##### Approved Minutes

**Audit and Risk Committee Meeting**

**Thursday 12 September 2024, 14:00**

### Members

Lindsay Macdonald Non-Executive Director (Chair)

Jane Christie-Flight Employee Director

Morag Brown Non-Executive Director

Stephen McAllister Non-Executive Director

**Core Attendees**

Gordon James Chief Executive

Graham Stewart Deputy Director of Finance

Jonny Gamble Director of Finance

**In attendance**

Adam Haahr Associate Director of Finance – Governance and Financial Accounting

Christine Nelson Deputy Head of Corporate Governance

David Eardley Azets, Internal Auditor

Kevin Daly Head of Finance

Jamie Fraser Azets, Internal Auditor

Rashpal Khangura KPMG LLP, External Auditor

Zaid Tariq Deputy Director of Quality, Performance, Planning and Programmes

Joe Hands Deputy Head of Risk and Clinical Governance – *Item 5.1*

**Apologies**

Carolynne O’Connor Deputy Chief Executive/Director of Operations

Nicki Hamer Head of Corporate Governance and Board Secretary

Rebecca Maxwell Non-Executive Director

Susan Douglas-Scott Board Chair

**Minutes**

Paula Nugent Senior 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.

The Chair welcomed Jonny Gamble, Director of Finance, to his first Audit and Risk Committee meeting.

1.2 Apologies

 Apologies were noted as above.

**1.3 Declaration of Interests**

There were no declarations of interests to note.

1. Updates from Meeting of 18 July 2024

**2.1 Unapproved Minutes**

Minutes from the meeting held on 18 July were approved as an accurate record, pending the following amendment:

*Page 5 – Section 4.3 – Third paragraph amend “signed off June 2024” to “signed off July 2024”*

2.2 Action Log

The action log was reviewed and updated accordingly.

All outstanding actions were closed.

2.3 Matters Arising

 There were no matters arising.

1. Effective

**3.1**  **Counter Fraud Quarterly Report**

Graham Stewart presented the Counter Fraud Quarterly Report, highlighting the high level common themes. Drug theft levels continued to increase across NHS Scotland.

Sickness and absence fraud continued to be a recurring theme across NHS Scotland.

All outstanding fraud cases for NHS Golden Jubilee (NHSGJ) had been completed.

Graham Stewart had linked with Laura Smith to switch fraud training on to TURAS Learn.

Graham Stewart discussed anti-fraud training that had taken place across the organisation. Jonny Gamble highlighted Anti-Fraud Awareness Week was being held on 18-22 November 2024.

The Communications Team were recording a Cyber Crime prevention video with Lindsay Macdonald, NHSGJ Champion for Cyber Security.

Audit and Risk Committee noted the Counter Fraud Quarterly Report.

**3.2**  **National Fraud Initiative (NFI) Update**

Graham Stewart provided the National Fraud Initiative (NFI) Update. Adam Haahr presented the results of a fraud prevention exercise carried out within NHSGJ.

The timetable for the next NFI initiative had been released and no action was required from NHSGJ until early 2025.

Adam Haahr confirmed the checklist would be presented to the Committee at the November meeting.

 Audit and Risk Committee noted the National Fraud Initiative (NFI) Update.

**3.3 NHSSA Ethical Sponsorship Policy**

Gordon James presented the NHSSA Ethical Sponsorship Policy. There had been a change to the wording in item 2 to adopt a broader values based approach that would recognise the difference in legislative practices across countries.

NHS Education for Scotland structure had been signed off and approval would now be sought in order to engage third party sponsorship.

Audit and Risk Committee approved the NHSSA Ethical Sponsorship Policy.

**3.4**  **NIS Audit and Cyber Update**

Stuart Graham presented the NIS Audit and Cyber update noting the Action Plan had been developed based on the Year One Report.

There was a target compliance rate of 80/80/0 by 31 December 2024 with the compliance rate standing at 77/79/2 at 31 December 2023.

Stuart Graham highlighted that future audits would differ in format with less paper work involved and more defence testing.

Lindsay Macdonald thanked the team for their hard work on the NIS Audit, noting the significant progress made since the last meeting.

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Audit and Risk Committee noted the NIS Audit and Cyber Update.

**3.5 Information Commissioners Office (ICO) Audit Update.**

Stuart Graham shared the Information Commissioners Office (ICO) Audit Update, providing a brief verbal update on the highlights and on progress of the Action Plan.

Lindsay Macdonald thanked Stuart Graham for the precision and conciseness of the update.

Audit and Risk Committee noted the ICO Audit Update.

1. **Auditor Reports**
	1. **Internal Audit - Progress Report, Programme Reports, Audit Actions**

David Eardley and Jamie Fraser from AZETS, provided an overview of the Internal Audit Progress Report, Programme Reports and Audit Actions update.

In response to the Audit Actions Update, Graham Stewart highlighted that the two amber areas identified by KPMG had already been flagged by the Finance Team. Graham Stewart confirmed that all agreed risk actions would be underway by early 2025.

Gordon James discussed the Strategic Risk Register developments at an Executive Leadership Team level. The Committee also discussed naming conventions for risks on the Risk Register.

Jamie Fraser provided an update on the Audit Actions reporting that there were 11 actions, five of which had recently been closed and good progress was being made towards closing the six remaining open actions.

Graham Stewart emphasised the importance of reflecting on positive work and asked the Committee to consider the position of 12 months ago. Lindsay Macdonald agreed and commended the positive relationship that had been built between AZETS and the Finance Team.

Graham Stewart stated that a date for closing all outstanding actions was still to be confirmed.

 Audit and Risk Committee noted the Internal Audit – Progress Report.

* 1. **External Audit Update and Timeline for 2024/25**

Rashpal Khangura, KPMG, presented the External Audit Update and Timeline for 2024/25 Updates.

Rashpal Khangura advised an internal debrief within KPMG had already taken place and a date for a debrief with the Finance Team and KPMG would be finalised in the near future. There would also be a Technical Accounting Group (TAG) debrief meeting.

Rashpal Khangura outlined the timeline for 2024/25. Graham Stewart advised that a workshop would take place in October 2024 to discuss the audit.

Lindsay Macdonald commended the positive relationship between KPMG and the Finance Team.

Audit and Risk Committee noted the External Audit Update and Timeline for 2024/25.

**5. Corporate Governance**

**5.1 Strategic Risk Register**

Joe Hands, Interim Head of Risk and Clinical Governance along with Gordon James, Chief Executive, presented the Strategic Risk Register update.

 Joe Hands advised there were 20 risks currently on the Strategic Risk Register – 11 high, 8 medium, and one categorised as low. An emerging risk around Capital Planning would be monitored and added to the Risk Register if necessary.

 A new risk around staffing and procurement services has been added to the Risk Register since the previous Committee meeting.

 The risk around International Recruitment had been reduced and it was planned to close this risk within the next Governance cycle.

Graham Stewart detailed the Procurement staffing risk following the resignation of the Head of Procurement. A Service Level Agreement was now in place with NHS Greater Glasgow and Clyde Procurement Service. It had been agreed that a full time Procurement Officer would be present on NHS GJ site.

Lindsay Macdonald asked whether the procurement risk had been added to the Risk Register and then immediately removed. Graham Stewart revealed that the risk had been reduced but remained on the Risk Register.

Graham Stewart detailed succession planning work carried out with current NHS GJ staff and highlighted the benefit this would have for the Achieving the Balance programme.

Gordon James and Lindsay Macdonald discussed shared Service Level Agreements between NHS Health Boards. Jonny Gamble and Gordon James detailed the current services shared between NHSGJ and NHSGGC.

Lindsay Macdonald enquired about the risks delegated to the Strategic Portfolio Governance Committee. Joe Hands confirmed this work was in progress.

Audit and Risk Committee approved the Strategic Risk Register.

**5.2 Corporate Objectives**

Gordon James presented the updated Corporate Objectives and confirmed that a secondary piece of work on Corporate Objectives was due to take place to ensure that all risks were aligned.

Lindsay Macdonald asked whether this would include a measurement scale that could be assessed at the year end. Gordon James revealed that each objective aligned to Executives objectives which would provide this assurance.

Audit and Risk Committee approved the Corporate Objectives.

**6. Issues for Update**

**6.1 Update to the Board**

The Committee reviewed the Counter Fraud Quarterly Report and noted there were no cases currently under investigation.

Fraud training would migrate to TURAS learn and would become part of the mandatory training portfolio.

The Committee noted the National Fraud Initiative update. A green rating was received for National Training initiatives.

The self-appraisal checklist would be presented at the November Audit & Risk Committee meeting.

The Committee reviewed and approved the Ethical Sponsorship policy.

All actions were on track for the NIS & Cyber update.

Auditors would be on site from October 2024 but no emerging issues had been identified. Submissions would be made to auditors in January 2025. Lessons learned from NHS Dumfries & Galloway may change the style of future audits, focusing more on testing defences rather than the paper trail.

The Committee noted the eight recommendations made within the Internal Audit plan and confirmed due dates for all actions.

The Committee reviewed the Audit Action tracker and commended the team on their progress so far.

There was an overview of the Strategic Risk Register and a deep dive on up-coming risks.

The Committee reviewed and approved the revised Corporate Objectives. This would now be presented to Executive Board.

**7. Any Other Competent Business**

Jonny Gamble extended his thanks to Graham Stewart for his work as Interim Director of Finance.

Gordon James advised that the Darzi Report had been published in NHS England and Nicki Hamer would share the summary with Board Members. Gordon James highlighted the potential implication for NHS Scotland and Barnett Formula funding.

**8. Date of Next Meeting**

The next meeting was scheduled for Thursday 28 November 2024, 15:00.