



Western Health
and Social Care Trust

AUDIT AND RISK ASSURANCE COMMITTEE

ANNUAL REPORT

2021/22

1. Chairman's Foreword

I am pleased to present this Annual Report to Trust Board. It provides an overview of the Audit and Risk Assurance Committee activities for the Financial Year 2021/22 and sets out how the Committee has met its key priorities.

It is the responsibility of the Audit and Risk Assurance Committee to oversee the Trusts governance arrangements, including having oversight of the Trusts risk management and assurance framework, and to provide the Trust Board with assurance on the adequacy and effectiveness of internal control systems and that all regulatory and statutory obligations are being met.

2021/22 has been another challenging year for the Trust as a consequence of the Covid pandemic however in spite of these challenges the Trust has been able to respond effectively to ensure that audit and risk assurance standards have continued to be maintained.

We are very grateful for the assurances provided by the Director of Finance and Contracting, the Assistant Director of Finance and Contracting, Internal Audit and External Audit.

2. Role of the Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee, which has a central role in the Trust's Governance Framework, is a formal committee of the Board with a quorum of two Non-Executive Directors required for any meeting. The role of the committee is set out in formal terms of reference and includes:

- Oversight of the maintenance of effective governance and internal financial control arrangements.
- Ensuring an effective Internal Audit function is in place.
- Oversight of the arrangements for the completion and external audit of the Trust's Annual Report and Accounts.
- Oversight of the adequacy of the Trust's arrangements for securing value for money.
- Oversight to the adequacy and effectiveness of the risk management and assurance framework in the Trust, through receiving regular updates in relation to the Corporate Risk Register.

3. Committee Membership, Meetings and Attendance

Membership of the Audit and Risk Assurance Committee comprises three non-executive directors of the Trust, with a quorum of two Non-Executive Directors required for any meeting. During 2021/22 the members were:

- Mr Joe Campbell, Chairman Member from October 2015 and Chair from April 2016 until December 2021
- Dr Catherine O'Mullan Member from February 2017 until September 2021
- Ms Ruth Laird Member from June 2019

- Mr Sean Hegarty, Chairman Member from January 2022

The Committee follows the best practice guidance set out in the Audit and Risk Assurance Committee Handbook (NI) (April 2018) and assesses its performance by reviewing its compliance with this guidance on an annual basis. The Committee has completed its self-assessment for 2021/22 and has adapted the updated National Audit Office template for this purpose. The outcome of the assessment for 2021/22 is that the Committee is performing effectively in all areas. The Chairman of the Committee briefs the Trust Board following each Committee meeting and the Trust Board receives an annual report on the performance of the Committee. The Committee met four times during 2021/22 and all meetings were quorate.

The handbook and the Committee's terms of reference require the Committee to meet at least four times per annum and there must be at least two members present for the meetings to be quorate. The Committee met four times during 2021/22 with all the meetings quorate. Attendance at the meetings by each of the members was as follows:

	10 May 2021	9 Jun 2021	11 Oct 2021	7 Feb 2022
Mr J. Campbell	√	√	√	Left the Trust in Dec 2021
Dr C. O'Mullan	-	√	Left the Trust in Sept 2021	Left the Trust in Sept 2021
Mrs R Laird	√	√	√	√
Mr S Hegarty	N/A	N/A	N/A	√

The following were in regular attendance at Audit and Risk Assurance Committee meetings during the year:

- Chief Executive;
- Director of Finance and Contracting;
- Assistant Director of Finance & Contracting
- Corporate Risk Manager;
- Internal Audit representatives;
- NI Audit Office representatives;
- PWC representatives (effective until the 9 June 2021 meeting).
- Deloitte representatives (effective from the 7 February 2022 meeting);

In addition, Brona McAuley, Head of Governance & Transformation – Shared Services, attended to provide an update on Payroll Quality Improvement Plan.

The Audit and Risk Assurance Committee members also held a private meeting in June 2021 with the external auditors and internal auditors without any executive directors being present.

The Chairman of the Committee briefs the Trust Board following each Committee meeting drawing attention to those matters of significance for the Board. Minutes are also reported to Trust Board.

4. Internal Audit

The Trust secures its internal audit service from Business Services Organisation (BSO) Internal Audit. BSO is the regional provider of Internal Audit services to all Health and Social Care (H&SC) Trusts in Northern Ireland. The Head of Internal Audit, BSO and / or her Deputy attend each meeting of the Trust Audit and Risk Assurance Committee.

The Business Services Organisation (BSO) Internal Audit's primary objective is to provide an independent and objective opinion to the Accounting Officer, Audit and Risk Assurance Committee and Trust Board on the adequacy and effectiveness of risk, control and governance arrangements. The basis of this independent and objective opinion is the completion of the annual internal audit plan. The 2021/22 internal audit plan was developed in conjunction with client management and was approved by the Audit and Risk Assurance Committee in May 2021.

4.1 2021/22 Internal Audit Plan – Audit Assignments and Assurances Reported

During the year, the Committee considered reports from the Internal Auditor covering the following systems:

Reports Issued 2021/22	Assurance Provided
Finance Audits	
Payments to Staff	Limited
Non Pay Expenditure	Satisfactory Limited - Off Contract Agency Expenditure
Endowment & Gifts Funds	Satisfactory
Direct Payments	Limited
Management of Cash and Service Users' Finances in Trust Managed Adult Supported Living Facilities	Satisfactory
Management of Client Monies in Independent Sector Homes	Satisfactory
Estates On-Call	Satisfactory
Lakeview Financial Review	Limited
Co-Operation and Working Together (CAWT)	Satisfactory – Financial processes and Governance Limited – Recruitment processes
Corporate Risk Based Audits	
Statutory Responsibilities – Children's Services	Satisfactory - Governance and management of Autistic Spectrum Disorder (ASD) diagnostic assessment waiting lists Limited - Governance and management of unregulated placements
Information Governance	Limited
Complaints Management	Satisfactory
Domiciliary Care – In House Service	Limited

Governance Audits	
Operation of Assurance Framework	Satisfactory
ICT Project Management	Satisfactory
Fire Safety	Satisfactory
Mandatory Training	Limited
Health & Safety Management	Satisfactory - Control of Substances Hazardous to Health (COSHH) in Community Settings Limited - Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR).

In her annual report, the Head of Internal Audit reported that the Western Health and Social Care Trust system of internal control was Satisfactory.

4.2 Report to the Audit and Risk Assurance Committee in relation to BSO Shared Service Audits

A number of audits were conducted in BSO Shared Services during 2021/22, as part of the BSO Internal Audit Plan. The recommendations in these shared services audit reports are the responsibility of BSO management to take forward and the reports were presented to BSO Governance and Audit Committees. Given that the Trust is a customer of BSO Shared Services, the final reports were shared with the Trust and a summary of the reports have been provided to the Trust's Audit and Risk Assurance Committee. A summary of audits completed during the year is as follows:

Shared Service Audit	Assurance
Accounts Receivable Shared Service	Satisfactory
Payroll Service Centre	Satisfactory – Elementary Payroll Process Limited – End-to-End Manual Timesheet Processing, SAP/HMRC RTI Reconciliation, Overpayments and Holiday Pay.
Recruitment Shared Service Centre (RSSC)	Satisfactory - RSSC Processing Activities Limited – HSC Recruitment Processes.
Accounts Payable Shared Services	Satisfactory
Regional Interpreting Service	Satisfactory

The Audit and Risk Assurance Committee has reviewed the letter from the Chief Executive of BSO which provided written assurance for 2021/22. Internal Audit has provided a satisfactory assurance on the adequacy and effectiveness of the BSO's framework of governance, risk management and control. BSO will continue to address any identified weaknesses and pursue continuing improvements to the systems of internal control in operation within the Organisation in 2022/23, in conjunction, with all relevant parties.

4.3 Internal Audit Annual Report

Internal Audit is required to provide an independent and objective opinion which will contribute to the assurances available to the Accounting Officer and the Board which underpin the Trust's own assessment of the effectiveness of the system of internal governance. This opinion is based upon the work performed in fulfilment of the Internal Audit Plan for 2021/22.

The Committee considered the Head of Internal Audit Annual Report for 2021/22 at its meeting in May 2022 and has noted in particular:

- Internal Audit completed 100% of the audits assigned against the approved Audit Plan for 2021/22.
- The key objective of the Service is to ensure the delivery of the Internal Audit Annual Plans to all client organisations. Despite resource challenges in 2021/22 and the continued impact of COVID-19 during the year, this objective was achieved.
- Seventeen audits have been completed. Six of the completed audits have received limited assurance and four have split limited assurance. These have impacted on the assurance provided by Internal Audit:
 - Payments to Staff
 - Direct Payments
 - Lakeview Financial Review
 - Information Governance
 - Domiciliary Care – In House Service
 - Mandatory Training
 - Non Pay Expenditure (split limited assurance)
 - CAWT (split limited assurance)
 - Statutory Responsibilities – Children's Services (split limited assurance)
 - Health & Safety Management (split limited assurance)
- A follow up review of the implementation of previous priority one and priority two Internal Audit recommendations was carried out at mid-year and again at year-end. At year-end, 287 (87%) out of the outstanding 330 recommendations examined were fully implemented, a further 38 (12%) were partially implemented and 5 (1%) recommendation were not yet implemented.

The Audit and Risk Assurance Committee accepted the findings and recommendations of Internal Audit in its reports for 2021/22 and was satisfied with the management responses to address the control weaknesses identified. The Audit and Risk Assurance Committee monitors the implementation of recommendations and has received progress updates from Directors and Senior Management at meetings during the year.

4.4 Internal Audit Overall Opinion

Overall, for the year ended 31 March 2022, the Head of Internal Audit has provided **Satisfactory** assurance on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.

Members welcomed the overall opinion of satisfactory assurance for 2021/22.

4.5 Internal Audit

The Internal Audit Plan for 2019/20 to 2021/22 was approved at the May 2019 meeting of the Audit Committee and revisions for 2021/22 were approved by the Committee during the course of the year.

The Audit and Risk Assurance Committee wishes to take the opportunity, in its Annual Report, to express its appreciation of the commitment of Mrs McKeown, Mr Charles and their team. The Committee acknowledges the work undertaken by the Internal Audit Team is of a high standard and notes the effective working relationship which exists between the Audit Team and Trust staff.

5. External Audit

The Northern Ireland Audit Office (NIAO) is the Trust's external auditor and the performance of external audit testing has been subcontracted by NIAO to PWC in 2020/21 and Deloitte in 2021/22. Senior representatives from NIAO, PWC or Deloitte attended the Audit and Risk Assurance Committee meetings during the year.

In June 2021, PWC presented the draft findings of the external audit of the Trusts Financial Statements for the year ended 31st March 2021 to the Audit and Risk Assurance Committee in the Report to those Charged with Governance. There were three recommendations of which two was classified as priority two and one as priority three. The Audit and Risk Assurance Committee oversees the implementation of these recommendations.

In May 2022, the Audit and Risk Assurance Committee agreed the external auditor's plan (Audit Strategy) for the audit of the 2021/22 Consolidated Accounts and the Charitable Trust Funds Accounts.

The Committee acknowledges, in this Annual Report, the independence and effectiveness of both the outgoing external auditors PWC and the incoming external auditors Deloitte. The Committee is satisfied that the external auditors possess the requisite experience and expertise to manage the audit effectively.

The committee also recognises that the reports of the External Auditor presented to the Audit and Risk Assurance Committee are robust and comprehensive.

6. Financial Reporting and Governance Statement 2020/21

The Committee reviewed the Trust's draft annual Consolidated Accounts and the Charitable Trust Funds Accounts for 2020/21 and the Draft Governance Statement. At the June 2021 meeting, the Committee considered the Report to Those Charged with Governance from PWC / NIAO and following discussion recommended approval of the accounts to Trust Board.

The Committee acknowledges that the accounts were prepared to a high standard against a very tight timetable and thanks the Trust's Director of Finance and his team for their commitment during 2020/21.

The Mid-year Assurance Statement as at 30th September 2021 was also reviewed by the Audit and Risk Assurance Committee for adequacy and completeness during the year.

7. Fraud

The Trust has in place a formal Fraud Policy and Fraud response Plan. At 1st April 2021 there were 11 open fraud cases. During 2021/22 there were 20 new incidents of suspected or actual fraud and 10 cases, having been investigated with the assistance of PSNI and BSO Counter Fraud services, were closed.

The Committee is content that it has been kept fully briefed on developments in this area.

8. Review of Effectiveness / Self-Assessment

The Committee follows the best practice guidance set out in the Audit and Risk Assurance Committee Handbook (NI) (April 2018) and assesses its performance by reviewing its compliance with this guidance on an annual basis. The Committee has completed its self-assessment for 2021/22 and has adapted the updated National Audit Office template for this purpose. The outcome of the assessment for 2021/22 is that the Committee is performing effectively in all areas.

9. Committee Statement of Assurance

The Audit and Risk Assurance Committee is aware that assurances are provided to the Accounting Officer and the Board from a variety of sources. The other primary sources are;

- Trust Governance Committee,
- Trust Endowments and Gifts Committee,
- Trust Finance and Performance Committee,
- Trust Remuneration and Terms of Service Committee,
- Improvement through Involvement Committee,
- People Committee,
- Corporate Management Team,
- Directorate Governance Groups,
- Business Planning and Risk Management,

- Other Trust management and staff,
- Chief Executive of the Business Services Organisation,
- Internal Auditors,
- External Auditors and
- Other review/inspection bodies.

The Audit and Risk Assurance Committee received assurances during 2021/22 from Management, Internal and External Audit and from other Assurance Committees on Risk Management processes etc. Based on this, the Audit and Risk Assurance Committee is satisfied that the Trust's system of governance and internal control arrangements are adequate and satisfactory.

Mr Sean Hegarty
Chairman
Audit and Risk Assurance Committee
13 June 2022