

Approved Minutes
Audit and Risk Committee Meeting
Tuesday 8 November 2022, 10:00-12:00

Present

Karen Kelly	Non-Executive Director (Chair)
Stephen McAllister	Non-Executive Director
Jane Christie-Flight	Employee Director
Michael Breen	Director of Finance

In attendance

Susan Douglas-Scott	Board Chair
Lily Bryson	Assistant Director of Finance, Governance and Financial Accounting
Stuart Graham	Director of Digital & eHealth
Katie Bryant	Head of Clinical Governance
Gerard Gardiner	Head of Corporate Governance
Peter Clark	Grant Thornton UK LLP
Rachel King	Grant Thornton UK LLP

Observer

Callum Blackburn	Non-Executive Director
Gordon James	Deputy Chief Operating Officer SGHB

Apologies

Jann Gardner	Chief Executive
Graham Stewart	Deputy Director of Finance
Morag Brown	Non-Executive Director

Minutes

Maeve Coleman	Corporate Administrator
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1. Chair's Introductory Remarks

Karen Kelly opened the meeting via Microsoft Teams and welcomed Members and those in attendance. Karen also welcomed Michael Breen, who recently took up the position of Director of Finance to the meeting.

2. Apologies

Apologies were noted as above.

3. Declaration of Interests

There were no declarations of interests to note.

4. Wellbeing Pause

The Chair welcomed the opportunity for colleagues to informally discuss their personal wellbeing.

5. Updates from last meeting 16 June 2022

5.1 Unapproved Minutes

Minutes from the meeting held on 16 June 2022 were read for accuracy.

The Committee were content to approve the Minute.

5.2 Action Log

The Committee noted that they were content with the Action-Log, items marked as closed were formally closed off by the Committee. The Committee agreed to defer action ARC20220301/05 Conflict of Interest Policy to the next meeting in February 2023.

5.3 Matters Arising

None.

6. Effective

6.1 Counter Fraud Quarterly Update

Lily Bryson provided an update and confirmed the Counter Fraud Services (CFS) had recently published their quarterly report at 30 September 2022 and briefed the committee on one case under investigation by the CFS which involved a member of staff who worked part time with NHS GJ but was employed by another NHS Board. The Committee would receive an update on this case on receipt of the final report from CFS.

The Committee were advised it was necessary to agree revised implementation dates for the recommendations of two internal audits due to staffing issues:

- E-Health purchase of items at the start of the Pandemic.
- Review of overtime payments in portering.

The implementation dates had been revised from 30 September 2022 to 30 November 2022 and an update would be provided on the implementation of these recommendations at the next Audit & Risk Committee in February 2023.

The Committee noted the Counter Fraud Quarterly Update.

Susan Douglas-Scott noted the dates on the meeting papers were prior to Michael Breen's commencement with the organisation and requested they were amended.

Gerard Gardiner advised that, due to the timing of issue of papers to Committee post-dating Michael Breen's appointment as Director of Finance, and given his contribution to and prior sign-off of reports, the dates on the reports would be changed to reflect the date on which they had been issued to the Committee. The Committee was content with this approach.

6.2 Hospital Expansion Project Update

Michael Breen presented the Hospital Expansion Project Update and noted key milestones from the paper. The draft Assurance Review report was issued on 19 August 2022 for factual accuracy checking. Following review by the Programme Team, Advisor Team and Kier Team comments were provided to NHS Scotland Assure for review and final report issue. Some minor amendments were then made after a meeting with the NHS Scotland Assure Team and the final report was formally issued on 3rd November 2022. The Programme Team had commenced work on the Action Plan to address the items identified in line with previous reviews.

Karen Kelly queried the issues affecting the programme in particular the 50 week lead in period for Fan Coil units (ventilation). Michael Breen provided assurance that an alternative source with shorter lead in times had been secured and this risk had been fully mitigated.

Susan Douglas-Scott assured the Committee issues affecting the programme had been the focus of a number of committees across the organisation including the Expansion Programme Board which she chairs with focus on mitigating risks that might impact scheduled opening.

The Committee noted the Hospital Expansion Project Update and were satisfied with progress to date.

6.3 Board Risk Register

Michael Breen outlined the requirement for updates based on recent changes, these include both system wide and NHS GJ specific developments and a summary of significant material changes to the Corporate Risk Register.

There was one new proposed risk since the last reporting cycle regarding the ability to attract, retain and accommodate staff from international recruitment, this was noted.

The Committee was asked to:

- Note the ongoing work of all the standing Committees in scrutinising, reviewing and updating the Board Corporate Risk Register and take assurance from that process; and
- Review and approve the updated Board Corporate Risk Register subject to any changes or relevant feedback received at this meeting.

Susan Douglas-Scott requested an update on the management of the Scottish Public Sector Pay Policy (SPSPP) for workforce which was a potential risk with possible impacts for NHS GJ objectives, particularly should industrial action take place.

Jane Christie-Flight confirmed a number of trade unions (UNITE, GMB, SoR and CSP) had notified the organisation of their intent to undertake industrial action, up to and including strike action, following balloting of their members. The Workforce Director was leading on building the organisation's resilience plans as it was likely there would be some degree of industrial action before Christmas unless negotiations between the Scottish Government and Unions result in a resolution.

The committee noted the Corporate Risk Register.

6.4 2022/23 National Fraud Initiative

Lily Bryson briefed the Committee on the 2022/23 National Fraud Initiative (NFI) counter-fraud exercise led by Audit Scotland which utilised computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify circumstances that might suggest the existence of potential fraud or error.

There were three types of data sets which were required to be submitted to Audit Scotland, these were payroll, trade creditors standing data and trade creditors payment history.

An internal team would undertake the work for this exercise with representatives from Finance, HR and Procurement and it was proposed the self-assessment checklist included within the Audit Scotland report would also be completed internally to ensure the most efficient process was used.

The Committee were advised an update report would be provided 2023 at the next Committee meeting including the outcomes of the exercise if available at that time.

Karen Kelly noted a typographical error on the paper, Lily Bryson confirmed this would be corrected.

The Committee noted the 2022/23 National Fraud Initiative Update.

6.5 NIS Audit & Cyber Update

Stuart Graham provided an update to the committee. This was a routine update provided at each committee meeting.

Stuart advised the Committee a Network and Information Systems (NIS) review audit took place in NHS GJ on 27 October 2022 which considered progress since the 2021 audit. The review found all the recommendations had been completed with updated controls and compliance with legislative requirements. He advised there was significant evidence provided to the auditors and there was concern amongst all

the NHS Boards that evidence provided was not reflected in outcomes and the evidence provided may not have been fully utilised. The Committee were informed additional resources and Capital programmes were now in place which strengthened the organisation's Network and Information Systems and significant evidence was presented across the audit's recommendations.

The review audit noted the following highlights:

- Strong Senior Management led governance in Cyber Security.
- E-Health commended for management in cyber operational and compliance areas.
- Supportive of pro-activeness around Cyber awareness citing recent Cyber Awareness month activities.
- Forward action plan for Cyber security acknowledged as continuing to strengthen overall compliance.

Stuart Graham outlined the next steps which would allow the organisation to prepare a draft response for early January 2023 with an opportunity to clarify and review before the full report would issue in quarter one 2023.

The Committee were provided with a brief update on Cyber Security which included highlights of the organisation's participation in the National Cyber Awareness Month during October and plans for the Scottish Cyber Week in February 2023.

The Chair noted concern that the auditors did not appear to include all evidence available to them and this may have impacted the organisation's rating. Stuart Graham advised this was a concern shared across all the NHS Boards and following engagement with the auditor's assurance was provided that this would be improved for the next review.

Gordon James advised the Committee NHS Scotland had been subject to a cyber-attack recently which affected a number of territory NHS Boards across Scotland and also across England. The risk of cyber-attacks was likely to continue and perhaps increase, which justified continuous focus on this area.

The Committee thanked Stuart Graham for his update.

6.6 Update on progress for the Blueprint for Governance

Gerard Gardiner noted the Blueprint for Governance was subject to review with Scottish Government with the final version expected by the end of November. Following that training and improvement work would be scheduled across the NHS Boards and this would be incorporated within the Board Seminar Programme in NHS GJ.

The Committee thanked Gerard Gardiner for his update.

7 Auditor Reports

7.1 Internal Audit Progress Report

Peter Clark from Grant Thornton UK LLP presented the Internal Audit Progress Report.

7.1 a Progress Report

Peter Clark advised on the completion of two reports, Property Transaction Monitoring and Staff Wellbeing.

The Property Transaction Monitoring Review resulted in a letter of nil return as there were no in scope property transactions in the year.

The preparation for a Risk Management review had been completed and the draft report was being prepared.

A further three reviews were planned with initial scoping completed:

- Cyber security – assurance review with fieldwork underway.
- Hotel – advisory review with dates agreed for fieldwork.
- Consultant Job Planning – assurance review with dates agreed for fieldwork.

7.1b Health and Wellbeing

Peter Clark advised the Committee on the review which was requested by the Executive Team. The objective of this audit was to consider the controls in place in relation to Staff Wellbeing with particular focus on control measures around training, strategy, work-plans and reporting.

The review highlighted just two low rated findings and as such concluded that the controls in place in respect of Staff Wellbeing provided a reasonable level of assurance and reflected good practice with a clear strategic plan.

Susan Douglas-Scott noted the result of the audit was reassuring.

Jane Christie-Flight noted she was a co-chair of the Health & Wellbeing Group and this does not report to the Board as standard. Jane advised the Committee the governance structures within the organisation do not necessarily lead to updates provided to the Board and therefore inclusion of items at Board level was not an indication of engagement. Peter Clark thanked Jane and noted this would be considered for follow-up.

Karen Kelly noted there was discretion between the agreed management actions and the recommendations. Peter Clark agreed to review this and provide clarity to the relevant officers.

The Audit report and management responses contained were noted by the Committee.

Action No.	Action	Action by	Status
221108/01	Health & Wellbeing Audit Peter Clark requested to review the management actions against the recommendations and provide clarity to the relevant officers.	PC	New

7.2

Audit Scotland Reports

Lily Bryson updated the Committee on three national reports published by Audit Scotland.

These were

- The National Fraud Initiative in Scotland 2022 which was published in August 2022 (Paper 7a)

It was noted that the outcome and recommendations arising from this audit would be presented at the next Audit and Risk Committee meeting in February 2023.

Non-NHS Reports

- Annual Diversity Report 2021/22 which was published in September 2022 (Paper 7b)
- Fraud and Irregularity 2021/22 which was published in July 2022 (Paper 7c)

Susan Douglas-Scott requested the outcome of the Annual Diversity Report be brought back to the next meeting of this Committee for consideration.

The Audit Scotland Reports were noted by the Committee.

Action No.	Action	Action by	Status
221108/02	Audit Scotland Reports The Committee requested updates on the National Fraud Initiative Report and the Annual Diversity Report at the next meeting.	LB	New

7.3 External Auditor Appointment

Michael Breen provided an update to the Committee on the appointment of External Auditors. He confirmed that KPMG LLP had been appointed by Audit Scotland and

contact and introductory meetings would be arranged and KPMG would be invited to the next Committee meeting in February 2023. It was expected the handover process between the previous auditors and the new auditors would be completed within a period of weeks.

The Chair noted the Audit and Risk Committee looked forward to working with KPMG LLP.

The External Audit Appointment update was noted by the Committee.

Susan Douglas-Scott requested that the correct term of reference for the organisation be noted as NHS GJ and not the National Waiting Times Centre which was used in some audit reports.

7.4 Internal Audit Contract Tender Item for Private Session

Michael Breen provided an update on the Internal Audit Contract Tender which was expected to conclude in January 2023. However, as formal approval of the outcome of this tender process would be required from the Audit and Risk Committee an extraordinary meeting of this committee may be required between 19 December 2022 and 20 January 2023.

Lily Bryson provided assurance that all four NHS Boards involved with this Tender Specification had been given an opportunity to review its terms and conditions and all were satisfied it complied with each NHS Board's standard specifications.

The Committee noted the update, confirmed they approved of the planned process and noted the possible requirement for a virtual meeting to discuss this single item agenda in the timescale outlined.

8. Date and Time of Next Meeting

The next meeting was noted as being scheduled for Tuesday 14 February 2023 at 12pm.