

**APPROVED**

Minutes of Meeting of Audit and Risk Committee  
on Tuesday 16<sup>th</sup> May 2023 at 11.00  
by Microsoft Teams

Board Meeting Open Session 03.08.23 Item 13.1
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<b>Present</b>	Ms Amy Anderson Cllr Tracy Colyer Mr Albert Donald Mr Derick Murray	Chair, Non-Executive Board Member Non-Executive Board Member Non-Executive Board Member Non-Executive Board Member
<b>Attending</b>	Mr Alex Stephen Prof Nick Fluck Mr Tom Power Ms Julie Anderson Mr Grant Burt Ms Jennifer Matthews Ms Faye Dale Mr Eddie McGinney Ms Gillian Collin Mr Robert Barr Ms Angela Pieri Ms Georgina Philp Ms Else Smaaskjaer	Director of Finance Medical Director Director of People and Culture (Item 9.1) Assistant Director of Finance Financial Governance Manager Corporate Risk Adviser Interim HR Manager (Item 8) NHS Counter Fraud Services (Item 8) Director, PricewaterhouseCoopers LLP (PwC) Manager, PricewaterhouseCoopers LLP (PwC) Audit Director, Grant Thornton Senior Audit Manager, Grant Thornton Senior Administrator (Minute)
<b>Apologies</b>	Mr Steven Lindsay Cllr Ian Yuill  Ms Alison Evison Prof Caroline Hiscox	Employee Director/Non-Executive Board Member Non-Executive Board Member  Chair NHSG/Non-Executive Board Member Chief Executive

<b>Item</b>	<b>Subject</b>	<b>Action</b>
<b>1</b>	<b>Apologies</b>  Noted above.	
<b>2</b>	<b>Declarations of Interest</b>  None	
<b>3</b>	<b>Chairman's Welcome and Briefing</b>  Ms A Anderson welcomed everyone to the meeting and introduced Ms Matthews to her first Audit and Risk Committee following her appointment to the post of Corporate Risk Advisor.  The Chair 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.	
<b>4</b>	<b>Minutes of Meeting on 14<sup>th</sup> March 2023</b>	

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	The minute was approved as an accurate record.	
<b>5</b>	<b>Matters Arising</b>	
5.1	<b>Action Log of 14<sup>th</sup> March 2023</b>	
	The Committee reviewed the action log of items from previous meetings, noted the updates provided and that items were either complete, on the agenda for this meeting or scheduled for future meetings of the Committee.	
5.2	<b>Any other matters arising not on the action log</b>	
	None	
<b>6</b>	<b>Internal Audit</b>	
6.1	<b>Internal Audit Plan 2023/24</b>	
	Ms Collin presented the draft 2023/24 Internal Audit Plan which had been reviewed by the Chief Executive Team to ensure an appropriate fit with the NHS Grampian Plan For The Future.	
	Ms Collin explained the methodology and approach adopted in developing the plan and highlighted the focus on providing assurance relating to areas of significant risk to the organisation. She outlined the auditable units, mapped to the Portfolio Management Structure within NHS Grampian, which form the basis of the Internal Audit Plan. Ms Collin drew attention to the planned frequency of work and the audit activity in the plan for 2023/24 including a review of Delegated Health Services to progress work around shared assurance with IJBs.	
	Mr Murray asked if there had been any progress in providing information to patients promptly and if Information Governance would sit within the terms of reference for the Audit and Risk Committee. Ms Collin suggested this would be something for the Board to consider when reviewing the findings in the audit report from the Information Commissioners Office and the follow up actions required. Professor Fluck noted that any delay in providing information is mainly due to capacity which is less than it had been previously while the volume of requests had increased. He also explained that responding to requests can be time consuming, depending on their nature. Some are straightforward and others can be more complex, especially if there are issues relating to child protection or vulnerable patients. Professor Fluck will continue to work with the Information Governance Manager to explore options to streamline processes.	
	<b>The Committee approved the internal audit plan for 2023/24 noting that it may be amended to include any items emerging from the Information Commissioners Office audit report and a</b>	

**possible review of how Population Health contributes to mitigating community risks.**

## 6.2 Internal Audit Progress Report

Mr Barr presented the report which detailed progress to date on internal audit activity. Since the last meeting of the Committee two reports on GDPR Follow Up and Strategic Financial Planning had been completed. It was confirmed that the terms of reference for the review of Smarter Working had been agreed with relevant stakeholders. The report noted that planning and scoping is progressing well across all other reviews in the audit plan, including Care Pathways (Portfolio Management), and that at the time of reporting there were no open high risk findings from previous reviews.

### GDPR Follow Up

The report had followed on from the review of GDPR Readiness carried out in 2018 which had identified two high risk and one medium risk recommendations. This review assessed whether the actions agreed by management had been completed and concluded that all three actions should now be closed.

**The Committee noted the report.**

### Strategic Financial Planning

The review had assessed and evaluated the design of the key controls in the financial strategic planning process. No high or medium risk recommendations were made. One low risk recommendation regarding the process to track progress against identified savings targets. Management had agreed actions for improvement. Good practice was identified in effective reporting compliance and a robust budget setting approach.

**The Committee noted the report.**

Mr Barr confirmed that the internal audit review of Portfolio Management would cover portfolios as a whole across the system.

## 6.3 Internal Audit Recommendation Tracker

Mr Burt presented a report which outlined the closure and current status of the agreed actions relating to medium and low priority recommendations identified in previous years. At its meeting on 14<sup>th</sup> March 2023 the Committee had agreed that four legacy recommendations could be closed and since then management had provided assurance that actions relating to a further five medium and five low risk recommendation could be noted as closed due to the recommendations becoming business as usual. The report detailed the remaining open and overdue actions. Mr Burt noted he would continue to discuss with managers named as the responsible

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individual to monitor progress and seek updates to ensure they can be closed at an early opportunity. Mr Stephen advised that there is a commitment to minimise outstanding audit recommendations and where dates have been missed there will be follow up with responsible managers to progress closure.

**The Committee noted the report.**

**7 External Audit Progress Report**

Ms Pieri informed the Committee that since her last update work had progressed on the planning process. She noted that work to date on the audit had not highlighted any significant matter to draw to the Committee's attention.

There had been some delay in transferring information but Grant Thornton and NHS Grampian colleagues have been meeting regularly and work on the annual report is progressing well. One item of focus will be impairment value in relation to assets under construction. Previously this was only applied when new buildings became operational. A review has been commissioned from valuers. One of the challenges will be that there is no comparators across the region for the Baird Family Hospital and ANCHOR Centre.

Mr Stephen advised that finance colleagues will work with Grant Thornton to meet the very tight deadlines in presenting a final audit report to the Committee on 27<sup>th</sup> June 2023 with final sign off by NHS Grampian Board on 6<sup>th</sup> July 2023 and that sight of the report will be made available to the Committee as early as possible.

**The Committee noted progress to date.**

**8 Operation Garda Update**

Ms J Anderson provided an update to the findings of the Counter Fraud Services (CFS) report following an investigation into fraudulent claims for agency work by a medical locum in 2014/15. A Fraud, Bribery and Corruption Risk Assessment (FBCRA) highlighted some gaps in the control environment relating to recruitment and payment of agency staff and made some high level recommendations to mitigate the identified fraud risks. Appendix 2 of the report detailed the management response to the risk assessment.

Mr McGinney informed the Committee that Operation Garda had resulted in the first pan-Scotland FBCRA. He noted that significant mitigations had been put in place, including extending the control environment in relation to nursing bank staff to AHPs. CFS will continue to monitor and keep NHS Grampian colleagues informed of any emerging risk they become aware of through their work across Scotland.

Ms Dale updated the Committee on the work being taken forward locally by the Supplementary Staffing Group. She advised the group will continue to monitor and take forward actions as required and will explore options to

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	<p>improve on existing processes and introduce new ones. There had also been communication to ensure that bank staff are not engaged through off-framework agencies and that agreed procurement practices are followed. Ms Dale reported that there will be ongoing monitoring to ensure that mitigations are not compromised as a result of the transition from the Agile system to the national Allocate system.</p> <p>Mr Donald asked if there is assurance that all pre-employment checks are undertaken before engagement with locums and agency staff. Ms Dale confirmed that the agencies responsible must provide the information required to NHS Grampian before anyone can commence work.</p> <p>Mr Donald expressed some disquiet regarding oversight and governance and asked that some assurance is provided to confirm the measures in the management response are being implemented. He noted that the actions are reasonable but there needs to be some monitoring in place to track progress. Mr McGinney noted that a number of actions had been taken forward but agreed that compliance monitoring should be built into this work to evidence progress.</p>	
	<p><b>The Committee noted the update and asked Ms Dale and Mr McGinney to confirm monitoring arrangements for progress against the agreed actions and report back to the Audit and Risk Committee at its meeting on 24<sup>th</sup> October 2023.</b></p>	FD/EMc

**9 Risk**

**9.1 Strategic Risk Register – Status and Progress**

Professor Fluck presented the Strategic Risk Register which detailed risks that may impact on the Board’s Strategy – The Plan for the Future. He noted that all risks on the Strategic Risk Register are owned by a member of the Chief Executive Team. Ms A Anderson asked if there was a point when an enduring risk could become non-enduring. Professor Fluck explained that in healthcare there would be some risks, such as workforce shortages, which are always there.

**The Committee noted the content and the development of the Strategic Risk Register.**

**People and Culture – Strategic Risks 3125 (Staff Shortages Continue) and 3126 (Adverse Employee Relations Climate)**

Mr Power attended and provided an overview of the two strategic risks held in the People and Culture Directorate, including the cause, effects and consequences in relation to those risks. He explained the role of People and Culture Oversight Groups in identifying the areas of greatest risk and ensuring monitoring arrangements. Mr Power also outlined the local and national programmes intended to respond to and address the risks.

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Mr Power informed the Committee that as the Chief Executive Team continues to review its approach to risk it may decide to consolidate the two risks into Deteriorating Workforce Engagement.

**The Committee thanked Mr Power for his update.**

With regard to workforce shortages, Mr Murray noted that NHS Grampian does not employ all the nurses who graduate locally and asked if international recruitment would continue. Mr Power explained that NHS Education for Scotland had reviewed the flow of nursing graduates and confirmed outward migration from the Grampian area. This could be due to a number of factors including natural movement of labour with graduating students returning to their home areas or choosing to take up employment elsewhere. Mr Power advised that, in this context, international recruitment helps to cover nursing gaps

**9.2 Risk Review Proposal**

Professor Fluck presented a paper setting out a proposal in relation to the Board Committee Risk Process. He explained that the strategic risk register is held by the Chief Executive Team and individual risks will be aligned to the appropriate Board Committee. The proposal outlined what will be included in future reporting to the Audit and Risk and other Board Committees.

**The Committee noted the report and endorsed the principles set out for the Board Committee Risk Process.**

**10 Information Commissioners Office – Audit Report**

A report had been included with the meeting papers to update the Committee on the outcome of the audit of NHS Grampian by the Information Commissioner’s Office (ICO) as part of its sector-wide audit of all Scottish Health Boards. Professor Fluck clarified that all Boards were provided with an exception report which are not intended for publication and the ICO will publish an overview report for Scottish Health Boards.

Professor Fluck advised that the areas for improvement highlighted in the report aligns with NHS Grampian’s own understanding of the situation which is captured in the Information Governance Strategy and Improvement Plan and reported to the Information Governance Steering Group and NHSG Compliance Group. He confirmed that onward reporting from those groups to the Audit and Risk Committee will be provided as appropriate.

Ms A Anderson asked Professor Fluck to pass on the Committee’s thanks to all staff involved for the significant amount of work undertaken, and their cooperation in the completion of this audit.

**The Committee confirmed that it is assured that the actions identified by the Information Commissioner’s Office are being addressed appropriately under the oversight of the Medical Director, Caldicott Guardian and SIRO, the Information Governance Steering Group and**

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	<b>Compliance Group and it will request any additional updates as required in due course.</b>	
11	<b>Governance</b>	
11.1	<b>Draft Governance Statement 2022/23</b>	
	<p>Ms J Anderson presented the paper briefing the Committee on the sources of assurance that will be used to support the 2022/23 governance statement which is prepared as part of the annual report and accounts. She also noted the requirement to notify the Scottish Government Health and Social Care Assurance Board of any significant issues or fraud which arose during 2022/23. A draft letter, attached as an appendix to the report, confirmed there had been no matters that would be of interest to the Assurance Board.</p> <p><b>The Audit and Risk Committee approved the following recommendations:</b></p> <ul style="list-style-type: none"> <li>• <b>Approve content and submission of the attached “Significant Issues” letter (appendix 1) from the Chair of the Audit and Risk Committee to the Scottish Government Health and Social Care Assurance Board.</b></li> <li>• <b>Review the draft assurance statement for 2022/23 (appendix 3) and consider any required amendments or additional points of relevance that should be highlighted.</b></li> </ul> <p><b>Comments on the draft governance statement to be emailed to Ms J Anderson by Friday 19<sup>th</sup> May 2023.</b></p>	
11.2	<p><b>Ms J Anderson agreed to review the narrative in the report for Population Health Committee in the report Counter Fraud Progress Report</b></p>	JA
	<p>Mr Burt presented a report which detailed cases referred to Counter Fraud Services (CFS), including an analysis of types of referrals and how they were reported. The report also reported on the status of the NHS Grampian Counter Fraud Standards Self-Assessment at the end of the first year. All items were indicated as Amber (partially meets) or Green (meets the standard). Amber items will be targeted for action in the Fraud Annual Action Plan.</p> <p>The report confirmed that works continues on the National Fraud Initiative and no data matches had been identified that would indicate fraudulent activity.</p> <p>Mr Donald asked who makes decisions regarding whether a case is taken forward or if the case should be closed. Mr Burt explained that CFS will look at the evidence provided in the referral and then send a report to the Board’s Fraud Liaison Officer to indicate whether it should be taken further. On some occasions the referral does not provide enough substantive evidence or enough</p>	

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	<p>information to allow identification of a specific employee. Ms J Anderson advised that advice and direction are taken from CFS when considering referrals.</p> <p>Ms J Anderson noted that the efforts to raise awareness of fraud across the organisation had increased understanding of fraud matters, and counter measures amongst staff and this area of work will be further developed.</p> <p><b>The Audit and Risk Committee noted:</b></p> <ul style="list-style-type: none"> <li>• <b>The analysis of current referrals and status of ongoing investigations within the Board.</b></li> <li>• <b>NHS Grampian’s progress and self-assessment on the 12 Counter Fraud Standard for 2023/23 under GovS 013.</b></li> </ul> <p><b>The Audit and Risk Committee agreed that counter fraud awareness should be included in a Committee development session with an invitation to attend extended to all Board members.</b></p>	
11.3	<p><b>Losses, Special Payments and Counter Fraud (Annual Report)</b></p> <p>Ms J Anderson presented a report with a summary of losses, special payments and counter fraud which will be submitted to the Scottish Government Health and Social Care Directorates as part of the annual accounts reporting process.</p> <p>Mr Murray asked if incidences of clinical loss are taken up with the clinicians involved. Ms J Anderson will discuss with Professor Fluck and report back to the Committee at a future meeting.</p> <p>Post meeting note Professor Fluck advised:</p> <ol style="list-style-type: none"> <li>1. Almost all Clinical Negligence claims are following an adverse incident / complaint that has been through our Adverse Event Review or Complaints process. Some will have also been escalated to either HIS review or SPSO review. This would in both situations generated an opportunity for learning, remedial action etc. This is important as claims usually arrive sometime after the event but the incident review process is more timely.</li> <li>2. The Medicolegal claims process itself is highly regulated and overseen by CLO so from a Governance perspective this is robust. Within some claims our response to improvements or learning is highlighted as an important factor in settling the claim.</li> </ol> <p><b>The Audit and Risk Committee noted the content of the SFR 18 Losses and Special Payments return for 2022/23.</b></p>	JA
11.4	<p><b>Single Tender Register</b></p> <p>Mr Burt reported on the single tender actions approved since</p>	JA

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	<p>December 2022. Mr Stephen noted the volume of single tender requests received and informed the Committee this will be kept under review during the current financial year to minimise their use and to ensure they are not being used to circumvent good procurement practice.</p> <p><b>The Audit and Risk Committee noted the report.</b></p>	
11.5	<p><b>Update on Business Systems Migration – eFin</b></p> <p>Ms J Anderson reported on the upgrade during 2023 of the integrated financial ledger applications (eFinancials). The report confirmed the rigorous process applied during testing and implementation. Some issues had arisen which had been resolved and the system is now successfully bedded in.</p> <p><b>The Audit and Risk Committee noted that the financial system (e-Financials) had been upgraded from Version 5 to Version 6 during the financial year 2022/23.</b></p>	
11.6	<p><b>IJB Reporting Template</b></p> <p>Mr Burt had prepared a draft template to gather information from IJBs and provide assurance to the Committee around the transference of information regarding internal audit activity in the IJBs and NHS Grampian.</p> <p><b>The Audit and Risk Committee noted the draft template for issue to the Chief Officers of the IJBs to summarise internal audit activity undertaken by the Aberdeen City, Aberdeenshire and Moray Integration Joint Boards.</b></p>	
12	<p><b>AOCB</b></p> <p>None</p>	
13	<p><b>Matters to Report to the Board</b></p> <p>None</p>	
14	<p><b>Date of Next Meeting/Dates of Future Meetings</b></p> <p><b>Date of Next Meeting</b>            Tuesday 27th June 2023 11.00 – 13.00 (Teams)</p> <p><b>Future Meetings</b>            Tuesday 5th September 11.00 – 13.00 (Teams)            Tuesday 24th October 11.00 – 13.00 (In Person) Conference Room            Tuesday 12th December 11.00 – 13.00 (Teams)</p>	