

AUDIT COMMITTEE OF NORTHERN HEALTH AND SOCIAL CARE TRUST

ANNUAL REPORT FOR 2022/23

May 2023

1. PURPOSE OF REPORT

The purpose of this Annual Report of the Audit Committee ('the Committee') to the Board of the Northern Health and Social Care Trust Organisation ('the Organisation') for the financial year ending 31 March 2023, is to report on the work of the Committee for the year under review on the discharge of its oversight responsibilities to the Board.

The report also includes an assessment of the effectiveness of the system of internal control in the Northern Health and Social Care Trust for the financial year 2022/23.

2. CHAIRMAN'S FOREWORD

In presenting this Annual Report of the Audit Committee of the Northern Health and Social Care Trust, I wish to place on record my thanks to my Non-Executive Director colleagues on the Committee and most particularly William Graham who retired from the Committee on 20 April 2023. The Committee also welcomed the addition of Lesley Mitchell as an external financial expert in May 2023 to support the Committee pending recruitment of new NEDs.

I also wish to thank those who attend the Audit Committee, including the, Northern Ireland Audit Office, BSO Internal Audit, the Director of Finance, the Assistant Directors of Governance and Financial Accounting Services and the various Directors of the Trust. I would particularly like to record the Committee's thanks to our administrative staff for their support during the year.

2022/23 has been another challenging year due to the pressures of staff shortages and this necessitated changes to the audit assignments carried out by Internal Audit (IA). With the approval of the Audit Committee, three audits in respect of: Procurement and Contract Management of Independent Nursing Homes, Management of Serious Adverse Incidents and Dysphagia Control, were deferred to 2023/24, in part due to resource challenges but also ongoing development work in some of these areas. The Committee is pleased to note that each of these deferred audits are now scheduled in the IA programme for 2023/24.

A total of 17 IA reports have been completed during 2022/23 with assurance levels of: 9 satisfactory, 3 with split assurance with at least half of all audited elements found to be satisfactory, 5 with limited assurance opinion and one follow up report found to be limited but improved from the previous unacceptable opinion. Overall this represents an improved overall scorecard from the previous year and the Committee wish to place on record our appreciation to the work put in across the Divisions to achieve this result.

The Committee were reassured by the overall performance of the Trust in the implementation of internal audit recommendation during the year (section 9.3) At 31 March Internal Audit found that for all recommendations where the implementation date had been reached, 100% had been addressed with 83% fully implemented (21/22 76%) and 17% partially implemented (21/22 23%).The

rate of full implementation showed a material improvement from the prior year end rate in light of enhancement of governance arrangements implemented during 21/22 and 22/23.

The Audit Committee wish to place on record their appreciation to Trust Management, BSO Internal Audit and the NIAO for their determination and resilience in ensuring this valuable work continued during the past financial year.

3. MEMBERSHIP

The membership of the Audit Committee during the year 2022/23 was as follows:

Mr Paul Corrigan	Chairperson	Appointed October 2016 appointed as Chair October 2020
Mr B Graham	Non-Executive Director	Appointed as Chair September 2018, Committee Member from October 2020. Retired 20 April 2023.
Glenn Houston	Non-Executive Director	Appointed as Committee Member 1 st September 2019

Internal audit services are supplied by the Business Services Organisation (BSO) Internal Audit. The Internal Auditors and the Northern Ireland Audit Office also attend Audit committee meetings and their representatives during the year was:

Mrs Catherine McKeown	Head of Internal Audit, BSO (Internal Auditors)
Mr David Charles	Assistant Head of Internal Audit, BSO (Audit lead for NHSCT)
Mr Neil Gray	Director, Northern Ireland Audit Office
Mr Stephen Knox	Audit Manager, Northern Ireland Audit Office

The Department of Health (DoH) send a representative at their discretion. There were nil attendances by the DoH at meetings during the year although the Chair of NHSCT Audit Committee did attend a DoH ARAC meeting in September 2022 as part of the Department engagement programme.

Officers of the Trust attend as required.

4. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee were last reviewed and approved in May 2023.

5. MEETINGS OF THE COMMITTEE

The Committee is required by its Terms of Reference to meet not less than 4 times a year. During the year commencing 1 April 2022, the Committee met 4 times.

6. ATTENDANCE AT MEETINGS

The Committee has adopted the practice of inviting the Director of Finance, and representatives of the appointed auditors (BSO Internal Audit and Northern Ireland Audit Office) to all meetings, and on occasions, other senior managers are invited to attend. The attendance of members at meetings during the year is given in Annex 1.

7. GOVERNANCE REPORT

The Governance Report for the year ended 31 March 2023, is detailed within the Annual Report and Accounts, and sets out the governance structures, risk management and internal control procedures that operated within the Northern Health and Social Care Trust during the 2022/23 financial year.

The Governance Report is derived from the Board's annual review of its own processes and practices, informed by the views of the Audit Committee on the organisation's assurance arrangements.

Other inputs into the Governance Report have included insight into the organisation's performance from internal audit, including an audit opinion on the quality of the systems of governance, management and risk control, and feedback on business performance and internal risk management measures as a result of other internal accountability mechanisms.

The Audit Committee can confirm that during the year it reviewed related information presented with the financial statements for the year ended 31 March 2022, including the business review, and corporate governance statements relating to the audit and to risk management, and continues to support the process for 2022/23.

8. SELF ASSESSMENT

It is considered good practice for an Audit Committee to assess its own skills base regularly. During 2022/23, the committee completed an Audit Committee Self-Assessment. This process was considered to be an effective method of identifying the balance of skills of current Committee Members and was undertaken as part of the mid-year assurance process.

The overall view of the Committee was that it had the requisite skills to discharge its responsibilities effectively. None of the Committee Members are financially qualified but they can draw on advice from the DoH and internal and external audit, as required.

The Trust had raised the issue of the lack of a financially qualified representative on the Audit Committee with the DoH and this is hoped to be met through the recruitment of Non-Executive Directors, planned during

2023/24. In the interim the Trust has co-opted the attendance of Lesley Mitchell from May 2023 to cover the vacant post created by the retirement of William Graham and Lesley provides this expertise.

9. INTERNAL AUDIT SERVICE

9.1 Provider

The Internal Audit Team for the organisation is outsourced to Internal Audit, Business Services Organisation (BSO) and is led by Catherine McKeown, Head of Internal Audit and David Charles, Assistant Head of Internal Audit and lead Auditor for the Northern Trust.

9.2 Appreciation

The Committee wishes to take this opportunity in its Annual Report to acknowledge the work undertaken by the Internal Audit Team and appreciates the excellent working relationships between the Audit Team and the organisation's staff.

9.3 Operational Plan

The primary objective of Internal Audit is to provide an independent and objective opinion to the Board and Audit Committee on the adequacy and effectiveness of the system of internal control.

The work of the Internal Auditor is informed by an analysis of the risks to which the organisation is exposed. Annual internal audit plans, approved by the Audit Committee, are based on this analysis. During the year the Audit Committee reviewed and approved the planned Internal Audit work programme for the period 2022-23, as agreed between the Internal Auditor, the Chief Executive, the Head of Governance and the Director of Finance.

BSO Internal Audit provides assurance on audit areas using the assurance categories below.

Satisfactory	Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.
Limited	There are significant weaknesses within the governance, risk management and control framework, which, if not addressed, could lead to the system objectives not being achieved.
Unacceptable	The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

The Trust has an Audit Steering Group (ASG) which meets prior to all Audit Committee meetings and is attended by all Directors. The remit of ASG is to

scrutinise and review the responses to the IA recommendations, ensuring they are timely and appropriate. When the ASG is content with the draft report it will then be issued as a final copy for presentation to the Audit Committee.

During the year, the Committee considered reports from the Internal Auditor covering the areas detailed below. A total of 17 IA reports have been completed during 2022/23, including one follow up on a previous 'payments to staff' report in order to assess progress. While the opinion on this audit was limited it was an improvement from the previous unacceptable. Of the remaining 16 reports: 9 are satisfactory, 3 have split assurance (one with an unacceptable element) and the balance of 5 were found to have a limited assurance opinion.

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
Corporate Risk Based Audits:	
Complex Discharges process in Acute Settings	Satisfactory
Management of Food Allergens	Satisfactory
Infection Prevention Control - Reporting and Oversight	Satisfactory
Mental Capacity Act Implementation - Management of Deprivation of Liberty (DoL) Processes	Limited
Radiology Audit	Satisfactory – Management of WLI Payments Limited - Plain film X-Ray in EDs and Minor Injury Unit and Procurement of Radiology WLI related spend
Compliance with Respiratory Protective Equipment (RPE) Fit Testing	Limited
IT Audit: Cyber Security	Satisfactory
Governance Audits:	
Risk Management	Satisfactory
Core Mandatory and Professional / Role Dependent Training	Limited
Claims Management	Satisfactory
Nursing and Midwifery Council Registration Processes	Satisfactory
Finance Audits:	
Payments to Staff within Laboratories and Staff in Post processes on a Trust wide basis (substantive follow up on 2021/22 Unacceptable assurance audit in Labs)	Limited
Non-Pay Expenditure (with focus on Community Care Division)	Satisfactory
E-Rostering	Limited
Patients Private Property	Satisfactory
Management of Client Monies in Independent Sector Homes	Satisfactory – 5 of 7 homes Limited – 1 of 7 homes Unacceptable – 1 of 7 homes
Trust Adult Supported Living Facilities	Satisfactory – 5 of 6 Units Limited – 1 of 6 Units

With the approval of Audit Committee, a further three audits in respect of: Procurement and Contract Management of Independent Nursing Homes, Management of Serious Adverse Incidents and Dysphagia Control, were deferred to 2023/24, in part due to resource challenges but also ongoing development work in some of these areas.

Overall, the Committee accepted the Internal Auditor's findings and recommendations in their reports for 2022/23. The Committee assessed whether management's proposed actions were set within a reasonable timetable and that responsibility for such actions was clearly identified. The Committee monitored progress in achievement of agreed actions throughout the year, including a programme of invitation of Directors to Committee meetings to discuss actions being taken to address audit recommendations, in respect of reports with less than satisfactory assurance. The Committee has concluded that it is satisfied with management's timely responses to Internal Audit recommendations.

9.4 Annual Statement of Assurance

Internal Audit, BSO, as Internal Auditors to the Trust, are required to provide an Annual Statement of Assurance to the Accounting Officer and the Board, through the Audit Committee, with an assessment of the adequacy, reliability and effectiveness of the organisation's system of internal control. The Internal Auditor presented the Annual Statement of Assurance for the year 2022/23 to the Committee on 10th May 2023.

On the basis of the programme of work performed during the year and the Trust approach to the implementation of recommendations, the Head of Internal Audit for BSO concluded that the organisation had a **satisfactory** system of internal control, designed to meet the organisation's objectives.

9.5 Follow Up Reviews

During 22/23, the Trust instigated a rolling review of the implementation of IA recommendations that dovetails with the bi-annual updates from the IA team. This included circulars, audit preparation meetings and audit clinics held with the IA team as required. During 22/23 Directorate Governance Leads were given a more enhanced role in managing and collating the updates from their Directorates and this has been felt to make the process more effective.

Internal Audit conducted formal follow-up reviews in respect of implementation of agreed internal audit recommendations as at 30 September and 31 March each year. Internal Audit presented a full report which showed that 100% of agreed actions had been addressed with 83% fully implemented (21/22 76%) and 17% partially implemented (21/22 23%). The rate of full implementation showed a material improvement from the prior year end rate and this is considered to be as a result of the enhancement of governance arrangements.

9.6 Performance of Internal Audit

Internal Audit, identified in their Internal Audit Charter, a number of key performance targets for annual reporting to the Committee. The Committee is pleased to report on the Internal Auditors' successful achievement of the following key performance indicators:

Key Performance Indicator	% Achieved in 2021/22 for NHSCT	% Achieved in 2022/23 for NHSCT
100% Delivery of Annual Audit Plans Delivery Against Revised Plan	100% (96%*)	100% (86%/97%*)
85% of First Draft Reports Issued within 4 weeks of fieldwork completion	72%	89%
75% of reports finalised within 5 weeks of issue (and within 1 week of receiving management comments)	29% (88%)	42% (100%)
75% <i>Management Comments should be received within 4 weeks</i>	29%	37%
% of reports significantly amended between draft report and final report stage ¹	Nil	Nil

**Actual delivery against SLA annual audit days (and additionally in 2022/23, % delivery against the revised target annual audit days given the approved audit deferrals).*

The Committee is pleased to report that the work of the Internal Auditor was to a high standard and delivered in a professional and effective way, with reports setting out in a clear manner any remedial action needed. The Committee's overall assessment is that Internal Audit provides a satisfactory service.

9.7 Co-operation between Internal and External Audit

The Internal Auditors met with the Northern Ireland Audit Office to share findings arising from both the Internal and External Audit fieldwork, and to discuss areas to be included within the 2022/23 Internal Audit Strategic Plan. No significant issues were noted in the course of these discussions.

10. EXTERNAL AUDIT SERVICE

10.1 Provider

The External Auditors, the Northern Ireland Audit Office (NIAO), undertook an audit of the organisation's financial statements for the year ended March 2022 which took place during May and June 2022.

The NIAO Audit Manager presented the External Audit Plan for the financial year ended 31 March 2023 to the Committee at its meeting held on 22nd February 2023. Interim audit work for the year ended 2023 took place in February 2023 and year end audit work for year ended March 2023, commenced on 9th May 2023.

10.2 External Audit 20221/2 and 2022/23

The Committee notes that NIAO presented the findings of the external audit of the organisation's financial statements for the year ended 31 March 2022 in their draft *Report To Those Charged With Governance* at the Audit Committee meeting of the 15th June 2022, with the final report reviewed by the Committee on 17th October 2022.

¹ Significant change is defined as change in assurance level provided in report, a priority 1 recommendation being completely removed from report, or significant changes in a number of key findings

The Committee was pleased to report at its meeting of 15th June 2022 that the Northern Ireland Audit Office had issued an unqualified opinion on the truth and fairness of the financial statements for the year ended 31 March 2022.

10.3 Performance of External Auditor

The Committee acknowledges the independence and effectiveness of the external auditors, the NIAO. The Committee is satisfied that the External Auditor possesses the requisite experience and expertise to manage the audit effectively. The Committee also recognises that the reports of the External Auditor presented to the Committee are robust, comprehensive and of the highest quality.

The Committee is also pleased that the External Auditor co-operates with Internal Audit to maximise overall audit efficiency and to minimise unnecessary duplication of work.

10.4 Engagement with External Auditor

A meeting between the Audit Committee and the External Auditors without the officers present is considered good practice. This meeting took place on 17th October 2022 and was very positive with no substantive issues, in addition to those already raised in reports and at meetings, requiring further action.

10.5 Appreciation

The Committee wishes to take this opportunity in its Annual Report to the Board to formally record our appreciation of the quality and rigour of the External Audit Team.

11. RISK MANAGEMENT

The Trust's Internal Audit Plan is risk based and it covers the Risk Management and Information Governance areas. The Committee is satisfied that this fulfils its current remit on Risk Management.

12. FINANCIAL REPORTING FOR 2022/23

Review of Annual Report and Accounts

The Audit Committee reviewed the Annual Report and Accounts for the year ended 31 March 2022 and recommended them for approval for the Board.

The Audit Committee reviewed the organisation's Draft Annual Report and Accounts for the year ended 31 March 2023 including funds held on behalf of patients and clients, for the year ended 31 March 2023 and the Charitable Trust Funds Trustee's Report and Accounts for the year ended 31 March 2023, and recommended them for submission to the NIAO on 5th May. The accounts were reviewed in depth at the Audit Committee's meeting on 10th May 2023 and the Committee was satisfied that the process to prepare the accounts and annual report was robust.

The Committee was satisfied that the process to prepare the accounts and annual report was robust, and that the accounts had been reviewed by management and the Committee prior to making a recommendation for approval by the Board.

Accounting Policies

The Committee, at its meeting held on 10th May 2023, confirmed the continued appropriateness of the accounting policies used in the 2022/23 Annual Accounts. The Committee were satisfied that the Accounting Policies continue to be appropriate.

Governance Report

The Governance Report was reviewed by the Audit Committee for adequacy and completeness at the meeting held on 10th May 2023, and for consistency with the Committee's understanding of the internal control environment. There were no substantive issues to be addressed.

13. FRAUD

The Fraud Liaison Officer for the organisation was Mr David McIlwaine (retired 31 March 2023) and the Fraud Investigatory function is overseen by Mrs Nuala McAuley, Assistant Director of Financial Accounting and Services. The organisation has in place a formal Anti-Fraud and Bribery Policy and Response Plan, together with a Whistleblowing Policy. The policy was updated during the year and took account of new DoH guidance.

During the year there were a number of suspected frauds reported to Audit Committee and these were investigated in line with all appropriate Trust policies. As at the 31 March 2023 there were 27 open cases under review.

The Committee and Auditors concluded that the general framework established by the organisation for the prevention and detection of fraud is adequate.

14. OTHER MATTERS

The Terms of Reference for the Committee require it to consider a number of matters not dealt with above. The Committee would wish to acquaint the Board with its work in the areas described overleaf:

14.1 COVID-19 impacts

The Committee considered the impacts on risk and financial controls from Covid-19 as part of the requirement for disclosure within the Annual Report and Accounts for 2022/23 but now considers the issue to be business as usual moving into 2023/24.

14.2 Related Party Transactions

The status of related parties has been reviewed in advance of the March 23 year end. During the year there were a number of related party transactions,

details of which are contained within the notes to the Annual Accounts.

14.3 Losses and Special Payments

The organisation had a number of losses (such as stores losses, bad debts and claims abandoned) and special payments (including clinical negligence claims and ex-gratia payments).

The amounts of these have been made available as part of the final accounts preparation process. The Committee receives reports on Losses and Special Payments and on Debtors and the work being done to manage this area of work.

14.4 Changes to the Board's Standing Orders

No revisions were made within the year 2022/23.

15. Training

The Committee recognises the need for continuous training for members and staff at all levels, on the basis of need (subject to budgetary constraints).

16. Summary

Remit

The Committee recognises that the organisation's Board is ultimately responsible for the system of internal control, the management of risk and the governance framework. Management is responsible for implementing Board policies on risk and control. The Board has delegated to the Audit Committee responsibility for an assessment of the effectiveness of the system of internal control.

The Committee is of the opinion that, for the audit year ended March 2023 it has discharged its oversight responsibilities in accordance with the Terms of Reference set for the Committee by the Board. The Committee is also satisfied that it has considered its business in accordance with best practice.

Assurance

In the preparation of this Annual Report, the Committee sought regular assurance to enable it to report to the Board that the system of internal control is functioning effectively. The principle sources of assurance used by the Committee in the formation of its opinion are:

- *Independent Assurance*

- (i) Reports in respect of individual Internal Audit assignments.
- (ii) Internal Audit Follow Up Audits.
- (iii) The Annual Assurance Report of the Internal Auditor.

- (iv) Positive meetings with Internal and External Auditors in closed session.
- (v) *The Report to Those Charged With Governance* (RTTCWG) for the year ended 31 March 2021 from the External Auditors.

- *Management Assurance*

- (i) The Corporate Governance Report presented to the Audit Committee before ratification by the full Board.
- (ii) The Committee can confirm that the necessary action is being taken by management to remedy any significant failings or weaknesses.

The opinion of the Committee is that the assurances received from the Internal Auditor, the External Auditor and the Management Team are comprehensive and reliable and sufficient to support the Board in their decision making and their accountability obligations.

The Committee is of the opinion that the organisation's system of Internal Control was satisfactory for the financial year ended 31 March 2023.

17. Overall Conclusion

The Committee is satisfied in respect of the reliability and integrity of the assurances and of their comprehensiveness in meeting the needs of the Board. Furthermore, the Committee is of the opinion that the assurances available are sufficient to support the Board in the decisions taken by them and in their accountability obligations and that a sound system of Internal Control is in place.

Mr P Corrigan

Chair

On behalf of the Audit Committee of the Northern Health and Social Care Trust

19 June 2023

ANNEX 1: ATTENDANCE AT AUDIT COMMITTEE MEETINGS

During the year 2022/23 the Committee met on 4 occasions. The dates of meetings and member attendance are given below:

Name	Office	25th May 22	15th June 22	17th Oct 22	22nd Feb 23
Mr P Corrigan	Chairman	✓	✓	✓	✓
Mr B Graham	Board Member	✓	✓	✓	✓
Mr G Houston	Board Member	✓	✓	✓	X

Key

✓ = attended meeting

X = absent from meeting