##### Approved Minutes

**Audit and Risk Committee Meeting**

**Tuesday 12 September 2023, 10:00-12:00**

### Present

Karen Kelly Non-Executive Director (Chair)

Morag Brown Non-Executive Director

Callum Blackburn Non-Executive Director

Stephen McAllister Non-Executive Director

Linda Semple Non-Executive Director

Jane Christie-Flight Employee Director

**In attendance**

Gordon James Chief Executive

Michael Breen Director of Finance

Lily Bryson Assistant Director of Finance, Governance and Financial Accounting

Nicki Hamer Head of Corporate Governance and Board Secretary

John Scott Director of Facilities and Capital Projects (from 10:25)

Sharon Stott Head of Information Governance (from 10:50)

Rashpal Khangura KPMG LLP, External Auditor

David Eardley Azets, Internal Auditor

**Minutes**

Claire Hendren Corporate Administrator

1. Opening Remarks

1.1 Chair’s Introductory Remarks and Wellbeing Pause

 Karen Kelly opened the meeting and thanked everyone for their attendance.

 The Committee welcomed the opportunity for the Wellbeing Pause.

1.2 Apologies

 There were no formal apologies recorded for the meeting.

**1.3 Declaration of Interests**

There were no declarations of interests to note.

1. Updates from Meeting 30 June 2023

**2.1 Unapproved Minutes**

The minutes from the meeting held on 30 June 2023 were read for accuracy with the following amendment: page two, second paragraph, to change to ‘Morag Brown noted her surprise at the number of recommendations whilst noting only a few were significantly rated.  Following this amendment the Committee approved the minutes as an accurate record.

2.2 Action Log

 The action log was reviewed and updated accordingly.

2.3 Matters Arising

 There were no matters arising.

1. Effective

**3.1**  **Counter Fraud Quarterly Update**

The Committee was advised on the Counter Fraud Quarterly Update by Lily Bryson.

The Committee discussed the Counter Fraud Quarterly Update noting the 2023/24 assessment of the Counter Fraud Standard. The Committee noted there were twelve categories within the Standards and NHS Golden Jubilee “Met the Standard” over six of the components and “Partially Met the Standard” against the remaining six. No component had been assessed as “Did Not Meet the Standard”.

It was agreed an action plan would be developed to provide a roadmap to achieve full compliance with the other six standards where possible.

The Committee considered the current position in relation to the investigation of cases noting that two cases would be investigated under Human Resources policies rather than by Counter Fraud Services.

 The Committee noted the Counter Fraud Quarterly Update.

* 1. **Hospital Expansion Update**

John Scott presented an update on Phase 2 highlighting the following points:

* The revised handover date remained as 7 September 2023, followed by a commissioning period of 12 weeks, with the first patient on 1 December 2023.
* Weekly meetings continued with Kier, AECOM and the Expansion Team to ensure continued progress.
* Builders clean had commenced on Levels 3 and 2 with commissioning and snagging ongoing. Flooring was complete on Level 1 with the exception of corridor areas. CSPD equipment supplier install was progressing.
* Issues raised were the fire/smoke damper extended delivery in CSPD, equipment delivery and installation works in CSPD and EDU and works to areas adjacent to L3 theatre stopped due to noise.
* Key milestones to handover included completion of breakthroughs and external works, NHS Assure Commissioning Key Stage Assurance Review (KSAR) and NHS Assure Handover KSAR.
* Site inspections were planned from 18 September for one week.
* Report issued by 10 November 2023

The Committee thanked John Scott for the detailed update and commended the progress to date.

The Committee noted the Hospital Expansion Update.

* 1. **Internal Audit Action Plan (September 2023)**

 The Committee received the Internal Audit Action Plan (September 2023).

The Committee discussed the Internal Audit Action Plan and agreed to the proposals within the paper in relation to those actions which would be followed up by Azets. In addition, the Committee agreed to close a number of aged/superceded items. In relation to the Pharmacy actions, the Committee noted that although these would be met by the introduction of HEPMA, they wished further assurance that the risks around stock management and control would be mitigated in the interim period. Therefore, the Committee requested a further update at the next meeting from the Director of Pharmacy.

It was also agreed that the current Standard Financial Instructions would be updated for the Committee meeting on 13 February 2024.

The Committee approved the Internal Audit Action Plan (September 2023).

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| **Action Ref** | **Action** | **Lead** | **Timescale** |
| ARC/120923/01 | **Pharmacy Internal Audit Actions**Assurance to be provided with regard to the risks around stock management and control. Director of Pharmacy to attend the next meeting | Laura Fulton | 16 November 2023 |
| ARC/120923/02 | **Standard Financial Instructions**To be updated for the Committee meeting to be held on 13 February 2024  | Michael Breen | 13 February 2024 |

**3.4 Information Commissioner’s Office (ICO) Audit Report Action Plan Update (August 2023)**

Sharon Stott presented an update on the Information Commissioner’s Office (ICO) Audit Report Action Plan.

The Committee noted that 71% of all twelve recommendations were completed with the team prioritising the two urgent and five high recommendations which were 90% and 70% complete respectively.

The Committee commended the Information Commissioner’s Office (ICO) Audit Report Action Plan Update and looked forward to receiving a progress report on the recommendations at the next meeting.

 The Committee noted the update on Information Commissioner’s Office (ICO) Audit Report Action Plan Update.

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| **Action Ref** | **Action** | **Lead** | **Timescale** |
| ARC/120923/03 | **ICO Audit Report Action Plan Update**A progress report on the recommendations to be provided to the Committee at the next meeting | Sharon Stott | 16 November 2023 |

1. **Auditor Reports**
	1. **Internal Audit**

 **NHSGJ Internal Progress Report (August 2023)**

The Committee received a verbal update on the NHS Golden Jubilee Internal Progress Report from David Eardley, Internal Auditor, Azets.

The Committee noted the update and also received a breakdown of the grading factors used by AZETS in their Internal Audit Reports.

It was noted by both David Eardley and Michael Breen that engagement for the first quarter had been positive and both teams (Internal Audit and Finance) were committed to working together to ensure the effective and timeous delivery of the action plan.

The Committee noted the NHS Golden Jubilee Internal Progress Report (August 2023).

**4.2** **Audit Scotland Reports**

Lily Bryson presented the Audit Scotland Reports to the Committee.

The Committee discussed the Audit Scotland Reports, in particular the Fraud and Irregularity Annual Report 2022/23, noting the low number identified across the UK.

The Committee noted the Audit Scotland Reports.

**4.3 External Audit Update**

Rashpal Khangura, External Auditor, presented the External Audit Update highlighting the proposed 2023/24 indicative timeline.

Rashpal Khangura advised the Committee that a successful External Audit Debrief meeting had been held at NHS Golden Jubilee the previous week, with key points of discussion around lessons learned on key dates, wider scope work, escalation measures and a focus on key tasks which could be completed pre 31 March 2024.

The Committee commended the forward planning noting that further information including progress on the action plan contained within the 2022/23 International Standard of Auditing (ISA) 260 report would be presented at future meetings.

The Committee noted the External Audit Update.

 **Corporate Governance**

**5.1 Strategic Risk Register (September 2023)**

Michael Breen presented the Strategic Risk Register (September 2023).

The recent Board Seminar was noted to have been very informative with useful outputs on both risk reporting and risk appetite with these being progressed accordingly.

Gordon James noted one minor amendment to the Strategic Risk Register following the Clinical Governance Committee agreeing to lower the risk rating that related to Laboratory Services.

The Committee approved the Strategic Risk Register (September 2023).

**6. Issues for Update**

**6.1 Update to the Board**

* The Committee discussed the Counter Fraud Quarterly Update noting the 2023/24 assessment of the Counter Fraud Standard. There were twelve categories within the standards and NHS Golden Jubilee “Met the Standard” over six of the components and “Partially Met the Standard” against the remaining six. No component had been assessed as “Did Not Meet the Standard”. An action plan would be developed to provide a roadmap to achieve full compliance with the other six standards where possible.
* The Committee was pleased to receive the Hospital Expansion Update and commended the progress to date
* The Committee received the Internal Audit Action Plan (September 2023) and after discussions agreed to the proposals within the paper in relation to those actions which would be followed up by Azets. In addition, the Committee agreed to close a number of aged/superceded items. In relation to the Pharmacy actions, the Committee noted that although these would be met by the introduction of HEPMA, they wished further assurance that the risks around stock management and control would be mitigated in the interim period, therefore, the Committee requested an update at their next meeting from the Director of Pharmacy
* It was also agreed that the current Standard Financial Instructions would be updated for the Committee meeting on 13 February 2024
* The Committee commended the Information Commissioner’s Office (ICO) Audit Report Action Plan Update and looked forward to receiving further progress reports
* The Committee noted the Internal Audit Progress Report as at August 2023 and received a breakdown of the grading factors used by AZETS in their Internal Audit reports
* The Committee discussed the Audit Scotland Reports in particular the Fraud and Irregularity Annual Report 2022/23, noting the low number identified across the UK
* The Committee received a presentation from the External Auditors and commended the forward planning included within the 2023/24 indicative schedule. The Committee would be provided with further information including progress on the action plan contained within the 2022/23 International Standard of Auditing (ISA) 260 report at future meetings
* The Committee approved the Strategic Risk Register noting one amendment to the risk rating relating to Laboratory Services that had been proposed by the Clinical Governance Committee

**7. Any Other Competent Business**

There was no other competent business.

**8. Date of Next Meeting**

The next meeting was scheduled for Thursday 16 November 2023 at 10:00.