

**NHS Grampian (NHSG)  
 Minute of the Audit Committee Meeting  
 Tuesday 21<sup>st</sup> December 2021 (11.00 – 12.30)  
 Microsoft Teams**

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| Board Meeting<br>07.04.2022<br>Open Session<br>Item 11.1 |
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**Present**

Mr Sandy Riddell, Non-Executive Board Member, NHS Grampian (Chair)  
 Councillor Isobel Davidson, Non-Executive Board Member, NHS Grampian  
 Mr Albert Donald, Non-Executive Board Member, NHS Grampian  
 Ms Rachael Little, Employee Director, NHS Grampian  
 Dr John Tomlinson, Non-Executive Board Member, NHS Grampian

**In Attendance**

Mr Alan Gray, Director of Finance, NHS Grampian  
 Mr Garry Kidd, Assistant Director of Finance, NHS Grampian  
 Ms Osa Udoh, Head of Financial Services and Accounting, NHS Grampian  
 Ms Anne MacDonald, Senior Audit Manager, Audit Scotland  
 Ms Lyndsey Paterson, Partner, PricewaterhouseCoopers LLP (PwC)  
 Ms Gillian Collin, Senior Manager, PricewaterhouseCoopers LLP (PwC)  
 Mr Robert Barr, PricewaterhouseCoopers LLP (PwC)  
 Ms Else Smaaskjaer, Minute

| Item | Subject   | Action |
|------|---|--------|
| 1    | <p><b>Welcome</b><br/>           Mr Riddell thanked everyone for attending.</p> <p><b>Apologies from Committee Members</b><br/>           There were no apologies from committee members.</p> <p><b>Apologies from Other Attendees</b><br/>           Ms Gillian Woolman, Assistant Director, Audit Scotland</p> <p><b>Declaration of Interest</b><br/>           None.</p> |        |
| 2    | <p><b>Minute of Meeting Held on 19<sup>th</sup> October 2021</b></p> <p>The minute was approved as an accurate record.</p>  |        |
| 3    | <p><b>Matters Arising</b></p>   |        |
|      | <p>3.1 <u>Action Log of 19<sup>th</sup> October 2021</u></p>  |        |

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|      | <p>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><b>4. 15.6.21 Item 4.1 Theatre Utilisation</b> - Mr Kidd informed the Committee that a summary progress update had been provided as an appendix at Item 4.2 Follow Up of Previous Years Low and Medium Risk Recommendations. He agreed to request that a senior member of the management team attend the next meeting of the Audit Committee to provide specific updates and progress against each of the agreed actions.</p>  |        |
| 3.2  | <p><u>Any other matters arising not on the action log</u></p> <p>Dr Tomlinson noted the backlog maintenance annual update reported at the meeting in October and asked if this update would be more appropriate for discussion at the Performance Governance Committee. Mr Kidd explained that the annual update had been made to the Audit Committee to provide assurance on risk management. However, he agreed the recent update had included some wider issues which may be more relevant to the Performance Governance Committee. Mr Riddell suggested that there could be scope to consider the backlog maintenance programme through two separate lenses.</p> <p>Mr Kidd informed the Committee that Board members also receive a briefing on the capital programme as part of the annual Financial planning process.</p> |        |
| 4    | <b>Internal Audit</b>  |        |
| 4.1  | <p><u>Progress Report and High Priority Recommendations</u></p> <p>Ms Collin and Mr Barr presented the report which detailed internal audit activity since the last meeting of the Audit Committee. Since the last update, three reviews had been finalised, Property Transaction Monitoring, Rights to Work Checks and Staff Wellbeing. Scoping meetings had been scheduled for other reviews and fieldwork completed for reviews of Estate Management and the Vaccination and Inclusivity Plan. There had been no changes to the agreed internal audit plan.</p> <p><u>Property Transaction Monitoring</u></p> <p>Property transaction monitoring is performed by Internal Audit on an</p>   |        |

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|      | <p>annual basis in line with the NHS Scotland Property Transaction Handbook (PTHB) and NHS circular CEL08 (2011). The four property transactions completed for NHS Grampian during 2020/21 were reviewed for compliance and all transactions had been handled in line with the mandatory requirements of PTHB. Ms Collin advised there were no findings to bring to the attention of the Committee.</p> <p><b>The Committee noted the report.</b></p> <p><u>Staff Wellbeing</u></p> <p>Ms Collin reported the review had assessed the design and operating effectiveness of the key controls in the processes to manage staff wellbeing in NHS Grampian. No high or medium risk recommendations were identified. Three low risk recommendations were made relating to identifying staff at risk, monitoring of traffic on the We Care website and fair allocation of work. The review had noted discussion with the Ethics Committee which had highlighted that staff experiencing 'moral injury' would most likely require additional support. The review had concluded that although there was monitoring of traffic on the We Care website this could be more robust to ensure that key data around some elements such as signposting and traffic in particular areas of the site is analysed. Discussion with management had also identified that a more efficient 'e-roster' system could contribute to strengthening analysis around the fair allocation of work.</p> <p>The report had highlighted areas of good practice and acknowledged the quick and positive approach in responding to staff wellbeing needs during a challenging period. Ms Collin informed the Committee that managers had welcomed the report and agreed to implement actions relating to the three recommendations by the end of March 2022.</p> <p><b>The Committee noted the report and agreed that progress against the low risk recommendations will be included in the annual follow up report in December 2022.</b></p> <p><u>Rights to Work Checks</u></p> <p>Ms Collin reported the review had assessed the design and operating effectiveness of the key controls in place around the on-boarding of staff. No high risk recommendations were identified. One medium risk recommendation was identified as the correct documentation could not be provided for three out of the sample of 25 new employees. Two low risk recommendations were made relating to the</p> | <p>GK</p> |

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|      | <p>Recruitment and Selection Policy not having been updated to reflect changes in the process which were introduced due to Covid and the omission to report relevant KPI data to the Staff Governance Committee. Management had noted the recommendations and confirmed the documentation checklist and Recruitment and Selection Policy would be updated.</p> <p>Dr Tomlinson asked if the actions agreed by management would provide assurance around compliance with the documentation checks required. Mr Kidd confirmed that this will be followed up with the recruitment team who will be advised that a process must be in place to evidence documentation had been checked before recruitment can be progressed.</p> <p><b>The Committee noted the report and agreed that progress against the low risk recommendations will be included in the annual follow up report in December 2022.</b></p> <p>Ms Collin reported that discussions are ongoing with auditors across the IJBs in Grampian regarding joint assurance work which will begin with data sharing during 2021/22. Mr Riddell highlighted the risk that protocols regarding data sharing are not consistently applied across the organisations. <b>Ms Collin agreed to discuss with the other Chief Internal Auditors.</b></p> | <p>GK</p> <p>PwC</p> |
| 4.2  | <p><u>Follow Up of Previous Years Low and Medium Risk Recommendations</u></p> <p>Mr Kidd presented a report summarising the status of agreed actions arising from medium and low priority internal audit recommendations identified during the previous five year period 2016/17 to 2020/21. He informed the Committee that, out of a total of 151 actions arising during this period, all of the recommendations dated prior to 2017/18 were complete, 20 (2 from 2017/18, 7 from 2018/19, 3 from 2019/20 and 8 from 2020/21) remain open or partially complete. Mr Kidd explained that progress against some of the outstanding recommendations had been impacted by the need to respond to Covid 19. However, he commented the Committee should be encouraged by the ongoing work during this time and new target and review dates had been agreed. He informed the Committee that the target dates were considered realistic and progress will be closely monitored during 2022.</p> <p>Mr Kidd noted the three open or partially complete recommendations relating to the operation of financial services functions and suggested that as these are considered annually during the review of key financial</p>   |                      |

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|      | <p>controls they should be considered as ongoing business and removed from this annual report.</p> <p>Mr Donald asked if there would be any impact on overall risk in deferring the two reviews planned in 2019/20 relating to Vulnerability Management and GDPR. Mr Kidd informed the Committee that the review of Vulnerability Management had been superseded by a Network and Information Systems Audit commissioned by the Scottish Government. Mr Scott Sim (General Manager eHealth) had previously provided initial feedback to the Audit Committee at its meeting on 15<sup>th</sup> June 2021. Mr Kidd also reported that Mr Alan Bell (Head of Information Governance and Data Protection) is in ongoing discussion with the Information Commissioners Office regarding the areas of work around GDPR being progressed in NHS Grampian. Ms Paterson confirmed there would be no additional risk in deferring the two reviews.</p> <p>Mr Riddell asked when the Committee would have an update regarding the development of an action plan to address issues around engagement with agency and locum staff. Mr Kidd reported he would be attending a meeting of the Supplementary Staffing Short Life Working Group in January to advise on the action plan. Counter Fraud Services had completed a fraud risk assessment and, when finalised, the report from that would be presented to the Audit Committee.</p> <p><b>The Committee agreed that the open or partially complete recommendations from the 2018/19 Purchase to Pay Review and the 2018/19 and 2019/20 Key Financial Controls Review should be removed from the list of outstanding recommendations on the basis that they are ongoing matters under the active management of the Finance Directorate.</b></p> <p><b>The Committee noted the report and agreed that the status of the remaining recommendations reported as outstanding or partially complete, should be reported back in December 2022.</b></p> | <p></p> <p></p> <p>GK</p> <p>GK</p> |
| 5    | Governance  |                                     |
| 5.1  | <p><u>Covid – Lessons and Learning</u></p> <p>Mr Gray presented a paper which detailed the actions taken to ensure that the lessons learned during the NHS Grampian response to Covid had been embedded in the remobilisation plan for the organisation. The report also outlined the response to the key actions and high level lessons included in a recent Scottish Government report regarding</p>  |                                     |

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|      | <p>lessons learned during Covid.</p> <p>Mr Riddell noted the contribution of the five year digital strategy approved by the Board and highlighted the importance of creating a system wide digital environment supporting an integrated approach to the delivery of care services across Grampian. Dr Tomlinson asked if the items covered in the remobilisation plan would follow through to the development of the NHS Grampian Plan for the Future. Mr Gray suggested it would be helpful to make time for discussion regarding the alignment between strategies and plans across the system.</p> <p><b>The Committee noted the report.</b></p>   |        |
| 5.2  | <p><u>Compliance Sub-Group Assurance Report</u></p> <p><b>The Committee noted the report and agreed that a full discussion would be deferred until the next meeting.</b></p>   |        |
| 5.3  | <p><u>Counter Fraud Progress Report</u></p> <p>Mr Kidd presented the report which provided an update on the status of ongoing fraud cases and an analysis of counter fraud referrals received during 2021/22. The report detailed methods of referral and noted that in NHS Grampian these tend to be raised through management rather than through other sources such as the Counter Fraud Services website or the Crimestoppers hotline. Mr Kidd informed the Committee that work is ongoing with the corporate communications team to consider the best approach to raising awareness of fraud across all staff groups.</p> <p>Mr Kidd reported that a recent meeting of the NHS Grampian Counter Fraud Steering Group had focused on the gaps in compliance with the proposed Counter Fraud Functional Standards. The group had concluded that although NHS Grampian is in a good position regarding its response to fraud when it occurs, there is more to be done in increasing the organisation's ability to ensure proactive measures in preventing fraud. The main gaps in compliance with the functional standards relate to identifying capacity to support the development of a risk based Fraud Annual Action Plan (FAAP) including targeted and resourced proactive programmes of work. Mr Kidd explained that a proposal to address current capacity constraints and also to ensure succession in this and other key areas of financial governance had been submitted for consideration by the Chief Executive Team, as part of the cost pressure review process.</p> |        |

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|      | <p>Dr Tomlinson commented that he was comfortable with the content of the report but would follow up the resourcing issue with the Chief Executive and ask for the assurance that the expectation placed on senior managers in relation to counter fraud activity is reasonable. Mr Donald welcomed the approach by Dr Tomlinson and added his concern regarding the risk to the organisation in not providing the resources required for counter fraud arrangements. He agreed the approach should be proportionate and balanced but highlighted the possible adverse outcome if the organisation had not responded effectively to issues it had been made aware of. Mr Donald suggested that although front line managers have a role there is a need to ensure knowledge and understanding around this area of work.</p> <p><b>The Audit Committee noted the report, the actions to date and thanked Mr Kidd for his comprehensive and informative update.</b></p> |        |
| 6    | <p><b>Write Off Losses Request</b></p> <p>Mr Kidd presented a paper which requested the approval of the Audit Committee to the write off, in principle, of two outstanding debts and that the case for each should be submitted to the Scottish Government Health and Social Care Directorate for final approval. The paper and appendices detailed the relevant key matters and the actions taken to respond to the events which had resulted in the debts.</p> <p><b>The Audit Committee approved the write off, in principle, of the outstanding debts and agreed that the case for each should be submitted to the Scottish Government Health and Social Care Directorate with a request for final approval.</b></p>  | GK     |
| 7    | <p><b>Single Tender Actions – Review of Recent Approvals</b></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>Dr Tomlinson queried the rationale at Item 49 and asked if there were specific reasons why the item could not be purchased from a non-UK supplier. Mr Kidd advised that he follow up the query and report back.</p> <p><b>The Committee noted the report.</b></p>   | GK     |

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| 8    | <p><b>AOCB</b></p> <p>Mr Riddell thanked staff in the Finance Department and the Audit Team for their commitment and the high standard of reporting which had guided the Audit Committee through a second year of virtual meetings. Dr Tomlinson asked if the NHS Grampian Audit Committee had performed well during this period. Ms Paterson confirmed that the operation of the Committee had benefited from the open and positive relationships between members of the Committee and managers, and that it had continued to meet its responsibilities during the pandemic.</p> |                     |
| 9    | <p><b>Report to Grampian NHS Board</b></p> <p>It was agreed that the following should be included in the next report to all Board members.</p> <ul style="list-style-type: none"> <li>• Follow Up of Previous Years Low and Medium Risk Recommendations;</li> <li>• Covid – Lessons Learned;</li> <li>• Counter Fraud Update;</li> <li>• Write Off Request to the Scottish Government; and</li> <li>• Update on Joint Assurance Work Across Grampian.</li> </ul> <p><b>Mr Kidd to draft the report to the Board for Mr Riddell’s review.</b></p>                                  | <p><b>GK/SR</b></p> |
|      | <p><b>Date of Next Meeting</b></p> <p>Tuesday 22<sup>nd</sup> March 2022<br/>11.00 – 13.00</p>  |                     |