##### Approved Minutes

**Audit and Risk Committee Meeting**

**Tuesday 14February 2023, 10:00-12:00**

### Present

K Kelly Non-Executive Director (Chair)

S McAllister Non-Executive Director

J Christie-Flight Employee Director

M Brown Non-Executive Director

**In attendance**

S Douglas-Scott Board Chair

G James Chief Executive

M Breen Director of Finance

L Bryson Assistant Director of Finance, Governance and
 Financial Accounting

N Hamer Head of Corporate Governance and Board Secretary

S Graham Digital Services Director

P Clark Grant Thornton UK LLP

R X King Grant Thornton UK LLP

R Khangura KPMG LLP

I Milner KPMG LLP

**Observer**

C Blackburn Non-Executive Director

L Divers Trainee Financial Accountant

**Apologies**

K Bryant Head of Clinical Governance and Risk

**Minutes**

J Murphy Senior Corporate Administrator

1. Chair’s Introductory Remarks

The Chair led the welcome and introductions, noting the attendances of both the internal and external auditors at the Committee.

1. Apologies

Apologies were noted as above.

1. **Declaration of Interests**

There were no declarations of interests to note.

1. **Wellbeing Pause**

The Committee welcomed the opportunity for the Wellbeing Pause.

1. **Updates from last meeting 8 November 2022**

5.1 Unapproved Minutes

Minutes from the meeting held on 8 November 2022 were read for accuracy with the following amendment made:

Callum Blackburn to be noted as an observer, as opposed to an attendee.

Following this amendment the Committee approved the minutes as an accurate record.

5.2 Action Log

 The action log was reviewed and updated accordingly.

5.3 Matters Arising

 There were no matters arising.

1. Effective

**6.1**  **Counter Fraud Quarterly Update**

The Committee were advised on the Counter Fraud Quarterly Update by L Bryson, noting that the publishing of the Counter Fraud Service (CFS) Report now coincided with Committee meetings.

L Bryson reported that Fraud and Awareness training was now available on the TURAS website for NHS Golden Jubilee (NHS GJ) colleagues to complete, with Finance and the Learning and Organisational Development (L&OD) Teams discussing how this resource could be incorporated into future training requirements. Furthermore, it was noted that NHS GJ would take part in ‘Cyber Scotland Week’ in March 2023, with S Graham, Digital Director, coordinating the promotion of this campaign.

In relation to the Detection Summary, the Committee were informed that there were two live cases within NHS GJ, with the first still under investigation and that the report for the second was now being finalised before its submission to CFS.

K Kelly stated that Gordon Young from CFS would be attending the next Board Seminar to provide a presentation on Counter Fraud.

The Committee noted the Counter Fraud Quarterly Update.

**6.2 2022/23 National Fraud Initiative**

L Bryson stated that the external information required to compile the paper and to provide an update on this agenda item had not been received in time.

The Committee were content to await receiving this update until the next meeting.

**6.3a Commercial Sponsorship Policy**

M Breen provided an overview of the circulated paper, referring to the differences between commercial sponsors and donations, the benefits, cost and risk, due diligence in terms of reputation management, authorisation mechanisms and noting the importance of written agreements. The Committee were advised that whilst the proposed policy was standalone, there was provision for sponsorship within other board policies.

M Brown asked if the finalised paper could be shared with other Health Boards as there was not a national policy regarding commercial sponsorships currently in place. M Breen responded that the intention would be to share the paper with a future Directors of Finance meeting. G James stated that the paper would be further offered to other Health Boards through the national Board Chief Executives Group.

C Blackburn noted that the restriction on sponsorship from businesses involved in the production and/or sale of tobacco and alcohol was explicitly mentioned in the policy and asked if this restriction should be extended to other companies, such as sugary soft drink manufacturers. M Breen stated that the expansion of the Due Diligence section of the paper would provide a ‘catch all’ approach and that an exhaustive list of restrictions would not be required. G James stated it was important that any potential sponsors aligned with NHS Scotland values.

J Christie-Flight advised that the policy would need to be effectively communicated internally and asked if a Communications Plan was in place. M Breen stated that the paper would be presented at the next Partnership Forum for discussion and that liaison would take place with the Communications Team in terms of internal communications, particularly with regard to clinical staff.

The Committee approved the recommendation for the paper to be reviewed by the Central Legal Office (CLO), before returning to the Committee for an update.

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| **Action No.** | **Action** | **Action by** | **Status** |
| ARC/20230214/01 | **Commercial Sponsorship Policy*** Expand ‘Due Diligence’ section
* Liaise with Communications Team regarding a Communications Plan
* Submit paper to CLO and provide an update to a future meeting.
 | MB | New  |

**6.3b NHS Scotland Academy Ethical Sponsorship Policy**

M Breen reported that NHS Scotland Academy (NHSSA) Ethical Sponsorship Policy had already been considered by NHS Education for Scotland (NES) Audit and Risk Committee but, as NHSSA was a joint enterprise between NES and NHS GJ, the policy would be presented at a future Committee meeting for approval following amendments.

The Committee noted that the NHSSA Ethical Sponsorship Policy would be presented at a future meeting.

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| **Action No.** | **Action** | **Action by** | **Status** |
| ARC/20230214/02 | **NHS Scotland Academy Ethical Sponsorship Policy**Present policy to future Committee meeting for approval  | MB | New  |

**6.4 Year-end Time Table**

L Bryson advised that the Annual Accounts for 2022/23 had a submission deadline to Scottish Government (SG) of 30 June 2023. It was noted that the external auditors, KPMG, would attend NHS GJ for an interim visit on 20 February 2023, with the formal audit process commencing on 2 May 2023. The external audit for the Charity would be undertaken on the week commencing 24 April 2023.

The Committee noted the update regarding the Year-end Time Table.

**7 Auditor Reports**

**7.1 Internal Audit Progress Report**

P Clark presented the Internal Audit Progress Report.

**7.1a Progress Report**

P Clark advised that since the last meeting of the Committee in November, two reviews had been finalised in relation to Risk Management and the Hotel Strategy. In addition, the fieldwork for Consultant Job Planning had been completed, with fieldwork now underway for the Cyber Security assurance area. The review of Governance and Financial Controls for the Centre for Sustainable Delivery (CfSD) was at stage 1 of planning. In summary, out of the 7 reviews planned for 2022/23, 4 were complete, 1 was at reporting stage, 1 was at fieldwork stage and 1 was at the planning stage.

G James noted that on page 4 of the circulated paper regarding Key Performance Indicators (KPIs), no returns had been received regarding the internal audit review questionnaire and asked if assistance was required. P Clark responded that his team were chasing up responses from management and that an update would be provided at the next Committee meeting.

The Committee noted the Progress Report.

**7.1b Property Transaction Monitoring**

P Clark advised that a letter had been submitted for completeness, but no further discussion on this agenda item was required.

**7.1c Golden Jubilee Conference Hotel Strategy Preparation (Advisory Review)**

R X King reported that an advisory review had been carried out as opposed to an assurance review. The Committee were advised on the 6 observations that had been highlighted by the audit team, along with the advisory actions suggested to support management to strengthen the controls they had in place.

K Kelly noted the circulated report and stated that it highlighted the need to reconsider timescales and asked if the management actions were already under consideration or if this had only taken place in response to the advisory review.

M Breen stated that all aspects of the advisory report had been accepted and that a number of the management actions were already underway. It was noted that the Commercial and Logistics Director, Denis Flanagan and his team had worked on revised timescales to ensure they were on track for inclusion within the wider NHS Golden Jubilee Strategy which is due for publication late July.

The Committee noted the Golden Jubilee Conference Hotel Strategy Advisory Review.

**7.1d Risk Management**

R X King advised that the review of Risk Management related to the structures and responsibilities for managing and monitoring risk within the organisation. The review focussed on the operational, corporate and clinical perspectives and how risk within these areas was escalated and thereafter deescalated.

The Committee noted that there were three Medium Risk findings within the report and assurance was provided by M Breen that actions to mitigate these risks were underway by the respective Responsible Officers.

**7.1e Follow up Audit report**

P Clark advised the Committee that there were 22 outstanding actions within the report with 19 actions overdue. Of the 19 actions overdue (12 green rated, 7 amber rated), 18 had not received responses from action owners, with work underway with management to progress these.

K Kelly stated that the lack of response from action owners was concerning.

M Breen advised that a report would be submitted to the next Committee meeting detailing the baseline position for actions outstanding. It was noted that some of the actions had aged over previous financial years and that engagement would now take place with Executive Directors to increase their awareness of the actions outstanding within their portfolios.

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| **Action No.** | **Action** | **Action by** | **Status** |
| ARC/20230214/03 | **Follow Up Audit Report**Submit report to April Committee detailing baseline position for actions outstanding with regard to the Audit Report.  | MB | New  |

The Committee noted the Follow up Audit Report.

**7.2 Audit Scotland Reports**

L Bryson provided a brief overview of National reports relevant to NHS GJ, noting the publications of the Fraud and Irregularity, NHS Scotland Consolidated Accounts and the Auditing Climate Change Strategy papers. It was noted that the Fraud and Irregularity paper contained 6 recommendations which were relevant to NHS GJ.

C Blackburn noted the publication of the Climate Change Report from Audit Scotland, advising that NHS GJ would need to develop a reporting mechanism for this.

The Committee noted the Audit Scotland Reports update.

**7.3 External Audit - Introduction**

R Khangura and I Milner introduced themselves to the Committee and explained their roles and responsibilities with regard to External Audit.

R Khangura thereafter provided an overview of the circulated paper and outlined the initial considerations for the audit risk assessment. Furthermore, it was noted that a number of information requests had been submitted internally to NHS GJ to assist with the production of the Full Audit Plan and Strategy, which would be presented at the next Committee meeting.

M Breen advised that the report was standard and provided assurance that its content was not unexpected.

K Kelly noted that in relation to risks 2, 3 and 4 on the circulated report that ‘Error’ was not mentioned and raised a concern about the messaging to internal stakeholders if it was not included. R Khangura responded that the risk headings would be updated to include ‘Error’.

 The Committee noted the External Audit Introduction.

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| **Action No.** | **Action** | **Action by** | **Status** |
| ARC/20230214/04 | **External Audit**Include ‘Error’ in the headings of risk 2, 3 and 4. | RK | New  |

**7.4 Internal Audit Contract Tender Update**

M Breen advised that Azets would be NHS GJ’s new internal auditors for a five year term from 1 April 2023 and that this would be confirmed to Committee members in writing.

The Committee noted the Internal Audit Contract Tender update.

1. **AOCB**

K Kelly advised that future Committee meetings would continue to be conducted via MS Teams, with this being reviewed after the summer.

1. **Date and Time of Next Meeting**

The next meeting was noted as being scheduled for Wednesday 19 April 2023 at 10am.