##### Ref: GJF/2017/02/13

##### Golden Jubilee Foundation

##### Approved Minutes

**Audit and Risk Committee Meeting**

**Tuesday 8 November 2016 at 10.30am**

**Boardroom, Level 5**

**Golden Jubilee National Hospital**

### Present

Phil Cox (PC) Chair of Audit and Risk Committee  
Jack Rae (JR) Non Executive Director

Kay Harriman (KH) Non Executive Director

**In attendance**

Jill Young (JY) Chief Executive  
Julie Carter (JC) Director of Finance  
Lily Bryson (LB) Assistant Director of Finance  
Margaret Kerr (MK) Director, Pricewaterhouse Coopers  
Jennifer Bell (JB) Manager, Pricewaterhouse Coopers  
Michael Lavender (ML) Audit Manager, Scott-Moncrieff   
 **Minutes**

Anne McQueen (AM) PA to Director of Finance

1. **Chair’s Introductory Remarks**PC welcomed members to the meeting and introductions were made.
2. **Apologies**Chris Brown (CB) Partner, Scott-Moncrieff
3. **Declaration of Interests**PC invited members to declare any conflict of interests as due process.  
   ML informed PC that in relation to agenda item 7.3 – Appointment of External Auditors for Endowments that it may not be appropriate for him to participate as he is an employee of the auditors in question Scott Moncrieff. PC stated in that case he would ask ML to leave the meeting at that point.  
   ML also noted in relation to agenda item 8.3 Audit Scotland Reports that Scott Moncrieff also report for NHS 24 who are mentioned in one of the reports.
4. **Minutes of the last Audit and Risk Committee Meeting**

Minutes from the meeting held on 15 June 2016 were read for accuracy and approved by the committee.

1. **Matters Arising**  
   All outstanding actions were closed with the exception of Succession Planning which is being taken forward by the Acting Director of HR. PC noted that there will be succession issues arising in the near future as the Chair and two Non Executive Directors terms of office will be coming to an end. JY noted that this will be actioned soon.  
     
   **Safe**

**6.1** **Authorised Signatories**JC advised that approval is being sought from the committee to add the new Assistant Director of Finance for Financial Management to the authorised list of signatories which will allow her the same signing authority as the Assistant Director of Finance for Financial Governance and Financial Accounting, this will provide the same authorisation across both posts for routine revenue expenditure at times when the Director of Finance is not available.  
PC invited colleagues to give this proposal their approval.  
  
JR asked if the amount of expenditure being signed for is for individual events.   
LB confirmed that it is per requisition and the procurement team would highlight if numerous orders of small values and same items were received.  
  
It was confirmed that only one individual can sign on behalf of the Chief Executive and that is the Director or Finance.

JR thought that the Head of Pharmacy signing limits would have been higher than £1,000 given the cost of drugs. LB advised that there is a separate list for pharmacy and the £1,000 limit is for routine non-drug items. This has also not been identified as an operational issue.  
  
Members acknowledged and endorsed revised authorisation limits.

**6.2 Proposal for formal Credit Control Procedures**LB presented the attached paper and advised the committee this is an issue which is on the agenda for the Shared Services National Focus Group. Background work has been undertaken to ascertain the Golden Jubilee Foundation payroll debtors who are current and former employees and they owe a total of £31k. The current internal process is to issue a letter to staff concerned which in some cases is successful however it is ignored by others therefore we have looked at processes in other Boards, as discussed at the national focus group meeting, which is to use the services of a solicitor. It is therefore proposed to undertake a trial of this revised process for 6 months, the Information Governance Officer will ensure this is in line with the Data Protection Act.  
  
JY asked if the 4th bullet point is standard practice and suggested if the debt is of a low value that we consider first if it will be cost effective before referring to a solicitor. JC stated that individual circumstances of each debtor would be considered. JY suggested a bullet point be added to this effect regarding scale of debt and take each case in its own merit. JR stated he thought there should be a threshold however felt that JC and JY’s idea was a better solution as it was person centred.   
  
JR asked if the committee can be given assurance that the time delay regarding the payroll system is resolved to ensure that staff are not overpaid therefore avoiding this situation in the first place. LB stated each month HR and Payroll try to ensure information is accurate and received timely however there is a human factor element involved as paperwork is completed manually which can result in some time delays being made, unfortunately until an electronic system is in place this is a risk. PC stated he would like reassurance for the committee that the payroll system is robust. It was noted this is a service provided to the Board by NHS GG&C which is subject to regular internal audit.   
  
Members were content for a 6 month trial to be undertaken and JC will bring a summary update back to this committee.

**6.3 Update on Cyber Security Workshop**JC reported that this paper demonstrates the work that has been undertaken to address concerns of a potential cyber attack that were raised at a previous committee meeting and to give members assurance that these issues have been taken seriously. A workshop was held with SMT members which was very helpful as it raised other issues that had not been considered and management will follow these up to provide further assurance.  
JR asked if there have been any cyber incidents and if so were they significant.  
JY replied there have not been any incidents at this Board however there has been a financially significant one in another Board and one incident where patient care was affected but it was not malicious.  
  
JR noted reporting of an incident is at the discretion of the Board and queried this.   
JY clarified we must report all cyber incidents to Scottish Government however reporting them to Information Commissioner is at the discretion of the Board.  
PC commented that this subject has been polarized by recent cyber attacks on other organisations which MK will talk through imminently.  
  
Members noted controls to mitigate risk of cyber attacks.

**6.4 Cyber Security Options**MK proceeded to talk members through a cyber security options paper advising that this was highlighted as part of the internal audit plan however given the amount of work and emphasis that has already been undertaken by management audit do not want to duplicate work. They therefore propose a cyber maturity assessment review which will provide assurance and be useful to members.  
  
The scope is to review the 6 confidences detailed in the cyber risk paper which sets out what audit propose to do around gaps highlighted and risks compared to other NHS organisations. Audit are proposing to appoint their cyber security specialist who is familiar with this type of work and MK wished to highlight the difference in banding costs in accordance with the contract.  
  
JR stated it seems the right course of action at this time and he sees it as a priority.  
PC asked members do we include this work within the audit plan or do we commission an additional piece of work with a bespoke auditor at a cost of £7.2k.  
PC added that prudence in this arena is highest and JC added obtaining assurance from audit is very helpful.  
  
Members approved Cyber Security paper and agreed to go ahead with bespoke option.

**6.5 Board Risk Register**JC reported that the risk register requires to be reviewed from an audit perspective.  
There have been a few minor amendments and additions to the register following discussion at the Board meeting. There has been one update to the register since then with a SACCS consultant commencing in September and another consultant appointed which addresses gaps in consultant posts:

JR asked if there is any information from Scottish Government regarding Brexit that can be shared. JY advised that a meeting has been scheduled for 14 November 2016 with a local MSP to discuss this topic. It was also noted this is included within the risk register and will be monitored closely.  
  
Members were content to note the Board Risk Register.

**6.6 Update on Enterprise Risk Framework**JC reported that the Chief Risk Officer post has been offered to the Head of Clinical Governance, on a temporary development basis, she has a background in risk training and will progress the Enterprise Risk Management work.  
  
The first meeting of the newly established Risk Committee has been scheduled for 17 November 2016 and a formal update will be presented to the next Audit and Risk Committee meeting by the Chief Risk Officer.  
  
JR highlighted the titles of both committees are quite similar and asked should we change the title but not the role. JY and JC agreed and will reconsider the name of the new committee to avoid confusion.  
  
PC stated he would like a judgment in 6-9 months from the Chief Risk Officer then decide if we should present to the Board how we proceed on a more sustainable basis. JC and JY agreed that this would be beneficial.

1. **Effective**

**7.1 Internal Audit Progress Report**MK presented an update on progress and directed members to section 1 which provides overall status and is a good overview of audit work undertaken to date.  
  
Audit have highlighted where fieldwork is delayed and there are a myriad of reasons why reports have not commenced and both teams are working hard to progress. The majority of Terms of Reference have been passed to managers for comment. KPI’s targets have not been met and to improve this monthly calls have been scheduled with JC and LB. MK added that she is really enthused about working with the Golden Jubilee Foundation and invited members to pause at this point for discussion and questions.  
  
JR asked about the unavailability of staff and measures that have been taken to address this as there are a number of outcomes stacking up and he asked if there is a risk of not completing audits within timescales. MK replied that due to Audit and Risk Committee meeting timings it allows scope to complete all work in time.  
  
JR asked if the myriad of reasons are transient. MK replied that some are unavoidable ie; bereavement, however audit do not have any underlying concerns other than to ensure that both parties need to be firm and once a date is set it cannot be moved.  
  
PC acknowledged that there are pressures in the system. JY assured members this is being managed and plans are in place to address these.  
  
JM presented two reports that have been delivered as follows:  
  
**Health and Safety Review**  
Audit reviewed key controls in place and identified four significant areas to draw attention to below, however also noted some areas of good practice.

* Audit found that there was no monitoring in place to confirm induction process and checklist was not taking place with new staff.
* Audit also found that there was no classification of what health and safety training courses were mandatory.
* Further point noted was delays of up to 175 days for investigation of health and safety incidents
* Final point was in relation to measurement and reporting of KPI’s.  
    
  JY stated that these findings are not acceptable and she has been given assurance that Health and Safety training had taken place however training forms had not been completed and this issue has now been dealt with.  
  With regard to timeliness of investigation this is due to incidents on the Datix system not being updated and she has been given verbal assurance this has been resolved however written evidence is required to confirm this.   
  JC added that work is being undertaken with Clinical Governance and detail will be brought to the next meeting in a follow up report.  
    
  JR asked should the induction issue be raised with Staff Governance rather than Clinical Governance and stated that he will discuss this with the Interim HR Director.  
    
  **Hotel Review**  
  JM directed members to page 6 of the report which detailed the key findings for the hotel review advising that these are low risk minor points and also noted that there are many examples of good practice.  
    
  KH referred to bullet point in relation to ratios in place. JM advised that this relates to planning ratios and there are no prescribed ratios as these are quite difficult to set due to variables involved and what audit are proposing is a set of guiding principles. This is a separate piece of work that KH will raise with the Director of the Hotel and stated it is not a significant risk.

**7.2 External Audit Update**ML provided a brief update advising that Scott Moncrieff have been appointed as external auditors to the Board for the next 5 year term and intend to review the plan with a fresh approach and will present the interim audit plan to the February committee meeting and the final audit plan to the committee by the end of the financial year.

**7.3 Appointment of External Auditors for Endowments**MLleft the meeting for this agenda item due to conflict of interest.  
  
LB presented this paper for recommendation regarding the appointment of external auditors for the charity prior to being presented to the Endowments Sub-Committee and Board of Trustees.   
Scott-Moncrieff have completed one year as external auditors for the Charity and the Board now need to make a decision regarding provision of audit services going forward. Two options were explored; first one was to appoint Scott Moncrieff for another year and the second one was to appoint an auditor for 3-5 years which would give more stability, this is the preferred option using ‘quick quote’ which is the Government’s robust process for tenders. PC stated for good governance and best practice the 3-5 year option would be preferable as it would be advantageous to have established auditors on our journey.  
  
Members were satisfied to recommend the second option to the Endowments sub-Committee for consideration prior presenting to Board of Trustees.

**7.4 Hotel Beverage Audit**JC reminded members that it was agreed to bring an update on the Hotel Beverage audit to this committee every 6 months hence it is being presented today, the report also includes progress on high value food items. There are no issues or concerns to report and it is being managed appropriately in line with the industry norm, the paper describes the process and JC stated she was happy to take any comments.  
  
PC questioned if this update actually requires to be presented to audit every six months. KH noted that this audit provides assurance to the committee and it is good practice to review liquor stock from time to time.  
JY suggested that an update could be presented to SMT or Performance and Planning Committee which will provide assurance to Audit and Risk Committee that there are monitoring systems in place.  
  
PC and members were content with this update and proposal for further updates.

1. **Person Centred**

**8.1 Update on Clinical Education Internal Audit (Mandatory Training)**JC advised that this update has been presented to the Board and is being brought to Audit and Risk committee to give further assurance that high priority recommendations on mandatory training have been addressed**.** JY addedthat it has also been discussed at Partnership Forum and Phase 1 of the project is now being worked on and deadline for Phase 2 of the project is August 2017; as this is a high risk it will come back to this forum.

**8.2 Innovation Fund**This paper was approved by the Board. The proposal will also be presented to the Endowments Sub-Committee and Board of Trustees for approval from the charity perspective and is being presented to the Audit and Risk Committee today for noting.

PC and members accepted this proposal as presented.

**8.3 Audit Scotland Reports**JC presented recently published reports from Audit Scotland asking members to note the actions taken. JC assured members all reports are reviewed and lessons learned from them.  
  
NHS in Scotland Overview, NHS Tayside and NHS 24 reports were particularly interesting and JC suggested that JR could perhaps take an action on workforce planning to the Person Centred Committee.  
  
ML noted that Tayside Health Board did not expect this report however if audit highlight these issues to management at an early stage then they can be avoided.

**8.4 National Fraud Initiative**LB presented a paper on the National Fraud Initiative for members’ information and refreshed members on the legal framework for matching data which is submitted in line with guidance.

LB also drew members attention to the best practice checklist included in the attached paper. JY asked if there is a deadline for the self appraisal checklist. LB advised that she aims to complete the self appraisal checklist by the end of the financial year. LB also advised that with regard to the review of matches that this would commence when the matches were released to the Board and the matches would be notified to the next Audit and Risk Committee meeting.  When the matches are released in January /February the Board has until the following January to complete review of the matches.  External Audit also have access to the system and as part of their annual audit comment that the Board has taken appropriate action and are addressing the matches in line with guidance.

* 1. **Fraud Update 2016/17**

LB reported that this paper provides an update to members’ on progress to date of issues relating to fraud.

Fraud Awareness Workshops are being run by Counter Fraud Services with the procurement workshop being well attended by procurement and finance staff. The date for the Cybercrime workshop is to be finalised with Head of e-Health and the Bribery and Corruption workshop is not yet available.  
  
Four different pieces of legislation are in use in Scotland which require that the Board maintains a register for gifts/hospitality. It was agreed at SMT that a short-life working group be established to take this work forward and they have met once.  
There are policies in place for hospitality however it is proposed to bring one register which covers all four pieces of legislation and agree who the holder is and what should be included in it.  
  
Counter Fraud Services Annual Review is being arranged for November with the Counter Fraud Champion, Director of HR, Director of Finance and Assistant Director of Finance (FLO).  
  
Operation Vector relates to large scale theft of medical equipment and the report is attached for members’ information.  
  
CFS have offered to give a brief presentation to Senior Management Team meeting in December on what the Bribery Act actually means for NHS Boards.

1. **AOCB  
   360 degree Reflection of meeting**  
   PC invited members to comment on the meeting stating he found the papers were easy to absorb albeit comprehensive.  
   PC noted that there are some large documents stored on Admin Control to read ie; the Audit Scotland reports. JC stated a link to the website for Audit Scotland reports could be sent to members to direct members to the relevant page.   
   JR stated the papers are very concise and felt whilst it would be beneficial to have a link to reports he thought it was helpful to keep all documents in the same place.  
     
   PC thanked everyone for attending and closed the meeting at 11.45am
2. **Date of next Meeting**7 February 2017