

**NHS Grampian (NHSG)
 Minute of the Audit and Risk Committee Meeting
 Tuesday 18th October 2022 (11.00 – 13.00)
 Microsoft Teams**

Present

Ms Amy Anderson, Non-Executive Board Member, NHS Grampian (Chair)
 Cllr Tracy Colyer, Non-Executive Board Member, NHS Grampian
 Mr Albert Donald, Non-Executive Board Member, NHS Grampian
 Mr Steven Lindsay, Employee Director, NHS Grampian
 Mr Derick Murray, Non-Executive Board Member, NHS Grampian

In Attendance

Ms Alison Evison, Chair NHS Grampian, Non-Executive Board Member
 Dr Adam Coldwells, Deputy Chief Executive, NHS Grampian (obo Professor Hiscox)
 Ms Sarah Duncan, Board Secretary, NHS Grampian (Item 5)
 Professor Nick Fluck, Medical Director (Executive Lead for Risk), NHS Grampian (Item 5)
 Mr Mike Sevenoaks, Risk Advisor, NHS Grampian
 Mr Garry Kidd, Assistant Director of Finance, NHS Grampian
 Ms Julie Anderson, Assistant Director of Finance, NHS Grampian
 Ms Gillian Collin, Director, PricewaterhouseCoopers LLP (PwC)
 Mr Robert Barr, Manager, PricewaterhouseCoopers LLP (PwC)
 Ms Else Smaaskjaer, Minute

Item	Subject	Action
1	<p>Welcome Ms A Anderson welcomed everyone to the first meeting of the newly formed Audit and Risk Committee. She reminded Committee members of the purpose of the new Committee to assist the Board and Accountable Officer to deliver its responsibilities for the conduct of public business, and the stewardship of funds under its control.</p> <p>Apologies from Committee Members Cllr Ian Yuill, Non-Executive Board Member, NHS Grampian.</p> <p>Apologies from Other Attendees Professor Caroline Hiscox, Chief Executive, NHS Grampian Mr Alex Stephen, Director of Finance, NHS Grampian</p> <p>Declaration of Interest None.</p>	
2	<p>Minute of Meeting Held on 2nd August 2022</p> <p>Following a spelling correction the minute was approved as an accurate record.</p>	

Item	Subject	Action
3	<p data-bbox="269 233 509 268">Matters Arising</p> <p data-bbox="269 268 797 304">3.1 <u>Action Log of 2nd August 2022</u></p> <p data-bbox="367 338 1365 449">The Committee reviewed the action log from the previous meeting and noted that all items were on the agenda for this meeting or highlighted as future agenda items.</p> <p data-bbox="367 485 1373 814">1. 21.12.21 Item 4.2 Follow up of low and medium risk recommendations reported in prior year – Ms A Anderson asked if this would be ready for the meeting in December. Mr Kidd confirmed that this is reported annually, with updates from PwC on high risk recommendations reported at each meeting. Due to pressures in the system, some agreed actions relating to low and medium risk recommendations may not be completed by 20th December but the Committee will be updated on the status of each outstanding action at that time.</p> <p data-bbox="269 850 1019 886">3.2 <u>Any other matters arising not on the action log</u></p> <p data-bbox="367 921 1357 1251">Item 4.2 – Ms A Anderson asked if there had been any progress in taking forward the Partnership Working review. Ms Collin confirmed that initial discussions had taken place with the Chief Internal Auditors of Moray and Aberdeenshire Councils and with the NHS Grampian Data Protection Officer and Aberdeen City Council. It is intended that the preparatory work undertaken by the Information Governance team in relation to the inspection by the Information Commissioners Office will be collated through November and will inform the internal audit review by PwC.</p>	
4	<p data-bbox="269 1295 483 1331">Internal Audit</p> <p data-bbox="269 1367 1130 1402">4.1 <u>Progress Report and High Priority Recommendations</u></p> <p data-bbox="375 1438 1349 1692">Ms Collin presented the report which detailed progress to date on internal audit activity. Since the last meeting of the Committee terms of reference had been agreed for reviews of Succession Planning, Property Transaction Monitoring and The Plan for the Future which will be reported to the Committee on 20th December 2022 and for the review of Quality and Safety of Care which will be reported in March 2023.</p> <p data-bbox="375 1728 1198 1764">Members of the Committee raised the following questions:</p> <p data-bbox="375 1799 1333 1873"><u>Succession Planning</u> – would this review focus on internal NHS Grampian arrangements or take a wider view of other organisations</p>	

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	<p>across Grampian. Ms Collin advised that the intention would be to complete a review of internal processes but the team would consider how information from other organisations could be noted for information.</p> <p><u>Quality and Safety of Care</u> – will the recommendations from this review help to ensure that NHS Grampian takes a positive and proactive approach in preparation for any future inspections. Ms Collin confirmed that although NHS Grampian had not been subject to an inspection in recent years the review would look at the processes in place to ensure compliance with the standards set out by the Scottish Government Clinical and Care Governance Framework.</p> <p><u>Plan for the Future</u> – how will the findings of this review be fed back to colleagues who are responsible for the associated delivery plan. Ms Collin advised that the review will look at the processes for regular reporting against the delivery plan and how assurance is provided to NHS Grampian Board regarding progress against the agreed milestones. She also confirmed that there will be ongoing engagement with the Director of Strategy and Deputy Chief Executive as the review sponsor and he will be asked to comment on the findings in the final internal audit report.</p> <p>The Committee noted the progress report.</p> <p>It was agreed that the full internal audit plan agreed earlier in the year should be circulated with these minutes to all members.</p>	<p>ES</p>
4.2	<p><u>Agency Employed Supplementary Staffing</u></p> <p>Mr Kidd presented a report which provided an update on the agreed action plan from the internal audit review regarding the appointment and monitoring of agency employed supplementary staff. Mr Kidd advised that the Single Staff Bank Steering Group had finalised their management response and associated action plan which incorporated comments from representatives across all of the affected services and staff groups. The action plan was attached as an appendix to the report.</p> <p>Mr Donald noted the recent action to remind clinical supervisory staff to ensure that all incoming agency staff are subject to reference checks and asked what arrangements were in place to ensure compliance is monitored. Mr Kidd advised that he would confirm with colleagues and report back. (addendum : clarification from the recruitment team – a process is now in place using a “tick box” on the appointment</p>	

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	<p>documentation for all medical agency staff to evidence receipt of references and subsequent confirmation that the references have been reviewed by appropriate clinical staff prior to appointment).</p> <p>Ms Evison welcomed the progress made but noted the regular use of agencies that are not on the national framework and asked why this would be the case. Mr Kidd suggested that this is likely to be an issue in sourcing locums with the specific skills and experience in some specialist areas but advised that he would confirm the reasons with colleagues and report back (addendum : clarification from the recruitment team – any request to recruit an agency locum automatically goes to those agencies who are on the national framework contract in the first instance. Non framework agencies are only used where staff with suitable specialist experience cannot be sourced from the national framework agencies and where the role is considered critical to continuation of the service.)</p> <p>Ms A Anderson asked if this update would be reported to the Staff Governance Committee. Mr Kidd advised that he was unsure if the Single Staff Bank Steering Group had reported the matter directly and if not, he would ensure that the Chair and Executive Lead for the Staff Governance Committee received a copy of the Internal Audit Report and associated action plan for consideration as appropriate. (addendum: report shared)</p> <ul style="list-style-type: none"> • The Audit and Risk Committee noted the position regarding the status of agreed actions arising from the Internal Audit Review of Appointment and Monitoring of Agency Employed Supplementary Staff reported in September 2021. • The Audit and Risk Committee agreed that an update on progress regarding high risk recommendations will be included in the Internal Audit Progress Report at each meeting of the Committee until they are complete. Progress on low and medium risk recommendations will be included in the annual reporting process presented to the Audit and Risk Committee each December. 	<p>GK</p> <p>GK</p> <p>GK</p>
5	Risk	
5.1	<p><u>Strategic Risk Register (Status and Progress) and Board Risk Process</u></p> <p>Mr Sevenoaks presented a paper which updated the Audit and Risk Committee on the Board Risk Process. Mr Sevenoaks noted the</p>	

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	<p>introduction of a monthly new risk summary report and the development of a quarterly portfolio risk profile report. He also reported the inclusion of the Weekly System Decision Making Group in portfolio risk reporting.</p> <p>The paper included information regarding the roles of the Board and the Chief Executive Team in the management and review of risks and highlighted the importance of ensuring the mitigation of enduring risks which could remain on the risk register for long periods of time. He explained that some are mitigated through process but it is important they are managed effectively so that they present as low a threat as is reasonably practical. Details of enduring risks had been detailed on the strategic risk register, provided as an appendix to the report.</p> <p>The Audit and Risk Committee agreed the recommendations to:</p> <ul style="list-style-type: none"> • endorse the updated Board Risk Process (further amendment to reflect the role of the Audit and Risk Committee); • endorse the draft Enduring Risk Protocol; • commence Strategic Risk Register Review as described in the Board Risk Process; and • support the approach for developing a ‘Board Risk Appetite Framework’ (Item 5.2 on agenda). 	
5.2	<p><u>Risk Appetite – Committee Development Session</u></p> <p>Professor Fluck noted the intention to hold a Board Development Session to inform Non-Executive Board Members of the Board Risk Process. The aim of the development session would be to ensure a shared understanding of the management of risks, and review how comfortable the Board is in relation to the management of enduring risks and how risks are approached and escalated to the Board.</p> <p>The Audit and Risk Committee agreed that Professor Fluck and Ms Duncan should agree the content and progress arrangements for an Audit and Risk Committee Development Session to which all Board and Executive Team members should be invited before the end of 2022.</p>	NF/SD
6	<p>Compliance Group – Assurance Report</p> <p>Ms J Anderson provided a verbal update on the work of the NHS Grampian Compliance Group and highlighted the following:</p> <ul style="list-style-type: none"> • This purpose of the group is to provide assurance to the Audit and Risk Committee in relation to compliance activity and that NHS Grampian is 	

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	<p>meeting its responsibilities.</p> <ul style="list-style-type: none"> • The group had continued to meet since it's last update to the Audit Committee in March 2022. • The group had made good progress against the agreed programme of work and had reviewed updates in relation to compliance requirements, whilst recognising that more work is needed. • The compliance areas covered by the group continue to provide exception reports at each meeting and work continues to adapt the 'bow tie' methodology in the review of compliance risks. • A more detailed update will be provided at the next meeting of the Audit and Risk Committee on 20th December 2022. <p>The Committee noted the update.</p>	
7	<p>Counter Fraud Report</p> <p>Mr Kidd presented a report which updated the Committee on counter fraud activity, including an analysis of current referrals to NHS Counter Fraud Services and the status of ongoing investigations. He highlighted the increased risk of procurement fraud, in particular bank account takeover.</p> <p>Mr Kidd had also circulated the NHS Grampian counter fraud checklist to provide background information to new members of the Committee regarding the controls in place to protect against fraud and other financial irregularities. The Committee was updated on the progress to appoint to a finance governance role within the Finance Directorate. This should provide capacity to adopt a more pro-active approach and take forward the requirements of the new national counter fraud standards including the development of a risk based fraud action plan.</p> <p>The report provided information on the participation of NHS Grampian in the National Fraud Initiative. This occurs every two years and extracts from payroll and payment systems are used to confirm that services and payments are provided to the correct people. Payroll data extracted across Boards had been successful in identifying incidences of benefits fraud.</p> <p>Mr Donald welcomed the progress in meeting the requirements of the counter fraud standards and asked when they would be fully implemented in Grampian. Mr Kidd advised that this would take some time. Each Board is required to prepare an annual self-assessment detailing progress against implementation of the standards. The main area of focus initially, is the development of a local fraud risk assessment and action plan and this will be a key area of focus for the Financial Governance Manager once appointed. NHS Counter Fraud Services had hoped to expand their staffing complement to support Boards in the process of risk assessment but this was not</p>	

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	<p>approved and support available to Board's will now be restricted and targeted with a narrower focus based on learning from actual cases in other NHS Scotland Boards. Mr Kidd and Ms J Anderson had scheduled a meeting with Counter Fraud Services on 24th October to agree the level of support available to NHS Grampian.</p> <p>Mr Donald asked if there were any concerns regarding the low number of cases reported in the first six months of the current financial year. He also asked if there were any cases which had been in the system for a prolonged period of time and would be at risk of becoming time-barred from prosecution. Mr Kidd responded that he wasn't aware of any cases that had been time-barred from prosecution. Generally most suspected fraud referrals are dealt with during the year in which they originate although there are some cases that take longer due to incomplete information. The Crown Office Procurator Fiscal service has a significant backlog of cases and this includes one Grampian case in particular that has been ongoing for several years although it's hoped this case will be assigned a court date before the end of this year. Dr Coldwells asked if all cases reported to NHS Grampian related to individuals or if there was any indication of organised criminality. Mr Kidd confirmed that, although there had been some well publicised procurement fraud in other areas involving groups of people, in his experience fraudulent activity in Grampian had been carried out by individuals. However, he noted that the increasingly polished and sophisticated approach to cybercrime would indicate organised criminal behaviour and noted that initiatives to increase staff awareness will continue.</p> <p>The Committee discussed the impact of the current cost of living crisis on fraudulent activity. It was agreed that there should be some awareness raising but this must be sensitive and avoid a negative effect on staff morale. Mr Kidd highlighted the importance of focused effort on robust internal control processes that remove the opportunity for fraud.</p> <p>The Audit and Risk Committee thanked Mr Kidd for his comprehensive update and noted the following:</p> <ul style="list-style-type: none"> • The analysis of current referrals to NHS Counter Fraud services within Grampian and the status of ongoing investigations; • The internal control arrangements currently in place to protect against the risk of fraud and other financial irregularities; • The plans for implementation of the 12 functional standards included in GovS 013 Counter Fraud; and • The plans to increase capacity within the Finance Team dedicated to supporting financial governance including counter fraud matters. 	

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8	<p>Single Tender Register</p> <p>Mr Kidd presented the paper detailing single tender actions authorised since the last meeting, together with a summary of the justification.</p> <p>Mr Donald raised a query relating to Item 37 Independent Research on Alcohol and Drug Deaths. Mr Kidd confirmed that this service is delegated to IJBs and the cost of the contract will be borne by them from ring-fenced funding. He agreed to make enquiries and confirm whether other partner agencies would also contribute to the cost. (addendum: confirmed no contribution from other agencies).</p> <p>Members considered that it would be appropriate to consider a de-minimus level for single tender actions reported to the Committee and also whether it was necessary to record procurement as a call off from national framework agreement. Ms Anderson to ensure this is reflected in the review of Standing Financial Instructions to be considered for approval at a future Audit and Risk Committee meeting.</p> <p>The Committee noted the report.</p>	<p>GK</p> <p>JA</p>
9	<p>Matters to be Escalated to the Board</p> <p>It was confirmed that there were no matters which should be brought to the attention of the Board.</p>	
10	<p>AOCB</p> <p>Ms A Anderson asked the Committee to join her in thanking Mr Kidd for his contribution to the Audit Committee over many years and his input into the preparation for the newly formed Audit and Risk Committee. His dedication, loyalty, technical knowledge and calm approach in leading Non-Executive Members through a range of challenges had been much appreciated.</p>	
	<p>Date of Next Meeting</p> <p>Tuesday 20th December 2022 (by Teams) 11.00 – 13.00</p> <p>Agreed that Committee Meetings for 2023 should remain two-monthly to build in capacity for reporting on risk. Dates will be reviewed and confirmed before the next meeting.</p>	