

**NHS Grampian (NHSG)
 Minute of the Audit Committee Meeting
 Tuesday 15th June 2021 (11.00 – 12.30)
 Microsoft Teams**

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

Ms Sarah Duncan, Board Secretary, NHS Grampian
 Mr Alan Gray, Director of Finance, NHS Grampian
 Mr Garry Kidd, Assistant Director of Finance, NHS Grampian
 Ms Anne MacDonald, Senior Audit Manager, Audit Scotland
 Ms Gillian Collin, Senior Manager, PricewaterhouseCoopers LLP (PwC)
 Ms Lyndsey Paterson, Partner, PricewaterhouseCoopers LLP (PwC)
 Mr Mike Sevenoaks, Risk Advisor, NHS Grampian (Item 6.2)
 Mr Scott Sim, General Manager eHealth, NHS Grampian (Item 7)
 Ms Else Smaaskjaer, Minute

Item	Subject	Action
1	<p>Welcome Mr Riddell thanked everyone for attending. He welcomed Mr Donald to his first meeting as a member of the Audit Committee and Ms Duncan attending to observe as Board Secretary.</p> <p>Apologies from Committee Members There were no apologies from committee members.</p> <p>Declaration of Interest None.</p>	
2	<p>Minute of Meeting Held on 20th April 2021</p> <p>The minute was approved as an accurate record.</p>	
3	<p>Matters Arising</p>	

Item	Subject	Action
3.1	<p><u>Action Log of 20th April 2021</u></p> <p>The Committee reviewed the action log from the previous meeting.</p> <p>Mr Gray reported that the EU Transition Programme had been shared with IJB colleagues. He also confirmed that any impact of new rules for employment post BREXIT will be reported to the NHS Grampian Staff Governance Committee.</p> <p>Mr Kidd reported that the implementation of eESS in Grampian was now planned for September 2021 and he will ask for an update to the Audit Committee nearer that time.</p> <p>Ms Paterson confirmed that she is making arrangements to meet with the Deputy Chief Executive to discuss future internal audit plans for Test and Protect and the Vaccination Programme.</p> <p>Mr Riddell reported that arrangements to explore opportunities for joint assurance are progressing.</p> <p>It was noted that all other items were included on the agenda or scheduled for a future meeting.</p>	<p>GK</p> <p>PwC</p>
3.2	<p><u>Any other matters arising not on the action log</u></p> <p>None.</p>	
4	Internal Audit	
4.1	<p><u>Progress Report and High Priority Recommendations</u></p> <p>Ms Collin presented the report which detailed internal audit activity since the last meeting of the Audit Committee and stated that good progress continues on the 2020/21 internal audit plan. Ms Collin informed the Committee that three reviews had been completed since the last update:</p> <p><u>Risk Management</u></p> <p>Ms Collin reported that the scope of the review had considered the design and operating effectiveness of controls in relation to the new Risk Management Protocol. No high risk recommendations were identified. One medium risk recommendation was identified relating to the number of risks reviewed which did not have SMART actions attached in Datix. Two low risk recommendations were identified</p>	

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	<p>relating to the need to embed consistent risk review processes across the organisation and the current lack of access by some service risk owners to Datix.</p> <p>The review noted areas of good practice including development of a thorough and comprehensive Risk Management Protocol (RMP) and awareness across sectors evidences effective promotion of the RMP.</p> <p>The Committee noted the report.</p> <p><u>Cross System Ways of Working</u></p> <p>Ms Collin reported that this review had assessed the design and operating effectiveness of controls concerning cross-system ways of working. No high risk recommendations were identified. Two medium risk recommendation were identified relating to lack of a clear vision for what strong cross-system working should look like and no clear definition of how performance would be monitored and measured to evidence successful partnership working.</p> <p>Dr Tomlinson noted that the intentions appear to be very general and suggested the agenda around this needs to be more specific if it is to become effective. He asked where there will be an oversight of progress and what is planned as next steps. Mr Riddell agreed there should be clarity regarding how this would be progressed, and where it is reported, but noted it would be important to make steady progress in reaching a point of cooperation across the system and a commitment to partnership working. Mr Gray highlighted the North East Partnership Group which includes the Chief Executives of the three local authorities, the Chairs of the three IJBs and the Chair and Chief Executive of NHS Grampian. This group agrees joint priorities in relation to strategic planning across the system and has an important role in promoting joint working.</p> <p>The Committee noted the report.</p> <p><u>Theatres Utilisation</u></p> <p>Ms Collin reported that the scope of this review concerned the design and operating effectiveness of controls surrounding theatre utilisation. The report had noted the significant impact of the Covid-19 pandemic on the operation of theatres. One high risk recommendation was identified relating to the control and monitoring of utilisation data. Two medium risk recommendations were identified relating to monitoring the backlog of elective surgery and to co-ordinate the availability of</p>	

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	<p>beds, surgical time and theatre availability at the time of booking. The review highlighted the establishment of the Clinical Prioritisation group during Covid which ensures management awareness regarding treatment of the most urgent patients. It also suggested that a new role established in the theatre management team, to review bookings and performance reporting, could be extended to explore further improvements in the booking process.</p> <p>Mr Riddell asked what the next stages would be in considering a management response to the issues highlighted in the report. Mr Gray reported that the Chief Executive Team and Acute Sector Leadership recognised the difficult challenges surrounding theatre utilisation, bed capacity and staffing resources. Engagement with the Scottish Government’s Centre for Sustainable Delivery had been established to explore options to take these matters forward and also to look at the impact of challenges in Unscheduled Care on performance in Planned Care.</p> <p>Mr Gray advised that the NHS Grampian Board Seminar on 1st July will include consideration of the issues raised in this review. Mr Riddell asked that this should inform an outcome orientated discussion. Ms Paterson confirmed that management had agreed a timescale and action plan and Mr Kidd noted that the Committee will be updated on progress against the high risk finding at future meetings and progress against medium and low risk recommendations in the annual update in December. The Committee could also ask for a management representative to attend a future meeting if it felt that would be useful.</p> <p>Dr Tomlinson welcomed the opportunity to discuss at the Board Seminar and asked that this includes the impact on patients of cancellations. He asked whether this is something which should also be reported to the Board’s Clinical Governance Committee or Performance Governance Committee. Mr Gray suggested it should be reported to both and advised that the Board Seminar would also review how all Committees provide assurance to the NHS Grampian Board. Mr Riddell noted the requirement to remain open and transparent as when items are presented to the Board they become subject to public scrutiny. Ms Duncan agreed and advised the Board will be asked to agree an escalation process to ensure that matters are dealt with appropriately when they go into the public domain.</p>	

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6	Governance	
6.1	<p data-bbox="370 300 852 336">Counter Fraud Progress Report</p> <p data-bbox="370 373 1323 552">Mr Kidd presented the report covering progress on counter fraud matters within NHS Grampian and highlighted a historical trend analysis covering patterns in referrals by type which suggested that future awareness raising activity should concentrate on conflict of interest.</p> <p data-bbox="370 594 1365 919">Mr Kidd also covered the plans to implement, the 12 new Government functional standards (GovS 013: Counter Fraud) across NHS Scotland that will set expectations for the management of fraud, bribery and corruption risks in government organisations and briefed the Committee on the intention of management to establish a Counter Fraud Steering Group to ensure effective executive oversight and co-ordination of the expanding counter fraud agenda and to lead implementation of the government functional standards across NHS Grampian.</p> <p data-bbox="370 961 1373 1472">Mr Donald asked if there was a policy to determine when incidences would be referred to the police and how referrals of counter fraud activity fitted into recording of whistleblowing concerns as reported to the Board. Mr Kidd responded that NHS Counter Fraud Services (CFS) are an agency authorised to report crimes directly to the Crown Office Prosecution Service. Current arrangements are that all issues reported as suspected fraud are shared with NHS Counter Fraud Services who would then decide if it is an issue that they can investigate or if it is a matter that should be referred to the Police or another agency. Mr Kidd added that currently, counter fraud related referrals are not reported through the whistleblowing process unless they originated there. Ms Little suggested that the Counter Fraud Steering Group, when re-established, will introduce some formality and provide Executive oversight of the process.</p> <p data-bbox="370 1514 1365 1619">The Committee welcomed the assurance provided and noted the report. The Committee agreed that Mr Kidd should review current reporting arrangements with the Board Secretary.</p>	GK/SD
6.2	<p data-bbox="370 1654 906 1690">Risk Management Progress Report</p> <p data-bbox="370 1728 1382 1871">Mr Sevenoaks, NHS Grampian Risk Advisor, attended for this item. He provided a presentation which gave an overview of the implementation of the Risk Management Protocol, changes to Datix, training provided and next steps. The Risk Management Protocol had been finalised in</p>	

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	<p>November 2020 and a recent audit had considered it to be thorough and comprehensive, and used at all levels in the organisation to provide guidance on risk management.</p> <p>Mr Sevenoaks informed the Committee that changes to Datix had been rolled out to all users although it is recognised that not all risk owners have access readily available. All risk assessments have action plans attached and these will be reviewed to ensure they are framed as SMART actions. Risks are recorded as high, medium or low and the changes to Datix will also reflect the impact of risk in terms of harms to people, organisational reputation and financial loss. A training package had been deployed and work is ongoing to ensure it is widely available across the organisation.</p> <p>In the immediate future Mr Sevenoaks advised he would continue to develop the use of SMART actions, tighten up review processes and plan functionality for release 2 of new Datix which will include the facility to review multiple related entries.</p> <p>Mr Riddell asked if training would be targeted at specific services. Mr Sevenoaks noted that Acute is the largest area but he intended to focus on the general need to communicate across the system and encourage risk owners to go beyond the recording of risks to following up with SMART actions.</p> <p>The Committee agreed that Mr Riddell, Dr Tomlinson and Ms Duncan should discuss how risks are reported at Board level.</p> <p>The Committee welcomed the progress made and noted the update.</p>	<p>SR/JT/ SD</p>
6.3	<p>Draft Governance Statement</p> <p>Mr Kidd presented the paper briefing audit committee members on the sources of assurance that will be used to support the 2020/21 governance statement. It was agreed that a draft governance statement should be circulated to members for review prior to formal approval of the annual accounts in August 2021.</p> <p>The Committee noted the sources of assurance and approach to be adopted for preparation of the 2020/21 governance statement and agreed that the draft governance statement should be circulated to audit committee members for review and agreement as soon as this is available, in advance of the August 2021 meeting.</p>	<p>GK</p>

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6.4	<p>Significant Issues Letter to Health and Social Care Assurance Board</p> <p>Mr Kidd informed members that the Chair of the Audit Committee is required to notify the Scottish Government Health and Social Care Assurance Board of any significant issues or fraud which arose during 2020/21. He had attached a draft letter which reflected there were no matters arising during 2020/21 which would be of interest to the Audit and Risk Committee of the Scottish Government.</p> <p>The Audit Committee noted the report and approved that the draft letter attached at appendix 1 should be submitted to the Scottish Government Health and Social Care Assurance Board.</p>	GK
6.5	<p>Primary Care Contractor Services Including NHS National Services Scotland (NSS) Audit Reports</p> <p>Mr Kidd updated the committee on discussions with NHS National Services Scotland (NSS) to address the qualification on the 2019/20 service audit reports for Payments to Practitioners and National IT services.</p> <p>Mr Kidd reported that in a letter to Boards the NSS Director of Finance had confirmed that:</p> <p style="padding-left: 40px;">“In the current year there has been a significant improvement in the Service Audit performance in respect of IT Services, which has achieved an unqualified opinion. Unfortunately, the Payments to Primary Care Contractors Service Audit remains qualified for 2020/21.”</p> <p>A meeting, chaired by the NSS Audit and Risk Committee Chair, was attended by Directors of Finance and KPMG, the external auditors of NSS. An update regarding the service improvements previously agreed provided assurance that NSS have progressed a number of actions aimed at mitigating and resolving the issues. Ms MacDonald noted that Audit Scotland were reasonably content at this stage and had been pleased to note increased engagement of other Boards.</p> <p>Mr Kidd reported that an additional internal audit review of Covid related payments commissioned by NSS had produced a clean opinion and provided assurance regarding a large proportion of expenditure with primary care contractors.</p> <p>The Committee welcomed the progress made and noted the</p>	

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	<p>report.</p>	
6.6	<p>Single Tender Actions – Review of Recent Approvals</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>The Committee noted the report.</p>	
7	<p>Cyber Security Scotland – Network and Information Systems Regulations 2018 Audit (NIS)</p> <p>Mr Sim attended to report on feedback from the recent NIS audit of cyber security arrangements in NHS Grampian. He reported a positive audit experience and feedback had highlighted areas of good practice and positive actions taken. Mr Sim noted that during the audit senior managers had been interviewed and were able to demonstrate a strong organisational commitment to responding to cyber security issues. Key points highlighted were:</p> <ul style="list-style-type: none"> • Digital change had been recognised by the organisation as key to rebuilding services. • Appropriate governance structures had been established. • There was commitment to comply with NIS Regulations. • The organisation had evidenced it was forward looking and innovative in its approach to digital transformation. <p>Mr Gray reported that a recent meeting of Board Chief Executive’s had highlighted the serious nature of cyber security. The Chief Executive of SEPA had attended to share recent (and ongoing) experience of a Cyber Attack. This had a major impact on the business activity of SEPA and is recognised as a substantial corporate risk to all Boards due to the number of interconnected systems across NHS Scotland. Mr Gray noted that systems should be tested to review how they would respond to a cyber-attack. Mr Sim agreed and emphasised the importance of ensuring that all service areas have completed Business Impact Assessments and realistic and tested Business Continuity Plans.</p> <p>The Committee noted the report and agreed that the internal audit review of vulnerability management, originally planned for 2020/21 should be deferred to 2021/22 and that Ms Collin should agree the scope of the review with Mr Sim to ensure best use of time and avoid replication.</p>	<p>PwC/SS</p>

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8	AOCB	
9.1	The Committee discussed duration and frequency of meetings and agreed that in the meantime it would continue to meet Bi-Monthly.	
9	<p>Report to Grampian NHS Board</p> <p>It was agreed that the following will be reported to all Board members at the meeting in August.</p> <ul style="list-style-type: none"> • Assurance regarding collaborative working with IJBs; • Counter Fraud Arrangements and Re-establishment of Steering Group; • Progress Report Audit Scotland; • NSS Audit Report; and • Internal Audit Review of Theatre Utilisation. <p>Mr Kidd to draft the report to the Board for Mr Riddell’s review.</p>	GK/SR
	<p>Date of Next Meeting</p> <p>Tuesday 24th August 2021 (11.00 – 12.30) Microsoft Teams</p>	