



**MINUTES OF THE AUDIT AND RISK ASSURANCE COMMITTEE
(ARAC) HELD ON THURSDAY 19 JANUARY 2023 AT 10AM VIA
ZOOM**

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

IN

ATTENDANCE: Mr M Bloomfield Chief Executive
Ms R Byrne Director of Operations
Ms M Lemon Director of HR & OD
Mr P Nicholson Director of Finance, Procurement,
Fleet & Estates
Ms M Paterson Director Planning, Performance &
Corporate Services
Ms K Keating Risk Manager
Mr S Knox External Audit Northern Ireland Audit
Office
Ms C Hagan External Audit ASM
Ms L Mitchell Independent Adviser to Committee
Mrs C Mooney NIAS Board Secretary
Mrs S Young NIAS HR Associate (for agenda item 7.2
only)
Mr J Wilson Boardroom Apprentice (joined the
meeting at 11.15am)

APOLOGIES: Ms C McKeown Head of Internal Audit, BSO
Mr N Gray NIAO

Welcome, introduction and format of meeting

The Chair welcomed everyone to the meeting

1 **Apologies**

Apologies were noted as above.

2 **Declaration of Potential Conflict of Interest & Confirmation of Quorum**

The Chair confirmed that the meeting was quorate and asked those present to declare any conflicts of interest now or as the meeting progressed.

The Chair noted the fact that, in accordance with the Trust Standing Orders, the Non-Executive Director (NED) membership of the Audit Committee 'shall consist of not less than three members'. He advised that he had drawn this requirement to the Trust Chair's attention in the context of appointing additional NEDs when this was possible.

The Chair also stressed the confidentiality of information presented.

3 **Previous Minutes (AC19/01/23/01)**

The minutes of the meeting on 8 December 2022 were **APPROVED** on a proposal from Mr Ashford and seconded by the Chair.

4 **Matters Arising (AC19/01/23/02)**

4.1 **Action List**

The Committee **NOTED** the Matters Arising.

Mr Bloomfield noted that a dedicated Board workshop to discuss Risk 357 would take place on 1 February. He said that this issue had received considerable focus in the weeks before Christmas, resulting in the announcement of the introduction maximum three-hour handover for Trusts. Mr Bloomfield said that members would receive a more detailed briefing at the workshop.

The Chair welcomed this progress and said his preference would be for the workshop to be held in person if at all possible. Mrs Mooney undertook to confirm arrangements.

Mr Ashford echoed the Chair's comments and said that, while the change in direction was encouraging, the position remained concerning.

Mr Bloomfield acknowledged that introducing a maximum three-hour handover prior to Christmas may have appeared not to have the best timing. However, he explained that it had been necessary to do so at that time in order to see the benefits start to be realised in January. Mr Bloomfield confirmed that, as well as a reduction in the length of delays, the number of delayed handovers over three hours had significantly reduced to between 4-5 hours. He referred to the monitoring and regular performance meetings with the DoH, including with the Permanent Secretary, and noted that the position had shown signs of improvement in early January. Mr Bloomfield indicated he would share longer-term information at the workshop.

5 **Chair's Business**

The Chair noted that, while not directly linked to the work of the ARAC, he was also the NED focussing on safeguarding and, in that capacity, he would be meeting with Ms Charlton and Mr Flannagan in the coming weeks re safeguarding.

He confirmed that he also planned to attend the DoH ARAC as an observer on 7 March 2023.

6 **Standing Items**

6.1 **Direct Award Contract (DAC) Register (AC19/01/23/03)**

Mr Nicholson drew the Committee's attention to the DAC Register and took members through the detail.

He highlighted the significant nature of the contract for the Computer Aided Dispatch (CAD) system and explained that it had been important that the two contracts ran in sequence until such times as the system was replaced.

Mr Nicholson explained that the supply and installation of shelving was a one-off cost to the Trust while the costs for the JRCALC Clinical Practice Guideline would cover the next 12 months while the Trust considered different routes to procurement.

Responding to a query from Mr Ashford as to the costs associated with the procurement of the JRCALC Clinical Practice Guideline, Mr Nicholson explained that the Trust had paid for a full year's access, ie November 2022 to November 2023. He advised that there was potential for a slight increase in costs if more staff wished to access the system online and the Trust would have to purchase additional licences to allow them to do so.

Mr Ashford welcomed the information being separated into current, completed and required.

Mr Knox sought clarification on the RAG status of 'green conditional' which had been attributed to the contract for the CAD from 1 January to 31 December 2023.

Mr Nicholson said it was his understanding that the 'green conditional' was based on appropriate business case approval and procurement. He undertook to advise the Committee should that not be the case.

Mr Nicholson advised that work continued to ensure the appropriate paperwork was completed in respect of the DACs required.

The Committee **NOTED** the DAC Register as presented by Mr Nicholson.

6.2 Fraud Update – verbal update

Mr Nicholson reported that there were three open fraud cases which needed to be closed administratively and he added that he had recently been advised of a further case which had been reported to the BSO Counter Fraud Service.

Mr Nicholson referred to a previous case which had been investigated with no evidence found to support the allegation and said he intended to revisit this case as part of the closure process.

The Chair cautioned against nugatory work in revisiting such cases.

Mr Nicholson accepted this and acknowledged that revisiting the information collated during the investigation would be helpful in confirming closure of the case.

6.3 Progress on Achieving Business As Usual – verbal update

Mr Nicholson reminded the meeting of the background to this issue and said that the genesis of the issue had arisen during discussion on the DAC Register and the need to reduce this as the Trust reverted to business as usual.

The Chair stressed the importance of ensuring Covid-19 was not relied upon as a reason for the Trust not returning to business as usual.

Ms Paterson acknowledged the continuing impact of Covid-19 on the Trust and believed that the workshop scheduled for 1 February would provide an opportunity for further discussion.

Ms Lemon indicated that, as well as the pressures on services, the Trust was also facing periods of industrial action which would impact on business as usual and were important in the context of discussions around business as usual. She pointed out that strike action had been planned for 25 January with further significant strike action scheduled to take place in February.

The Chair asked how preparations for strike action had been progressing.

Responding, Ms Lemon referred to the positive working relationships with Trade Union colleagues around the development of derogations. She said it appeared to be the case that further strikes would see an escalation in terms of the actions being taken to ensure greater impact on services.

Ms Lemon said that the creation of a Tactical Cell to oversee and co-ordinate the Trust response had assisted greatly in negotiations with Trade Union colleagues around derogations and oversight and co-ordination of the strike action itself. She pointed out that NIAS Trade Unions and the Royal College of Nursing (RCN) would take industrial action on 26 January while

the strikes in February were likely to be more consistent across the system.

Ms Lemon advised that she was unsure as to whether the current derogations would apply in the next round of industrial action and said that negotiations with Trade Union colleagues would begin the following day with a view to agreeing derogations for the strike on 26 January. She acknowledged the significant work and effort required and the impact on the Trust's business as usual.

The update was **NOTED** by the Committee.

7 Internal Audit

7.1 To advise on key issues

Discussion at item 7.2 refers.

7.2 Internal Audit Progress Report (AC19/01/23/04)

At the Chair's invitation, Mr Charles took the Committee through the detail of the report. He reported that, by December 2022, Internal Audit had delivered 38% of planned audit days. Mr Charles drew the Committee's attention to page 6 of the report which set out the executive summary of the audit around 'Management of Absence in NIAS' and the fact that the Trust had been given a limited level of assurance based on the number of significant findings identified.

Ms Lemon said she had very much welcomed the involvement of Internal Audit and believed the audit had allowed the Trust to establish a baseline for the project and the approach to maximising attendance. She referred to legacy arrangements, for example extensions to pay beyond normal entitlement periods, and confirmed that the mechanisms which had permitted their continuation had all been formally stood down. Ms Lemon advised that Ms Young would lead on the project within the Trust.

The Chair welcomed Ms Young to the meeting and asked her to provide an update on the work ongoing to address absence management within the Trust.

Mr Charles advised that, since the audit fieldwork, new KPIs had been agreed and said that these would develop further over time. He then took the Committee through the detail of the recommendations arising from the audit and confirmed that all the recommendations had been accepted by management. Mr Charles commended the engagement from Ms Lemon and Ms Young from the outset of the audit in terms of the open and transparent approach adopted. He was of the view that there had been a positive utilisation of the internal audit service to assist the Trust in identifying and confirming a baseline from which to improve.

The Chair welcomed Mr Charles' comments and said that, while the report appeared to be critical, he found it encouraging to have clarity around the baseline in order to chart the path to improvement.

Ms Lemon thanked the Chair for his positive comments and his acknowledgement and recognition of the approach being adopted. She said that the PFOD Committee also fully supported the approach and advised that Ms Young had already taken a number of the actions referred to by Mr Charles, for example established KPIs and a balanced scorecard.

Continuing, Ms Lemon acknowledged that some of the actions alluded to by Mr Charles were more than employment processes and had been long-established processes across the Trust, for example how sickness was recorded in various Departments. She confirmed that work was being taken forward in relation to the management and governance of recording. Ms Lemon said that work would be taken forward on a longer-term basis in terms of addressing sickness levels and added that this was a very specific focus within the project.

Ms Young explained that she had identified areas which needed attention some time previously and assured the Committee that work had already commenced in advance of receiving the report from Internal Audit. She highlighted a number of areas and summarised the work which had been done to address these.

The Chair thanked Ms Young for her excellent summary and assured her of the Committee's full support. He acknowledged that the PFOD Committee would receive regular updates on progress.

Mr Ashford referred to the graphic on page 6 of the Internal Audit report and said it clearly showed the current position. He commended the use of similar graphics on future reports. Mr Ashford thanked Ms Lemon and Ms Young for their updates and welcomed the focus and progress being made. He expressed surprise that no Priority 1 recommendations had been identified and commented on the fact that there were 20 Priority 2 recommendations. Mr Ashford acknowledged the significant work to be undertaken and he sought assurance that the legacy practices around pay extension and allowance had now ceased. He referred to the follow-up report prepared by Internal Audit and sought further assurance that the PFOD Committee would receive regular updates on progress.

Ms Lemon acknowledged the significance of the 20 Priority 2 recommendations and was of the view that this clearly demonstrated the extent of the legacy arrangements which now needed to be worked through. She highlighted the importance of continuing to be open and transparent. Ms Lemon assured the Committee that the previously established practices of extending an individual's pay had now formally ceased and Trade Union colleagues had been informed.

Ms Lemon acknowledged that the element relating to allowances was slightly different in that it linked to modified duties and the work being led by Ms Young where other Trust Directorates were returning individuals to work. She stressed that the governance associated with this was important and said that the intention was to cover this in workshops with individual Directorates over the coming weeks.

Ms Lemon further assured the Committee that the PFOD Committee would receive regular progress reports. She explained that, due to the work with Internal Audit, it had been possible to identify a baseline for a specific action plan to address the recommendations. Ms Lemon pointed out that, not only had KPIs been agreed with the Committee, but work was also being progressed on the action plan.

Ms Young clarified that, while the legacy arrangements had been stood down, it was still necessary to have processes in place which allowed discretion within the parameters of the relevant terms and conditions. She advised that she currently considered each case on its own merits but the intention was to have a panel in place, with clear terms of reference. Ms Young added that she had considered a small number of cases which had been refused and had been addressed through formal terms and conditions.

Mr Bloomfield said that the importance of this work should not be underestimated and added that the Trust could no longer maintain the level of sickness absence. He acknowledged that the ambulance sector traditionally had a higher level of sickness absence than other public services, but recognised that NIAS was higher than other UK ambulance services.

Mr Bloomfield indicated the implications of increasing sickness absences were huge and impacted significantly on the level of cover the Trust could provide to the public. He added that there was also an impact on those staff who covered the shifts and ultimately the financial consequences were significant.

He indicated that the Trust had had a number of initiatives which had attempted to address sickness absence and said the Internal Audit report had referred to one of these not having achieved its objectives. Mr Bloomfield acknowledged that those initiatives did not have the expected impact and said that learning had been taken on board.

Mr Bloomfield advised that Ms Young had presented to the PFOD Committee which had been supportive of the approach being taken. He said that her contribution would be key and added that it would be important that the work to be taken forward received the attention, focus and resources required. Mr Bloomfield particularly welcomed the performance management approach described by Ms Young and the focus placed upon this work both by the PFOD and ARAC Committees.

The Chair welcomed the fact that the legacy issues were now being addressed as part of this work and said he appreciated

that staff were being dealt with compassionately and respectfully.

Ms Lemon explained that a significant benefit from this work was access to the various systems thereby allowing triangulation of sickness across the Trust and she added that this access would be available to HR in the coming days.

Concluding his presentation of the report, Mr Charles thanked Ms Lemon and Ms Young for their positive engagement.

The Chair thanked all involved for the significant work and was of the view that the positive engagement had reaped significant benefits.

The Report was **NOTED** by the Committee.

8 **External Audit**

8.1 **To advise on key issues**

Discussion at item 8.2 refers.

8.2 **NIAS Audit Strategy (AC19/01/23/05)**

Mr Knox explained that the Audit Strategy provided the Trust with an understanding of how ASM, the External Auditors, planned to carry out the audit of the Trust's 2022-23 financial statements and the key risks identified in the planning work.

Ms Hagan referred to the correspondence listed at agenda item 8.3 and advised of a significant difference to the audit approach as a result of the new standards. She indicated that the audit fee would be kept under review when the impact of the new standards became clearer.

Ms Hagan drew the Committee's attention to page 3 of the report which identified a number of actions to be discussed by the Committee, namely:

- whether [External Audit] assessment of the risks of material misstatement to the financial statements is complete;

- whether management has plans in place to address the risks identified by NIAO and whether these plans are adequate;
- [External Audit] proposed audit response to address these risks; and
- whether they have knowledge of any
 - actual, suspected or alleged fraud affecting NIAS; or
 - instances of non-compliance with laws and regulations that could be expected to have a fundamental effect on the operations of NIAS; or
 - actual, suspected or alleged irregularity affecting NIAS; and communicate details to the audit team

Ms Hagan advised that the revised standard would impact significantly on how auditors undertook audit risk assessments and subsequently on the overall audit.

Ms Hagan then took the Committee through the Strategy in detail. She alluded to the linkages with the prior qualification of the Trust's accounts and said it was her understanding that the practice would change this year and that the holiday pay accrual would be reclassified as a provision. This would require an adjustment in the accounts being prepared and should change the audit opinion. However, Ms Hagan said that judgement would be reserved until completion of the necessary audit work. She pointed out that the quantum of the holiday pay increased year on year and alluded to the Trust's requirement to breakeven. She said that this presented an audit risk as the Trust was now in Q4 of the financial year and there was an understanding that the Covid-19 funding would cease at the end of the current financial year.

Referring to the Charitable Trust Fund, Ms Hagan said it was her understanding that there had been considerable movement in activity in the Fund.

She indicated that the interim audit work would commence in February with a view to reporting in June.

The Chair welcomed the resolution of the holiday pay issue and asked how this would be reflected in the Trust accounts. He suggested that consideration should be given to whether this

issue warranted inclusion in the Trust's Risk Register, now that funds would no longer be held by NIAS.

Mr Nicholson acknowledged that the holiday pay accrual and provision had impacted significantly on the Trust and further acknowledged that making the changes referred to by Ms Hagan would prove challenging. He confirmed that the Trust had recently received correspondence about the treatment of this issue and said the correspondence had reflected his previous comments to the Committee in that the change in approach was largely around the uncertainty of the timing of the settlement. Mr Nicholson undertook to share the correspondence with the Committee in due course and consider whether it should be included in the Risk Register.

Mr Nicholson advised that the change may require a prior year adjustment which would impact throughout the accounts, the figures therein as well as the narrative. He said it would be important for the regional approach to be maintained as the HSC system fell into line with the External Audit perspective.

He said that he would provide members with an update at the next meeting. Mr Nicholson acknowledged that, when the issue materialised, it would present a significant HSC pressure and a significant issue for the DoH to address and one which he believed would take considerable time to resolve.

The Chair said it would be important to continue to consider the issue as a significant financial issue. He referred to the actions identified on page 3 of the Strategy to be taken by the Committee and confirmed that:

- whether [External Audit's] assessment of the risks of material misstatement to the financial statements is complete;
The Committee confirmed that the assessment had been completed.
- whether management has plans in place to address the risks identified by NIAO and whether these plans are adequate;
The Committee noted Mr Nicholson's intention to keep the Committee apprised and report back around implementation plans.

- [External Audit's] proposed audit response to address these risks; and
- whether they have knowledge of any
 - actual, suspected or alleged fraud affecting NIAS; or
 - instances of non-compliance with laws and regulations that could be expected to have a fundamental effect on the operations of NIAS; or
 - actual, suspected or alleged irregularity affecting NIAS; and communicate details to the audit team

The Committee noted the Strategy set out how the External Auditors planned to address the risk and indicated that it was content with the response to date. The Committee also advised that, other than those matters routinely reported to ARAC, it had no knowledge of actual, suspected or alleged fraud affecting NIAS; or instances of non-compliance with laws and regulations that could be expected to have a fundamental effect on the operations of NIAS; or actual, suspected or alleged irregularity affecting NIAS. All of these details are communicated to the audit team.

Mr Nicholson referred to page 12 of the Strategy which set out the audit timetable and acknowledged the tight timeframe for the productions of the annual report and accounts which presented a challenge for all involved both within the Trust and audit colleagues.

The External Audit Strategy was **APPROVED** by the Committee.

8.3 NIAS correspondence re: Changes to audit approach for the 2022-23 audit cycle (AC19/01/23/06)

Discussion at item 8.2 refers.

9 Review of NIAS Standing Orders (AC19/01/23/07)

Ms Paterson confirmed that the changes to the Standing Orders had been proposed either to provide further clarification or update the current narrative.

Mr Ashford proposed that the Committee recommend the review of the Trust's Standing Orders to the February Trust Board for approval. This proposal was seconded by the Chair and **APPROVED** by the Committee.

10 **Board Governance Self-Assessment Tool (AC19/01/23/08)**

Ms Paterson drew the Committee's attention to the Board Governance Self-Assessment Tool for 2021-22. She advised that the Tool presented an opportunity for the Trust to be mindful of best practice and acknowledged that a number of actions lay with the DoH Public Appointments Unit.

The Chair alluded to Section 1.2 'Balance and calibre of Board members', specifically GP4 and GP5 which referred to 'at least one NED with a background specific to the business of the ALB' and 'where appropriate, the Board includes people with relevant technical and professional expertise.'

He explained that, when he applied for the position of Non-Executive Director, he had to demonstrate relevant financial expertise to become the 'financial member' of the Board. Therefore, he said, he would argue that GP4 and GP5 should be attributed green RAG status. He acknowledged that the Trust had strengthened its expertise by the appointments of the Senior Clinical Adviser to the Safety Committee and the Independent Adviser to the ARAC. However, this did not mean that there had been a lacuna prior in relation to the financial member.

Mr Bloomfield advised that the Trust Chair had, for some time, expressed her view to DoH colleagues around the composition of the Board and the need for specific clinical expertise. He suggested that GP4 should be attributed a red RAG status while GP5 should be green.

Mr Ashford agreed with the Chair's comments. He referred to the Partnership Agreement and the need to ensure diversity within Boards. Mr Ashford said he accepted the point in relation to the need for clinical expertise and added that Mr Sowney's contribution to the Safety Committee had been invaluable as had Mrs Mitchell's contribution to the ARAC.

Ms Paterson indicated that the conclusions of the Self-Assessment reflected the findings of the audit on 'Board Effectiveness 2021-22'.

Mr Bloomfield explained that the development of the Partnership Agreement was at its early stages in the HSC. He acknowledged the need for self-assessment and hoped the Partnership Agreement might identify a more effective way to do so.

Following this discussion, the Committee **APPROVED** the Board Governance Self-Assessment Tool for submission to the February Trust Board, subject to the changes suggested by the Chair.

11 **BSO correspondence re: BSO Annual Assurance for the 2021-22 year (AC19/01/23/09)**

Mr Nicholson drew the Committee's attention to the BSO correspondence which had been provided for completeness and closure to the 2021-22 financial year.

The Committee **NOTED** the correspondence.

12 **Closed Meeting**

Following a close meeting session involving Committee members, Ms Mitchell and Internal and External Audit, the Chair confirmed that there were no actions arising.

13 **Any Other Business**

There were no items of Any Other Business.

14 **Date, time and venue of next meeting**

The next meeting of the Audit Committee will take place on Thursday 30 March 2023. Arrangements to be confirmed.

Members will be advised of the ARAC dates for 2023-24 as soon as possible.

THIS BEING ALL THE BUSINESS, THE CHAIR CLOSED THE MEETING AT 12.40PM

SIGNED: William Abraham

DATE: 30 March 2023

FINAL