

Purpose of Report

This report is to provide assurance to the Grampian NHS Board that an appropriate system of internal control is in place to ensure that:

- 1.1 Business is conducted effectively and in accordance with the law and proper standards;
- 1.2 Public money is safeguarded and properly accounted for;
- 1.3 Financial Statements are prepared timeously, and give a true and fair view of the financial position of the Board for the period in question; and
- 1.4 Reasonable steps are taken to prevent and detect fraud and other irregularities.

Recommendation

The Board is asked to note the following key points and assurances discussed by the Audit Committee.

Audit Committee meeting 21 June 2022.

1. Annual Internal Audit Plan 2022/23

The Committee approved the final Internal Audit Programme for 2022/23, incorporating comments received from the Chief Executive Team and Board members including a re-alignment of some aspects to ensure an appropriate fit with the recently agreed NHS Grampian Plan for the Future. Time has also been included to continue work with the Chief Internal Auditors of the Integration Joint Boards (IJBs) in progressing a joint assurance agenda across Grampian.

2. Cyber Security Update – Outcome of Network and Information Systems (NIS) Regulations Audits

Members received an update from the Board's Head of Information and Communications Technology (ICT) Services, on the outcome of the recent audit by the Scottish Government on compliance with the Network and Information Systems (NIS) Regulations. The NIS regulations came into effect in 2018 with the purpose to boost the level of security of network and information systems critical for the provision of digital services. The outcome of the review found that the overall compliance of NHS Grampian had been raised from 30% to 60%, indicating a significant decrease in risk exposure. Members were pleased to note this progress and welcomed the eHealth team's aspiration to achieve 70% - 75% (compared to a national recommendation that Boards should achieve 60%) in the next audit planned for later in 2022.

Members were also pleased to note that the report highlighted governance, innovation and leadership in cyber security, risk management and digital strategy are exceptionally strong in NHS Grampian and were briefed on recent strengthening of the Cyber Security team and the ongoing implementation of systems changes and tools to continually improve cyber security and identify risks across the Board's network.

3. Request for Write-off in Excess of Board delegated limits

The Committee considered a request for write off of two matters, relating to expired doses of influenza vaccine and for early termination of a contract that were both in excess of the Board's delegated limits and that the case for each should be submitted to the Scottish Government Health and Social Care Directorate with a request for final approval.

4. Counter Fraud Activity

The Committee received the regular update on Counter Fraud Activity from the Assistant Director of Finance, highlighting progress with ongoing cases. Members welcomed the recent approval to appoint a Financial Governance Manager to increase capacity in this area and the intention to progress, over the coming year, the development of a pro-active risk based fraud action plan, with the support of NHS Counter Fraud Services.

5. National Service Audit Reports

The Committee received a report from the Assistant Director of Finance on the status of the 2021/22 independent service auditor report and opinion for the services hosted by NHS National Services Scotland (NHS NSS) and by NHS Ayrshire and Arran on behalf of NHS Grampian. The Committee were pleased to note that all services received an unqualified audit opinion for 2021/22 and welcomed the improvements made by NHS NSS in relation to Payments to Practitioner Services which had resulted in an unqualified audit opinion for 2020/21.

Matters referred to other Board sub-Committees

None

Conclusion

The topical governance matters considered by the Audit Committee are a key source of assurance for the Board on the effectiveness of our management processes and internal control environment.

Mr Sandy Riddell
Chair
Audit Committee

Attachment: 1. Agenda of meeting of Audit Committee held on 21 June 2022.

NHS Grampian (NHSG)
Audit Committee Meeting
Tuesday 21 June 2022, 1100-1300
Video call using MS Teams

*Members should be aware that their names will be listed in the Minutes
which will be publicised on the NHSG website*

Agenda

Approx Timing	No	Item	Lead	Ref	Noting/ Decision
1100		4. Pre-Meeting of Non-Executive Board Members with Auditors	SR	#	
1110	1	5. Welcome and Apologies		#	
1110	2	6. 7. Minutes of the Meeting held on 22 March 2022 8.	SR	*	D
1115	3	Matters Arising			
		3.1 Action Log of 22 March 2022	SR	*	N
		3.2 Any other matters arising	SR	#	N
1125	4	Internal Audit			
		4.1 Internal Audit Plan 2022/23	PwC	*	D
		4.2 Progress Report	PwC	*	N
1145	5	Cyber Security update – outcome of Network and Information systems Regulations 2018 Audit	NG	*	N
1200	6	External Audit progress report	Audit Scot	*	N
1210		Break			
1220	7	Governance			
		7.1 Board assurance framework and Audit Committee TOR	GK	*	N
		7.2 Losses, Special payments and Counter Fraud	GK	*	D
		7.3 Draft Governance Statement 2021/22	GK	*	D
		7.4 National Services Audit Reports	GK	*	N
1240	8	Single Tender Register	GK	*	N
1245	9	Report to the Board	SR	#	D
		Date of Next Meeting Tuesday 2 nd August 2022, 11.0 –13.00			

* Paper attached; # Oral/verbal; ~ To follow

Mr Sandy Riddell
Chair NHSG Audit Committee

Apologies to: else.smaaskjaer@nhs.scot