

**NHS Grampian (NHSG)**  
**Minute of the Audit and Risk Committee Meeting**  
**Tuesday 14<sup>th</sup> March 2023 (11.00 – 13.00)**  
**Hybrid: Conference Room Summerfield House and Microsoft Teams**

**Present**

Ms Amy Anderson, Non-Executive Board Member, NHS Grampian (Chair)  
 Mr Steven Lindsay, Employee Director, NHS Grampian  
 Mr Derick Murray, Non-Executive Board Member, NHS Grampian  
 Cllr Ian Yuill, Non-Executive Board Member, NHS Grampian

**In Attendance**

Ms Alison Evison, Chair NHS Grampian, Non-Executive Board Member  
 Mr Alan Bell, Head of Information Governance, NHS Grampian (Items 6 and 9.1)  
 Ms Sarah Duncan, Board Secretary, NHS Grampian  
 Mr Alex Stephen, Director of Finance, NHS Grampian  
 Ms Julie Anderson, Assistant Director of Finance, NHS Grampian  
 Mr Grant Burt, Financial Governance Manager, NHS Grampian  
 Ms Gillian Collin, Director, PricewaterhouseCoopers LLP (PwC)  
 Mr Robert Barr, Manager, PricewaterhouseCoopers LLP (PwC)  
 Ms Angela Pieri, Audit Director, Grant Thornton  
 Ms Georgina Philp, Senior Audit Manager Manager, Grant Thornton  
 Ms Else Smaaskjaer, Minute

Item	Subject	Action
1	<p><b>Welcome</b></p> <p>Ms A Anderson welcomed everyone to the meeting and introduced Ms Angela Pieri and Georgina Philp attending for Grant Thornton who had recently taken up the role as External Auditors for NHS Grampian. She also welcomed Mr Grant Burt to his first Audit and Risk Committee following his appointment to the role of Financial Governance Manager for NHS Grampian.</p> <p>Ms Anderson reminded Committee members of the purpose of the Committee to seek assurance on behalf of the Board regarding its responsibilities for the conduct of public business, and the stewardship of funds under its control.</p> <p><b>Apologies from Committee Members</b></p> <p>Cllr Tracy Colyer, Non-Executive Board Member, NHS Grampian                      Mr Albert Donald, Non-Executive Board Member, NHS Grampian</p> <p><b>Apologies from Other Attendees</b></p> <p>Professor Caroline Hiscox, Chief Executive, NHS Grampian</p> <p><b>Declaration of Interest</b></p> <p>None.</p>	
2	<p><b>Minute of Meeting Held on 20<sup>th</sup> December 2022</b></p>	

Item	Subject	Action
	<p>Mr Murray noted that at Item 1 “promote assurance to the Board” should read “seek assurance on behalf of the Board”. There were no further comments and the minute was approved as an accurate record.</p>	
<b>3</b>	<p><b>Matters Arising</b></p> <p>3.1 <u>Action Log of 18th October 2022</u></p> <p>The Committee reviewed the action log of six items from previous meetings and noted that five items were on the agenda for this meeting. Ms J Anderson advised that the action relating to agreeing a de-minimus level for single tender actions reported to the Committee will be reflected in the review of Standing Financial Instructions to be considered for approval at the meeting scheduled for 27<sup>th</sup> June 2023.</p> <p>3.2 <u>Any other matters arising not on the action log</u></p> <p>None.</p> <p>Mr Stephen informed the Committee of the previous custom when Committee Members would meet with Auditors once each year, without any Executives or officials in attendance. The Committee agreed that this should be arranged for a future meeting.</p>	
<b>4</b>	<p><b>Internal Audit</b></p> <p>4.1 <u>Progress Report and High Priority Recommendations</u></p> <p>Ms Collin presented the report which detailed progress to date on internal audit activity. Since the last meeting of the Committee four reports on Succession Planning, Whistleblowing Arrangements, Quality and Safety of Care (draft) and the NHS Grampian Strategy The Plan for the Future had been completed. It was confirmed that the terms of reference for the review of Ransomware Management had been agreed with relevant stakeholders. The report noted that planning and scoping is progressing well across all other reviews in the audit plan and that at the time of reporting there were no open high risk findings from previous reviews.</p> <p><u>Succession Planning</u></p> <p>The review had assessed the design and operating effectiveness of the key controls relating to the succession and workforce planning within NHS Grampian. No high risk recommendations were identified.</p>	

Item	Subject	Action
	<p>Two medium risk recommendations were made relating to a lack of a consistent approach to succession planning and no clear identification of critical roles. There was one low risk recommendation regarding the lack of evidence around tracking of development opportunities. Good practice was noted in recording retention and attrition data which is reported to the Board and the Chief Executive Team on a quarterly basis.</p> <p><b>The Committee noted the report.</b></p> <p><u>Whistleblowing Arrangements</u></p> <p>The review had focused on NHS Grampian’s alignment with the National Whistleblowing Standards. No high risk recommendations were identified. Three medium risk recommendations were made relating to the capacity in NHS Grampian to manage whistleblowing cases, training and awareness amongst key individuals and lack of standard operating procedures. Good practice was identified in regular reporting and the ongoing programme to improve awareness of whistleblowing to all staff.</p> <p><b>The Committee noted the report.</b></p> <p><u>Quality and Safety of Care (Draft)</u></p> <p>The review had assessed the design and operating effectiveness of the key controls relating to clinical governance and quality and safety of care. No high risk recommendations were identified. One medium risk recommendation was made in the relation to the lack of a robust action tracking facility for risk management. Good practice was identified in structured governance through the Clinical Governance Committee and effective reporting channels to the Board.</p> <p><b>The Committee noted the report.</b></p> <p><u>NHS Grampian Strategy – The Plan For The Future</u></p> <p>The review had assessed operating effectiveness (where possible) of the key controls relating to planning, launch and ongoing monitoring of NHS Grampian’s Strategy. No high or medium risk recommendations were identified. One low risk recommendation highlighted that further improvements which could be made to benchmarking or goal setting for strategy engagement. Good areas of practice were noted in relation to the consultation process, monitoring of engagement and the ongoing reporting and governance structure.</p>	

Item	Subject	Action
	<p><b>The Committee noted the report.</b></p> <p>Members of the Committee discussed the following items:</p> <p><u>New Ways of Working (Space Utilisation)</u> – the review included in the plan for 2022/23 was intended to focus on how the Board had adapted to hybrid working and the repurposing of vacant premises. Given that work around this is still developing it had been suggested that this review should be deferred until internal processes were complete and a review of Staff Mental Health and Wellbeing could be taken forward. Although this had been reviewed in 2021, Mr Lindsay noted that this had been a particularly turbulent two years with ongoing pressures across the system and a review may provide an opportunity to document how that had impacted on staff.</p> <p>Mr Murray highlighted that since the pandemic there had been significant changes in how and where staff work and it would be useful to undertake a review of the space needed and it would be advantageous to take this forward before any office moves are finalised. Agreed that this could include a wider view across the system and the relevant NHS Grampian policies.</p> <p><u>Joint Assurance – Data Sharing</u> – Mr Bell confirmed that information sharing protocols had been signed off with IJBs and included in the evidence pack provided for the recent audit by the Information Commissioner’s Office (ICO) and queried whether an internal audit review would provide any added value at this time. It was agreed that when the ICO audit is published it should be considered by the Committee and inform the conclusion of the for the internal audit review. Ms Collin suggested that concluding fieldwork and presenting a report on the work undertaken would be useful in terms of presenting a whole system view around this.</p> <p><u>Whistleblowing Arrangements</u> – Mr Lindsay asked whether the internal audit report should be presented to the Staff Governance Committee and where would responsibility lie to ensure that the risk recommendations are followed up. Ms Evison agreed that this is important in relation to all internal audit reports and the Committee should seek assurance that risks are addressed and action plans are progressed. Ms Collin advised that for each summary report provided to the Audit and Risk Committee there is a full report which includes an action plan with target dates and assigned responsibilities. The full reports could be distributed with papers for the Committee for information.</p>	

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	<p>The Committee noted the report and thanked PwC for the progress made to date.</p> <p>The Committee agreed that:</p> <ul style="list-style-type: none"> <li>• Mr Stephen to take forward the scope for a review of New Ways of Working and Space Utilisation, and seek agreement from Committee members by email.</li> <li>• When published, the ICO audit report will be considered by the Committee to inform the Terms of Reference for the internal audit review of Partnership Working (Joint Assurance -Data Sharing).</li> </ul>	<p>AS</p> <p>JA</p>
4.2	<p><u>Interim Report Low and Medium Risk Recommendations</u></p> <p>Ms J Anderson presented a report which asked the Committee to confirm that agreed actions from four medium and low priority recommendations identified in previous years could be closed off. The Committee were advised that actions which had been existent for a prolonged period of time often become embedded as business as usual and there are also occasions when the context and policy environment will have changed. It was agreed that going forward recommendations and action plans should be sharper and ensure definite conclusions.</p> <p><b>The Audit and Risk Committee noted the position and agreed the recommendation to close the four actions for reasons set out in the report.</b></p> <p><b>The Audit and Risk Committee agreed that a review of all open actions should be undertaken and a tracker maintained with a report presented at the meeting on 16<sup>th</sup> May 2023 to confirm any which remain relevant and valid.</b></p>	<p>GB</p>
5	<p><b>External Audit</b></p>	
5.1	<p><u>Informing the Audit Risk Assessment for NHS Grampian 2022/23</u></p> <p>Ms J Anderson reported that part of the initial work with Grant Thornton had been to undertake a risk assessment in relation to compliance and governance arrangements. Ms Pieri explained that this process provides a means to explore a range a questions in a cohesive way and allows Grant Thornton, as newly appointed external</p>	

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	<p>auditors, to gain an understanding of management processes and the Board’s oversight across a number of key areas. This will be updated each year and form the basis of the external audit process.</p> <p>In response to a query from Mr Murray, Ms J Anderson clarified that payments to the pension fund are not included under ‘related parties’ as this doesn’t meet the criteria laid out in accounting standards. NHS Grampian participates in the NHS Superannuation Scheme for Scotland which falls within the limits of the Scottish Government and is already disclosed.</p> <p>Mr Stephen acknowledged that the audit risk assessment document represents a new approach and includes some elements of operational and technical detail to suit the needs of Grant Thornton. He advised that, from the risk assessment, Committee members could take assurance that management arrangements are in place which meet the requirements of the external auditors.</p> <p><b>The Audit and Risk Committee noted the report and the responses in the Appendix.</b></p>	
5.2	<p><u>2022/23 Annual Audit Plan</u></p> <p>Ms Philp introduced herself to the Committee and outlined her experience of audit work in the public sector, including Aberdeenshire Council and Aberdeenshire IJB.</p> <p>Ms Pieri provided an overview of the external auditors audit plan for the 2022/23 financial year. This included the proposed timetable, their materiality assessment, significant risks identified, prior year external audit recommendations and management progress to date. She also advised that as part of ensuring an effective handover Grant Thornton will meet with Audit Scotland to agree and confirm opening balances.</p> <p>The audit will cover the audit dimensions detailed in the Audit Scotland Code of Practice 2021 which are Financial Sustainability, Financial Management, Vision Leadership and Governance, and Use of Resources to Improve Outcomes.</p> <p>Ms Pieri highlighted the challenge in concluding audit procedures within the timeframe prescribed by the Scottish Government which had reverted to the Pre-Covid deadline of reporting by 30<sup>th</sup> June. NHS Grampian had been granted an extension to 6<sup>th</sup> July 2023 to fit in with the Board’s schedule of meetings. The Audit and Risk</p>	

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	<p>Committee will meet on 27<sup>th</sup> June 2023 to consider the final accounts and agree whether to recommend approval to the Board. Ms J Anderson confirmed that some components of the end of year reporting may be available for the Committee when it meets on 16<sup>th</sup> May 2023.</p> <p><b>The Audit and Risk Committee noted the audit plan prepared by the external auditors including the timetable, identification of risks and audit responses.</b></p> <p><b>The Audit and Risk Committee agreed that:</b></p> <ul style="list-style-type: none"> <li>• <b>Papers for the meeting on 27<sup>th</sup> June 2023 may be circulated in a tighter timescale than the seven days normally provided. Being mindful of the time required by Committee members to read them, as much notice as possible will be given.</b></li> <li>• <b>Mr Burt will prepare a short development session for the Committee on the new leasing standard.</b></li> </ul>	<p>JA</p> <p>GB</p>
5.3	<p><u>Audit Scotland Overview</u></p> <p>Mr Stephen introduced the Audit Scotland’s annual overview report “NHS in Scotland 2022”. The key messages in the report were mainly focused on the recovery and reform of NHS services. The report included four recommendations for the Scottish Government and NHS Boards:</p> <p><b>Recommendation 1:</b> work with partners in the social care sector to progress a long-term, sustainable solution for reducing delayed discharges from hospital.</p> <p><b>Recommendation 2:</b> ensure focus on staff retention measures is maintained, including wellbeing support, and continually look at ways to increase the impact of these measures.</p> <p><b>Recommendation 3:</b> work together more collaboratively on boards’ delivery, financial and workforce plans to maximise boards’ potential to achieve the ambitions in the NHS Recovery Plan, by balancing national and local priorities against available resources and capacity and setting realistic expectations for the public.</p> <p><b>Recommendation 4:</b> urgently implement a programme of engagement with the public to enable an open discussion about the challenges facing the health sector in Scotland and help inform future priorities and how the delivery of services will change.</p> <p><b>The Audit and Risk Committee noted the overview report and</b></p>	

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	<p>agreed the Chief Executive should include this in her report to the Board at its meeting on 6<sup>th</sup> April 2023, noting the ongoing work included in the NHS Grampian Delivery Plan 2023-2026.</p>	AS
6	<p><b>Information Commissioners Office (ICO) Audit - Update</b></p> <p>Mr Bell informed the Committee that the draft report had been received from the ICO. He noted the significant amount of work undertaken by the Information Governance Team to provide all the information required before and during the audit process. The draft report indicates an overall rating of 'reasonable' for this review and had identified some areas of good practice along with recommendations for improvement in others. The Information Governance Team will have the opportunity to ask some follow up questions of the ICO before the final report is published.</p> <ul style="list-style-type: none"> <li><b>The Audit and Risk Committee thanked Mr Bell for the update and asked that, when it is published, the final report is presented to NHS Grampian Board and the Committee, who would review against the Terms of Reference for the Audit and Risk Committee and take a view on further reporting routes regarding progress.</b></li> </ul>	NF
7	<b>Risk</b>	
7.1	<p><u>Risk Appetite</u></p> <p>Ms Duncan informed the Committee that a Risk Workshop on Wednesday 22<sup>nd</sup> March 2023 had been scheduled for the Board to consider how it will develop its approach to risk appetite. This will follow up on previous sessions and update the Board on the approach to risk appetite discussed by the Chief Executive Team. Ms Duncan noted that there is still much work to progress and the intention is that the outcome from the workshop will provide a clearer view of the general direction this will take.</p> <p><b>The Audit and Risk Committee noted the workshop scheduled for 22<sup>nd</sup> March 2023.</b></p>	
7.2	<p><u>Strategic Risk Register (Status and Progress)</u></p> <p>The Strategic Risk Register had been circulated for review by members of the Audit and Risk Committee.</p> <p>Mr Stephen provided an update on risk number 3130 'Overspend' for which he is the assigned risk owner and the Deputy Director of</p>	

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	<p>Finance is the risk handler. He noted the significant financial risk held by NHS Grampian and confirmed that the Medium Term Financial Framework would be presented to the Board at its meeting on 6<sup>th</sup> April 2023 with details of the financial position for the next five years and a proposed route map to recovering the deficit position, against a background of inflationary and future funding pressures. He also advised the Committee of the governance structure agreed to take oversight of the ongoing work around the efficiency plans under consideration .</p> <p>Ms Duncan informed the Committee that the Chief Executive Team had discussed some of the wording used in the strategic risk register and Professor Fluck will review this to ensure that consequences, strategy and risk levels for each risk are reflected appropriately. This will also include an assessment of whether the risks included are those that may have impact on the Board’s Strategy – The Plan for the Future, or whether any risks that are more operational/tactical in nature should be moved to lower level risk registers.</p> <p><b>The Audit and Risk Committee noted the Strategic Risk Register.</b></p>	
8	<p><b>Committee Development Session – Skills Matrix and Team Building</b></p> <p>Ms A Anderson suggested that following on from the Committee Development Session on 25<sup>th</sup> January 2023 it would be helpful to undertake a skills matrix to evaluate competencies across the Committee and identify if there are any gaps or training needs to address.</p> <p><b>The Audit and Risk Committee agreed that a Skills Matrix process should be carried out by email.</b></p>	
9.	<p><b>Governance</b></p>	
9.1	<p><u>Information Governance Strategy and Improvement Plan 2023 – 2025</u></p> <p>A copy of the Information Governance Strategy and Improvement Plan 2023-2025 had been circulated with the papers for the meeting. Mr Bell highlighted the importance of proper management of information to patients, staff and other key stakeholders across the system. He also noted that the improvement plan aligns with the findings of the ICO audit reported at Item 6.</p> <p>Mr Murray asked if the issues relating to information sharing with partners had been resolved. Mr Bell advised that there are still some areas where work will be ongoing to ensure secure information</p>	

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	<p>sharing. He highlighted the complex landscape relating to sharing information between NHS Grampian, 3 Local Authorities, 3 IJBs, third sector organisations and a wide range of independent contractors.</p> <p><b>The Audit and Risk Committee noted the Information Governance Strategy and Improvement Plan 2023-2025.</b></p>	
9.2	<p><u>Governance Statement Guidance and Process</u></p> <p>Ms J Anderson reminded the Committee that as accountable officer for NHS Grampian, the Chief Executive is required to prepare a governance statement, which forms part of the Accountability Report in the annual accounts. She explained that the statement will be drawn together in accordance with the Scottish Public Finance Manual and the good practice guidance provided by NHS Scotland and Audit Scotland. Ms J Anderson noted that the proposed process and approach outlined in the report are consistent with previous years. Mr Murray advised that the statement should be reviewed to ensure it reflects the current committee structure for NHS Grampian.</p> <p><b>The Audit and Risk Committee agreed the recommendations to:</b></p> <ul style="list-style-type: none"> <li>• <b>Agree the sources of assurance and approach to be adopted for preparation of the 2022/23 governance statement;</b></li> <li>• <b>Note the guidance on preparation of the governance statement as detailed in appendix 1 and appendix 2 and the intention to bring an initial draft to the next meeting for consideration and review by the Committee; and</b></li> <li>• <b>Share the draft statement in section 3.3. below with Integration Joint Boards, pending agreement on NHS Grampians Governance statement for 2022/23, in order to facilitate preparation of their draft accounts.</b></li> </ul>	JA
9.3	<p><u>Review and Approve Annual Audit and Risk Committee Assurance Report</u></p> <p>Ms J Anderson informed the Committee that in preparing the governance statement for the Chief Executive (Item 9.2) a key source of assurance are annual statements of assurance from each of the core governance committees of the Board that it has fulfilled its remit. A draft assurance report had been circulated which reflected committee activity during the 2022/23 financial year.</p> <p><b>The Audit and Risk Committee confirmed agreement of the appended assurance report for submission to the Chief Executive and delegated to the Chair the inclusion of any key</b></p>	

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	updates relevant to this meeting.	
9.4	<p><u>Annual Report and Accounts – Regulatory and Accounting Policy Update 2022/23</u></p> <p>Ms J Anderson presented a report which explained the requirement for NHS Grampian to publish an annual report and accounts prepared in accordance with the 2022/23 Government Financial Reporting Manual, and is compliant with the requirements of Scottish legislation and the Scottish Public Finance Manual. The report summarised the proposed changes to the accounting policies note for 2022/23 compared to that for 2021/22.</p> <p>Ms J Anderson advised the Committee that NHS Boards are required to have their audited accounts and consolidations template submitted to the Scottish Government no later than 30<sup>th</sup> June 2023. However, an agreement had been reached that NHS Grampian could submit on 7<sup>th</sup> July 2023 to allow for consideration of the audited accounts at a meeting of the Board scheduled on 6<sup>th</sup> July 2023.</p> <p><b>The Audit and Risk Committee agreed the recommendations to:</b></p> <ul style="list-style-type: none"> <li>• <b>Approve the revised draft of the Accounting Policies note for inclusion in the 2022/23 Annual Accounts subject to review and any further changes agreed with the Boards External Auditors as part of the annual audit of the financial statements; and</b></li> <li>• <b>Note the change in timeframe for submission of the audited accounts and consolidation template to the Scottish Government.</b></li> </ul>	
9.5	<p><u>Counter Fraud Progress Report</u></p> <p>Due to time constraints reporting deferred to next meeting on 16<sup>th</sup> May 2023.</p>	
9.6	<p><u>Single Tender Register</u></p> <p>Due to time constraints reporting deferred to next meeting on 16<sup>th</sup> May 2023.</p>	
9.7	<p><u>Update on Business System Migrations – eFin</u></p> <p>Due to time constraints reporting deferred to next meeting on 16<sup>th</sup> May 2023.</p>	

Item	Subject	Action
9.8	<p><u>Other Bodies and Service Audit Updates – (PSD, SAS, ADP, IJB)</u></p> <p>Ms J Anderson presented a report which informed the Committee of audit updates from partner organisations. Key matters were reported to provide assurance to the Committee that a system of internal controls are in place.</p> <p><u>Service Audit Reports</u> – NHS NSS provide services to NHS Grampian in support of the administration, processing and verification of payments to independent primary care contractors. In previous years a qualified audit opinion had been reported in relation to this activity. Improvement actions had been progressed and a qualified opinion is not expected for 2022/23.</p> <p><u>Scottish Ambulance Service (SAS)</u> – NHS Grampian participated in an audit of SAS carried out by KPMG. The report made no specific NHS Grampian recommendations and SAS have confirmed they are making progress against the four areas for improvement.</p> <p><u>Assurance Review of Aberdeenshire Alcohol and Drugs Partnership Governance Arrangements</u> – This had been included in the Aberdeenshire Health and Social Care Partnership internal audit programme for 2022/23. The review had identified weaknesses in governance arrangements and made recommendations for improvement. NHS Grampian had submitted a response to Aberdeenshire IJB. The Audit and Risk Committee agreed that this report highlighted the importance of joined-up working with IJBs and the need to ensure that systems are in place which provide assurance, when NHS Grampian is a key partner, that audit recommendations in relation to IJB activity are actioned.</p> <p><b>The Audit and Risk Committee noted the updates provided and agreed:</b></p> <ul style="list-style-type: none"> <li>• <b>To receive internal audit updates from IJBs every six months; and</b></li> <li>• <b>Request that the Director of Finance ensures arrangement are in place to sign off scope of joint audits between IJBs and NHS Grampian.</b></li> </ul>	<p>JA</p> <p>AS</p>
10	<p><b>AOCB</b></p> <p>None.</p>	

<b>Item</b>	<b>Subject</b>	<b>Action</b>
<b>11</b>	<b>Matters to be Escalated to the Board</b>  It was confirmed that item 5.3 Audit Scotland Overview should be brought to the attention of the Board. .	
	<b>Date of Next Meeting</b>  Tuesday 16 <sup>th</sup> May 2023 (by Teams) 11.00 – 13.00	