

Audit Committee Assurance Report to Grampian NHS Board

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 at the meeting on 16 February 2021.

1. Practitioner Services - National Service Audit Reports

Mr Kidd, Assistant Director of Finance presented a further update on progress with the action plan agreed by NHS National Services Scotland (NSS) to address the qualification on the 2019/20 service audit reports for Payments to Practitioners and National IT services. The Committee noted that NSS had agreed a redesigned control framework with the auditors in order to ensure that all recommendations and actions arising from the previous report were now incorporated. Testing of evidence was planned to be conducted between late January and the end of March 2021. Members welcomed the positive message from NSS management and recognised the role that the NSS Audit Committee have regarding oversight of the process but remain concerned at the lack of detail available regarding progress against each of the specific findings from the 2019/20 report. Mr Kidd will raise this issue again with NSS management.

The Committee were also informed that the planned annual visits to Health Boards to discuss progress with all aspects of the work undertaken by Practitioner Services Division had been put on hold due to the COVID-19 response.

2. Annual Internal Audit Plan 2021/22

The Committee considered the draft Internal Audit Programme for 2021/22 and would welcome comments from other Board members before finalising arrangements. A summary of the suggested key areas of focus is attached to this note and any comments should be forwarded to Garry Kidd, Assistant Director of Finance at garry.kidd@nhs.scot by Friday 9th April.

3. External Audit Plan.

The Committee approved the 2020/21 external audit plan following a briefing from Audit Scotland, the Board's external auditors, on the key areas of focus, planned activities and timescales for the 2020/21 audit. The audit programme has been agreed with a target completion date of August 2021, recognising that the bulk of the work will require to be delivered during the ongoing COVID-19 response and remobilisation period and with both the audit team and the Board's finance team working remotely. This is consistent with the extended timescales agreed by the Scottish Government for submission of the audited annual report and accounts. In addition to risks associated with the financial statements and specific issues such as practitioner services mentioned in 1 above and succession planning within the Senior Finance team, the audit will consider how NHS Grampian is responding to and addressing other wider risks including changes to governance arrangements and increased procurement demands arising from the pandemic, performance against targets and financial sustainability.

Audit Scotland also informed the Committee that work had started on the best value review of the Board's equality arrangements, deferred from the 2019/20 audit programme due to the COVID-19 pandemic, and the report should be available for consideration by the Committee in the coming months.

4. Brexit

The Committee received an update from Mr Alan Gray, Director of Finance, on the current status regarding the UK's withdrawal from the EU. The Committee welcomed the assurance that there are system wide processes in place to ensure continuous review of key risk areas such as the supply chain (freight, medicines, medical devices and clinical consumables and laboratory supplies), workforce (HMRC guidance and Health and Wellbeing of those impacted), finance (tariff changes and rules of origin), information governance (data flows) and contingency planning. Although there were some reports of shipment delays at border control the impact on flow and supply was being closely monitored and no immediate concerns were reported regarding critical supplies such as medicines. Similarly no major workforce issues had been highlighted.

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

Appendicest: 1. Agenda of meeting of Audit Committee held on 16 February 2021.
 2. Summary areas of focus 2021/22 Internal Audit Plan

NHS GRAMPIAN (NHSG)
Meeting of the Audit Committee
Tuesday 16 February 2021, 11.00 - 12.30 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
1000		Pre meeting of Non-Executive Directors with Auditors	SR	#	
1010	1	Apologies	SR	#	
1013	2	Minutes of the Meeting held on Tuesday 8 December 2020	SR	*	D
1005	3	Matters Arising			
		3.1 Action Log of 8 December 2020	SR	*	D
		3.2 Any Other Matters Arising	SR	#	D
1015	4	Internal Audit			
		4.1 Progress Report	PWC	*	N
		4.2 Internal Audit Plan 2021/22	PWC	*	D
		4.3 Review of COVID Governance and Decision Making	PWC/AG	*	N
10.40	5	External Audit			
		5.1 2020/21 Audit Plan	Audit Scot	*	D
11.00	6	Governance			
		6.1 BREXIT	AG	*	N
11.05	7	Primary Care Contractor services including NHS National Services Scotland Audit Reports	AG	*	N
11.10	8	Counter Fraud Progress Report	GK	*	N
11.20	9	Single Tender Register	GK	*	N
11.25	10	AOCB	SR	#	
11.30	11	Report to NHSG Board	SR	#	
		Date of Next Meeting 11.00 am Tues 20 April 2021 Using MS Teams			

Mr Sandy Riddell
Chair, NHSG Audit Committee
Apologies to: else.smaaskjaer@nhs.net 01224 558409

* Paper attached
Oral/verbal
~ To follow

Item for Information :

Audit Scotland Briefing : COVID what it means for public audit

NHS Grampian Draft Internal Programme 2021/22
Key areas of Focus

Area	Auditable Activity	Link to NHS Grampian's Top Hazards	Focus of review
Corporate systems			
Finance	Key Financial Controls	Compliance	Review of key financial controls; purchase & payables, income & debtors, payroll, bank & cash and asset management. Reviewed annually and relied on by external audit.
	Property Transaction Monitoring	Compliance	Review of disposal and acquisition of property undertaken during 2019/20 in accordance with the Scottish Government Health Directorate Property Transaction Manual. Annual requirement for internal audit.
Procurement	Tendering / Contract Governance	Brexit Compliance	Consideration of the tendering process for NHS Grampian's direct suppliers. Consideration will be given to the impact of Brexit on key supplier and impact on the supply chain as a result of COVID 19. Not subject to internal audit in the last three years.
HR	Staff Wellbeing	Workforce Coronavirus pandemic	Recognising the significant impact on NHS Grampian's workforce, a review focusing on NHS Grampian's commitment and arrangements to support staff wellbeing. Staff Wellbeing not reviewed within the last three years.
	Right to Work Checks	Workforce Compliance Brexit Coronavirus pandemic	As a result of COVID-19, the Home Office has temporarily relaxed the required right to work checks that employers are required to carry out. This review will consider NHS Grampian's compliance with the current requirements. Not reviewed within the last three years and linked to three top hazards.
ICT	Cyber or Tech Risk Review	Infrastructure	Cyber or Tech Risk focussed review.
Estates	Capital Programme	Infrastructure Innovation and Transformation	Review of key aspects of NHS Grampian's Capital Programme.
Estates	ESG	Infrastructure Compliance	Review of the governance and policies in place to promote energy efficiency across the Health Board and work towards Scottish Government's net zero target. Not reviewed within the last three years

NHS Grampian Draft Internal Programme 2021/22
Key areas of Focus (cont)

Area	Auditable Activity	Link to NHS Grampian's Top Hazards	Focus of review
Corporate Governance			
Board Governance	Governance Statement	Compliance	Review of the governance arrangements in support of the Accountable Officer's completion of the Governance Statement. Reviewed annually.
Operational Governance			
Clinical Standards	Clinical Governance	Quality and Safety of Care	A review of arrangements for achieving compliance with the National Standards for Clinical Governance & Risk Management for achieving safe, effective, patient-focused care and services
Acute Services			
All	Service Redesign	Innovation and Transformation Involvement and Engagement Quality and Safety of Care Coronavirus pandemic	Review of key areas of activity in relation to NHS Grampian's transformation agenda.
Partnership Working			
Integration Joint Boards	tbc	Collaborative Working Innovation and Transformation Involvement and Engagement Quality and Safety of Care	Specific scope to be determined.