##### Approved Minutes

**Audit and Risk Committee Meeting**

**Thursday 16 May 2024, 10:00-12:00**

### Members

Lindsay MacDonald Non-Executive Director (Chair)

Stephen McAllister Non-Executive Director

Morag Brown Non-Executive Director

Rebecca Maxwell Non-Executive Director

Jane Christie-Flight Employee Director

**Core Attendees**

Gordon James Chief Executive

Carolynne O’Connor Executive Director of Operations/Deputy Chief Executive

Graham Stewart Interim Director of Finance

**In attendance**

Susan Douglas-Scott Board Chair

Adam Haahr Associate Director of Finance – Governance and Financial Accounting

Kevin Daly Head of Finance

Nicki Hamer Head of Corporate Governance and Board Secretary

Sharon Stott Head of Information Governance (from 10:15)

John Scott Director of Facilities and Capital Projects (from 10:35)

Katie Bryant Head of Risk and Clinical Governance (from 11:45)

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

The Chair opened the meeting and thanked everyone for their attendance.

The Committee welcomed the opportunity for the Wellbeing Pause, aimed at helping maintain connections between colleagues.

1.2 Apologies

No formal apologies were noted.

**1.3 Declaration of Interests**

There were no declarations of interests to note.

1. Updates from Meeting 14 March 2024

**2.1 Unapproved Minutes**

Minutes from the meeting held on 14 March 2024 were approved 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**

Graham Stewart provided a quarterly update to the Committee on Counter Fraud..

The Committee was advised on the current position in relation to the investigation of cases noting that one had been closed with no fraud detected and the other continued to be investigated by Human Resources.

The Committee noted the Counter Fraud Quarterly Update.

**3.2**  **National Fraud Initiative Update**

Graham Stewart advised the Committee on the National Fraud Initiative reporting that the 2022/23 exercise had been completed and no instances of fraud had been identified. Rashpal Khangura noted that KPMG carried out an assessment around the processes which had resulted in a positive “green” rating.

Graham Stewart reported that the final National Annual Report was due to be published on 15 August 2024 and the findings would be highlighted at a future meeting.

The Committee noted the National Fraud Initiative Update.

**3.3**  **ICO Audit – Progress Update**

Sharon Stott presented an update on the Information Commissioner’s Office (ICO) Audit Progress highlighting the following:

* Audit findings reported an overall assurance of reasonable with 76% assurance across high and reasonable and 17% limited assurance
* Eight of the twelve recommendations had been completed
* One of the four outstanding recommendations was on target for completion. The other three (two high and one medium) related to recruitment risks and had been added to the Corporate Risk Register
* Next steps included further engagement with workforce colleagues and finalisation of migration to the One Trust digital platform

Sharon Stott provided an update on the issues around delays in the recruitment process for key roles which was currently under review with Workforce colleagues. The Committee noted the risk around potential non-compliance on the NIS Directive as a result of the recruitment issues and looked forward to receiving an update at the next meeting.

The Committee approved the ICO Audit – Progress Update.

**3.4**  **Hospital Expansion Update**

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

* The chiller had been installed on the roof of the Eye Centre with the formal pre-start meeting held in April. Work would commence in June to be completed by the end of September 2024. The final connection would take place over a weekend to ensure minimal disruption. AtkinsRealis had been appointed to support development of the Post Occupancy Evaluation to be completed by July 2024
* Following a final review meeting to discuss the water commissioning issues, work had commenced to replace the taps and showerheads and a full disinfect and flush of the system was planned for 22 – 24 May 2024. Water sampling results would be available by 21 June 2024 with a revised handover date towards the end of June 2024
* Dependencies with Central Sterilising and Processing Department (CSPD) and Endoscopy Decontamination Unit (EDU) Equipment Installation works and Commissioning/Handover Key Stage Assurance Review
* Clinical commissioning would be carried out in 3 phases over 12 weeks
* The planned completion date was to be confirmed
* Weekly principal meetings to review progress continued
* Scottish Government letter would be issued prior to occupation
* Market testing and sites surveys were underway for Work Task Order 2 in Theatre Recovery Reconfiguration and the scoping exercise was complete for Work Task Order 5 in Pharmacy

The Committee thanked John Scott for the detailed update.

The Committee noted the Phase 2 Update.

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

**2023/24 Core Financial Controls – Capital Planning**

David Eardley, Internal Auditor with Azets, updated the Committee on the 2023/24 Core Financial Controls – Capital Planning outlining examples of good practice as well as areas for improvement.

Graham Stewart advised the Committee that the Strategic Capital Planning Group and Capital Delivery Group had been formed to ensure good governance moving forwards. The groups recently met for the first time and good progress had been made on the Capital Plan which would be presented to the Executive Leadership Team (ELT) for formal approval.

Gordon James noted that the National Infrastructure Board was currently progressing a newly formulated strategic approach to Capital Planning and details would be presented to ELT and Governance Committees in due course.

The Committee noted the 2023/24 Core Financial Controls – Capital Planning.

**Workforce Capacity and Capability**

David Eardley provided the Committee with a detailed overview of the findings from the review of Workforce and Capability Report, highlighting the recommendations and agreed management actions as noted.

Graham Stewart welcomed the report and noted discussions were already underway with the Director of People and Culture to put a focussed plan in place moving forwards.

The Committee noted the Workforce Capacity and Capability Update.

**Annual Report 2023/24**

David Eardley provided an update on the Annual Report 2023/24. The Committee was advised that the Internal Audit Opinion stated that NHS Golden Jubilee had a framework of governance and internal control which was rated as reasonable assurance in the effective achievement of objectives.

The Committee discussed the rating of reasonable which was confirmed by David Eardley to be the standard term used within internal audit processes and no adverse areas had been highlighted within the report.

The Committee noted the Annual Report 2023/24.

**Management Action Follow-up Q1 2024/25**

David Eardley updated the Committee on the Management Action Follow Up for quarter one outlining the progress with the implementation of agreed recommendations.

The Committee discussed the recommendations recognising the extensive work carried out to close a significant number of previously reported actions and noting the relatively small number which were outstanding. Graham Stewart reported that a revised plan would be implemented to ensure timely progress on the remaining actions.

The Committee noted the Management Action Follow-up Q1 2024/25.

**Progress Report**

David Eardley provided an overview on the Internal Audit Progress Report (May 2024) confirming the conclusion of the 2023/24 Annual Internal Audit plan.

The Committee welcomed the Internal Audit plan for 2024/25 noting discussions had commenced around audits on Risk Management and Property Transactions Monitoring which had been planned to take place over the coming months.

The Committee noted the Progress Report.

**4.2**  **External Audit Management Action Plan (March 2024)**

Rashpal Khangura provided an update to the Committee on the External Audit.

Rashpal Khangura presented an outline of the progress on 2022/23 recommendations highlighting the following:

* Audit fieldwork had commenced as per the audit timetable and was proceeding to plan
* Three of the recommendations had been fully implemented
* The remaining nine recommendations were progressing on track for completion
* The 2023/24 schedule was highlighted and there were no areas for concern on the timeline

Rashpal Khangura was pleased to report excellent communication between KPMG and the NHS GJ Finance team which had ensured good progress on all of the recommendations.

The Committee noted the External Audit Management Action Plan (March 2024).

**5. Corporate Governance**

**5.1 Strategic Risk Register**

Katie Bryant provided an update to the Committee on the key points of the Strategic Risk Register.

Katie Bryant advised the Committee that the Covid-19 Pandemic risk had been merged into the Healthcare Acquired Infection risk following close scrutiny over the Winter period. The International Recruitment risk had been reduced following the recent recruitment of International nurses. The Committee also noted the emerging risk around Capital Planning requirements.

The Committee discussed the increased risk rating of the Waiting Times Management Risk from high to very high due to the ongoing challenges around Cardiology and EP. The Committee noted that this amendment had been agreed at the recent meeting of the Finance and Performance Committee following robust discussion.

Carolynne O’Connor advised the Committee of the mitigations in place around this increased risk with the confirmed funding allowing an extensive plan to be put in place to double TAVI activity and reduce the backlog. With regard to the current situation around Electrophysiology (EP), strategic discussions had commenced and Carolynne O’Connor noted recent communication with Scottish Government to investigate a potential bid from the Planned Care Funding.

The Committee noted that the Waiting Times Management risk would be subject to regular review and it was anticipated the rating would be lowered as the plan progressed.

The Committee agreed that the risk around EP should be the focus of the agreed deep dive.

The Committee approved the Strategic Risk Register - May 2024.

**5.2 Audit and Risk Committee Annual Governance Report 2023/24**

Nicki Hamer highlighted the Audit and Risk Committee Annual Governance Report 2023/24 noting the requirement for all Governance Committees to provide an Annual Report to the Board on their activities and to demonstrate that their duties had been fulfilled in line with the approved Terms of Reference.

The Committee approved the Audit and Risk Committee Governance Report 2023/24.

**6. Issues for Update**

**6.1 Update to the Board**

The Committee commended the Counter Fraud Quarterly Report noting there was only one case currently under investigation by Human Resources.

The Committee welcomed the National Fraud Initiative Update noting the exercise had been completed and no instances of fraud had been identified. The processes around the exercise had received a positive “green” rating following an assessment by External Auditors.

The Committee received the ICO Audit Update and noted that eight out of the twelve recommendations were completed with ongoing progress on the remaining four.

The Committee was pleased to receive the Phase 2 update as it neared completion and commended the progress despite ongoing challenges.

The Committee was pleased to receive the Internal Audit Updates noting good progress across the reports.

The Committee received an update on the External Audit Management Action Plan commending the excellent communication between the teams, which had ensured good progress on all the recommendations.

The Committee approved the Strategic Risk Register noting amendments to the risks relating to the Covid-19 Pandemic, Waiting Times Management and International Recruitment and the emerging risk around Capital Planning requirements. The Committee also noted deep dives around focused areas of risk would commence within the July Governance Committee cycle.

The Committee approved the Audit and Risk Committee Annual Governance Report for 2023/2024.

**7. Any Other Competent Business**

There was no other competent business.

**8. Date of Next Meeting**

The next meeting was scheduled for Tuesday 18 June 2024 at 14:00.