the questions posed by the Chair at the beginning of the meeting, Mr Clerkin advised that, in respect of the difference in calculation, subject to any comments management wished to make, it had been the view of External Audit that there had been inconsistencies in the timing of the incremental pay rises and the assumptions around the banding changes applied.

Mr Clerkin advised that the issues had been identified in the second week of the audit and had been conveyed to management. With regard to why the issue had only been identified now, he reminded the Committee that no offer had been made to Trade Unions until March of this year.

The Chair acknowledged that the offer had been draft and sought confirmation that it had been under discussion.

Mr Bloomfield explained that a draft offer had been made to Trade Unions in July 2019 and had been under consideration by the Unions until November/December when industrial action paused this consideration. He said that the Minister had approved a revised offer which had been put to the Unions in March with Unions considering this and balloting their members between then and May.

For clarification purposes, Ms Lemon indicated that the offer which had been put to the Unions in July 2019 had been based on the Permanent Secretary's approval in the absence of a Minister to commence negotiations. She added that the resolved final offer, taking account of Ministerial approval, had been issued to Unions in March 2020.

Responding to a further question from the Chair, Ms Lemon confirmed that a collaborative approach had been adopted and Finance had been fully involved in the detail.

Mr Clerkin continued his report and referred members to page 7 which set out a number of other risk factors which had been identified.

Mr Clerk drew members' attention to page 10 and said that, at the time the External Audit report had been written, the outcome of the Trade Unions' ballot was unknown. Therefore, he said, External Audit would now update this upon receipt of the management response.

He alluded to the sample testing which had identified five Direct Award Contracts amounting to £720k which had been awarded prior to being approved by the Chief Executive. In addition to this, Mr Clerkin indicated that External Audit's review had identified that the Trust had failed to maintain an up-to-date and accurate Contracts Register to enable effective monitoring of contract spend. He said that it would be important for the Trust to rectify this going forward to ensure the governance around contract management was strengthened.

In relation to 'Recognition of Payables', Mr Clerkin explained that External Audit had been unable to obtain sufficient evidence that the risks and rewards of ownership of a capital accrual had transferred to NIAS as at 31 March 2020 and advised that this was included within the unadjusted misstatements.

Responding to a request from the Chair for clarification around this, Mr Clerkin explained that this related to new building or capital works undertaken. He acknowledged that further work was required in terms of accruals.

In terms of the revaluation of buildings and land, Mr Clerkin explained that indexation had been applied to the asset cost and accumulated depreciation for buildings even though these had been subject to LPS revaluation in the year. He advised that this approach was incorrect and had given rise to three related adjustments.

Mr Clerkin referred to prompt payment target which had been narrowly missed. He added that a number of revisions to legal estimates as advised by BSO had not been included in the calculations of provisions. He added that this had been included within the unadjusted misstatements.

Mr Clerk referred to pages 13 and 14 of the report and advised that adjusted as well as unadjusted misstatements had been

applied to the Accounts. He pointed out that it was External Audit's view that none of the unadjusted misstatements were material and did not need to be made. However he said it would be important for the Audit Committee to be satisfied that this was the case.

In terms of the appendices, Mr Clerkin discussed the letter of representations, the unqualified opinions of the audit certificates and progress against the implementation of prior year recommendations.

Mr Knox acknowledged that the Comptroller and Auditor General may seek further detail on the unadjusted error outlined on page 4 of the report. However he said that the Audit Office was happy to accept the explanations put forward by the Trust and External Audit and would be happy to reassure the Comptroller and Auditor General of the detailed discussions at the Audit Committee.

Mr Knox noted that the narrative within the accounts around the revaluation of land and buildings market values during the revaluation process should be viewed upon with a degree of caution in the context of Covid-19. However, he said, the report referred to the fact that the revaluation applied as at early 2020 and emphasised the importance of the user of the Trust accounts being aware of such. Mr Knox acknowledged that this was not so much an issue for NIAS as for other Trusts and said that consideration was being given by the Audit Office on whether there should be reference to this within its audit opinion. However he advised that this would not be a qualification, but rather a point of emphasis.

Responding to a query raised by the Chair, Mr Knox explained that standard wording had been provided by the DoH for inclusion within the accounting policy.

Mr Nicholson confirmed that the wording had been included within the accounts.

He indicated that there were a number of references to Covid-19 throughout the Annual Report and Final Accounts, including the specific issue relating to the revaluation of the NIAS estate being as LPS had determined. Mr Nicholson was of the view

that a change in the valuation would not cause an issue for the consideration of the accounts due to the fact that NIAS did not own much of its estate and therefore the impact on the accounts would potentially not be as significant as on other Trust accounts.

Mr Bloomfield referred to the actions to be taken by the Audit Committee (page 4 of the report) and was of the view that the Committee should accept the misstatements. He acknowledged the questions which had been posed by the Chair and said that the modelling of the AfC calculations should not overshadow the resolution of a longstanding issue which was a significant and positive development for the Trust. Mr Bloomfield indicated that the Trust's understanding was that all the associated costs would be met by the commissioner and he said that the Trust needed to ensure that this remained the case. He undertook to advise the Committee of the Trust's discussions with the commissioner in this regard as well as responding to the Committee Chair on the issues he had raised.

Mr Bloomfield also welcomed the fact that the Trust had achieved a break-even position at the year.

The Chair acknowledged that this was a new and emergent issue which had been referred to within the External Audit report.

Mr Nicholson welcomed that comments made by Mr Knox in relation to the status of the audit. He also expressed his thanks to Ms Sellars who had proof-read the document and had made a number of presentational suggestions which would be made prior to publication of the accounts. Mr Nicholson said that he would also like to take this opportunity to thank the External Auditors for the thorough way in which they had approached the auditing of the accounts in the context of Covid-19.

He said that the overall reason for not adjusting the accounts was that the amount involved was not material and added that this had been outlined in the Report to Those Charged with Governance. Mr Nicholson described the complexity of the modelling process and said that this had included incremental

dates; assimilation to pay scales and new pay scales introduced in March 2020. He said that, since the Unions' acceptance of the offer, efforts were now focused on making the payments to staff and he added that Trust staff had now engaged with BSO Shared Services in this respect.

Mr Nicholson advised that he intended to outline the proposed timeframe at a future Senior Management Team meeting and said that it would be several months until there was clarification around the final payments to be made to the different groups of staff. He indicated that the Trust had ensured that DoH colleagues were aware of the model and the assumptions within it as well as the potential impact moving forward and he reiterated Mr Bloomfield's earlier comment that the Trust's understanding had been that the full and legitimate costs of the AfC would be met by the commissioner.

Mr Nicholson emphasised that the full and final costs would only be known when final payments had been made to staff.

The Chair asked whether it would be possible to include funds to allow for a 'buffer'. He referred to the range of factors that had to be taken into account in the modelling and asked whether there was potential for the final figure to differ significantly from the £1.3 million already identified.

Mr Nicholson advised that the model should have been adjusted. However he did not expect the figure to be materially different and acknowledged that, if it was materially different, this would be an element of the engagement with the commissioner.

Mr Ashford indicated his agreement with Mr Bloomfield's earlier comments around the need for positivity around the conclusion of the pay deal. He asked when the Trust might know the outcome of the discussions with the commissioner in terms of the provision of funding for AfC and was of the view that there would be significant implications for the Trust should funding not be forthcoming. Mr Ashford suggested that it might also be helpful for the Chair to include reference in his annual report to the fact that the issue would be discussed in detail at today's Audit Committee.

The Chair explained that he had not wished the issue to overshadow the outstanding work which had been completed throughout the year.

In response to a question, Mr Nicholson explained the rationale around not making the adjustment to the accounts and advised that the impact on the Trust accounts would be to recognise a further £1.3 million of expenditure and therefore the Trust would have to report a £1.3 million deficit for the financial year. He indicated that, in normal circumstances, the Trust would engage with the DoH and HSCB in order to resolve this issue.

Mr Nicholson explained that, in the past, the HSCB and DoH had funded the Trust within its revenue baseline to resolve this specific issue and said that he had no reason to believe that this position would change. He said that reaching a resolved position would now allow the Trust to move forward on a number of other critical elements within the overall agreement.

The Chair indicated that Mr Clerkin had been supportive of this approach.

Mr Knox advised that he would be happy to convey the nature of the Committee's robust discussion to the Comptroller and Auditor General and said that he agreed with the point made around the value being below the materiality threshold.

The Chair referred to the requirement for the Committee to have written endorsement of management's decisions to leave this issue as an unadjusted error in NIAS accounts for 2019-20 which were as follows:

- These amounts were below the materiality threshold for NIAS.
- Given the proximity to the year end, a decision by NIAS to adjust these errors would not allow time for the HSCB to deal with these costs as envisaged. This would either result in a deficit in the NIAS accounts or disrupt the year end processes for the HSCB and the Department of Health.
- The calculation of the final amount of these payments will only be fully determined at the time NIAS is ready to make payments to staff, therefore, it was more practical to deal with this in the next financial year.



Concluding the discussion, the Chair conveyed the thanks of the Committee for the work undertaken to reach this point.

Mr Ashford endorsed the Chair's comments and asked, if it was determined that a refinement of the calculations was required, whether that might affect the balance in terms of tipping the adjustment over the threshold of materiality.

The Chair acknowledged that it would be difficult to confirm this without knowing the specific details. However he asked if it transpired that the final figure differed significantly, would the Trust and indeed the committee be required to re-open the accounts.

Mr Nicholson reminded the Committee that there were a number of other factors to be taken into account when working through the calculations to determine the final costs. However he advised that it would unlikely that an adjustment would require the Trust to revisit the previous year's accounts.

Mr Knox agreed with this view and explained that it was intended that the accounts would be certified in early July. Therefore, he said, any issues arising which were significantly different would be incorporated into the 2020-21 accounts. Mr Knox confirmed that these accounts were not materially affected by the understatement of the estimate and, as such, this was not considered to be an issue for the 2019-20 accounts.

Ms Shortall said that she wished to put on record her thanks to the Trust's Finance staff for their assistance throughout the audit.

Echoing these comments, the Chair thanked all concerned for enabling the Trust to reach this point in the final accounts process.

## 29/20 Annual Report & Accounts

### **(i) Draft, Audited, Uncertified, Annual Report & Accounts for the year ended 31 March 2020 (AC02/07/20/06)**

Mr Nichols drew the Committee's attention to these papers and advised that a draft version of this report had been previously presented to the Audit Committee. He referred to the fact that Mr Knox had, earlier in the meeting, outlined the status of the accounts to the Committee and Mr Clerkin had also taken the Committee through the detail of the Report to Those Charged with Governance.

Mr Nicholson advised that, in focusing on the financial position, the Trust had concluded the financial year with a small revenue surplus of £19,000 and an underspend of approx. £300,000 in relation to the capital position. He indicated that the Trust had performed well in relation to prompt payments achieving 94.4% but had just missed the target of 95% by a small proportion.

He explained that, given the current circumstances, it would be necessary to affix digital signatures to the accounts and said that the Committee's approval was required in order to do so.

In response to a question from the Chair querying whether affixing digital signatures had been verified with legal department, Mr Nicholson advised that the decision to do so had originated from the NI Audit Office and the DoH and he sought the Committee's approval to do so.

Both the Chair and Mr Ashford indicated that they were content for digital signatures to be affixed.

Mr Nicholson expressed his satisfaction with having reached this stage in the context of Covid-19 and advised that he had no further points of concern. He added that he did not intend to go through the extensive document in detail as he felt the Committee had done so during earlier discussion.

At the Chair's invitation, Mr Ashford confirmed that he had no further points to raise and he commended all involved in achieving a surplus of £19,000 against a total budget of £80 million.

Mr Knox sought clarification on when the Trust expected to make the payments in relation to AfC.

Responding, Mr Nicholson advised that it would take several months to work through the calculations but hoped that the Trust might be in a position to make payments before Christmas.

Ms Lemon advised that the Trust did have an implementation plan but acknowledged the significant complexity of the calculations to be worked through in terms of assimilation. She explained that the Trust would work closely with BSO colleagues as to the timescales for payment. She advised that Trade Union representation had been included on the implementation group so that they were fully involved in the process and understood the complexities around it.

The Chair welcomed this update.

**(ii) Letter of Representation: NIAS for the year ended 31 March 2020 (AC02/07/20/07)**

Mr Nicholson explained that this letter would be signed by the Chief Executive to accompany the submission of the accounts to the Comptroller and Auditor General and he outlined its content.

He pointed out that reference to the unadjusted errors was included within page 5.

There was some discussion over the wording used around fraud on page 2 of the correspondence and it was agreed that Mr Knox would liaise with Mr Phillips in relation to revise this accordingly.

On a proposal from the Chair and seconded by Mr Ashford, the Committee **APPROVED** the following, subject to the

satisfactory completion of outstanding audit matters and a number of minor amendments and changes, that:

- The Annual Report and Accounts for the year ended 31 March 2020 should be approved by the Trust Board:
  - a) The Performance Report should be signed by the Chief Executive;
  - b) The Accountability Report (which includes: Governance Report; Remuneration and Staff Report; and Accountability and Audit Report) should be signed by the Chief Executive; and
  - c) The Financial Statements should be signed by the Chairman and the Chief Executive and
  - d) The Letter of Representation (Public Funds) for the year ended 31 March 2020 should be approved by the Trust Board and signed by the Chief Executive.

**(iii) Draft, Audited, Uncertified, Charitable Funds Trustee's Annual Report for the year ended 31 March 2020 (AC02/07/20/08)**

Mr Nicholson advised that the Committee had had previous sight of these accounts for review.

He drew the Committee's attention to the fact that there were slightly different arrangements in place around the Trust Chair's involvement in the Charitable funds due to her involvement with the Charity Commission and explained that she had recused herself from any consideration of these funds.

Mr Nicholson reminded the meeting that the Trust Board was the corporate Trustee in respect of the Charitable accounts.

Mr Nicholson referred members to page 8 of the accounts which set out the Charity Commission's requirements and confirmed that there had been no material changes to these accounts since the Committee's initial consideration.

**(iv) Letter of Representation: NIAS Charitable Trust Funds for the year ended 31 March 2020 (AC02/07/20/09)**

The Committee indicated that it was content with the letter of representation.

Following a proposal from the Chair which was seconded by Mr Ashford, the Committee agreed to recommend the Draft, Audited, Uncertified, Charitable Funds Trustee's Annual Report for the year ended 31 March 2020 to the Trust Board for approval and that:

- The Trustee's Annual Report and Accounts for the year ended 31 March 2020 should be approved by the Trust Board and signed by the Audit Committee Chair and the Chief Executive and
- The Letter of Representation (Charitable Funds) for the year ended 31 March 2020 should be approved by the Trust Board and signed by the Chief Executive.

**30/20 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 break-out room.

Upon their return to the meeting, the Chair advised that there were no matters arising or actions required as a result of the closed meeting.

**31/20 Any Other Business**

**(i) NIAO Work Programme: Impact of Covid-19 (AC02/07/20/10)**

Mr Nicholson drew members' attention to the correspondence from the Comptroller and Auditor General which set out the approach adopted by the NIAO at the outset of the pandemic. The correspondence also made reference to a number of reports which the NIAO hoped to publish over the coming months.

Mr Knox advised that the correspondence acknowledged the Comptroller and Auditor General's appreciation of the efforts made by all concerned to ensure that deadlines were met as well as acknowledging the difficulties in conducting audits off-site.

Mr Ashford referred to the earlier discussion around the Report to Those Charged with Governance. He alluded in particular to the increased oversight around DAC and sought an assurance that this issue would be examined further.

Mr Nicholson confirmed that this would progressed.

**32/20 Date, time and venue of next meeting**

The next meeting of the Audit Committee would take place on Thursday 8 October 2020 at 10am (venue and arrangements are to be confirmed)

The Chair declared the meeting closed and congratulated Mr Nicholson and the Finance team on the preparation and presentation of this set of accounts in what were difficult circumstances.

**Signed:** 

**Date:** 18 August 2020