##### Approved Minutes

 **Audit and Risk Committee Meeting**

**Tuesday 11 June 2019 at 11.30am**

**Boardroom, Level 5**

**Golden Jubilee National Hospital**

### Present

Karen Kelly Chair of Audit and Risk Committee

Phil Cox Non Executive Director

Kay Harriman Non Executive Director

Stephen McAllister Non Executive Director

**In attendance**

Jann Gardner Chief Executive

Julie Carter Director of Finance
Lily Bryson Assistant Director of Finance
Laura Langan-Riach Head of Clinical Governance (Chief Risk Officer)
Joanne Brown Director, Grant Thornton
John Boyd Senior Manager, Grant Thornton
Chris Brown Partner, Scott-Moncrieff
Karen Jones Director, Scott-Moncrieff

Alex McGuire Clinical Specialities Manager
Brian Laughland Head of Procurement

**Minutes**

Anne McQueen PA to Director of Finance

1. Chair’s Introductory Remarks
Karen Kelly opened the meeting and welcomed everyone. It was noted that due to the timing of the committee meeting that there were a few late papers and going forward timings of next year’s meetings will be reviewed to ensure that this situation is avoided.

Presentation on Deep Dive into Treatment Time Guarantees Risk
Alex McGuire attended to provide members with a presentation on Treatment Time Guarantees, this was a result of the deep dive approach agreed into specific risks and this presentation will help members understand the factors behind some complex issues involved in the waiting times process.

Full detail is contained within the slides which are available to members if required.

Members were assured that this risk is being managed and recovery plans are in place.

1. Apologies

There were no apologies to note.

1. **Declaration of Interests**There were no declarations of interests to note.
2. **Minutes of the previous Audit and Risk Committee Meeting**

Minutes from the meeting held on 16 April 2019 were read for accuracy and approved.

4.1 Matters Arising
An update on outstanding actions was provided with full detail recorded in the
action log.

1. **Person Centred**

**5.1 Audit Scotland Reports**

Lily Bryson advised members thatthere were no significant reports applicable to the Board published by Audit Scotland since the last Committee meeting. The next significant report relevant to the Board (NHS in Scotland 2018/19).is due to be published in November 2019,

**5.2 Prevention of Fraud Update 2019/20**Lily Bryson advised members that work and activity undertaken for prevention of fraud throughout the year is detailed within the paper and a pro-active plan has been compiled for 2019/20. Assurance was provided that there is no evidence of fraud to note within the Board.

**5.3 National Single Instance Service Audit Report**National Single Instance Service Audit Report was presented with assurance received from service audits for the National Finance System and the National IT System. The IT Report will be submitted to the eHealth Steering Group.
This provides the committee with positive assurance over the controls in place with no actions noted.

**5.4 Workplan 2019/20**Karen Kelly presented the committee’s workplan for the coming year which has been discussed at previous meetings.

Laura Langan Riach referred to deep dive of risks and asked if members wish to specifically state which risks should be selected. Karen Kelly suggested this be discussed at the next Committee meeting.

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| --- | --- | --- | --- |
| **Action No.** | **Action** | **Action by** |  **Status** |
| 110619/01 | Decide on specific risks for deep dive approach. | LLR |  New |

**5.5 Terms of Reference Update**Karen Kelly advised members that this was an opportunity to update the terms of reference for the committee.
It was suggested that rather than naming individuals in the membership list that job titles would be included instead. It was also proposed that start and leaving dates would be inserted for members.

Head of Corporate Governance, Board Secretary will commence on 22 July 2019 and she will have ideas emerging from national work that may impact on other committee’s terms of reference.

Members approved terms of reference which will be presented to the August Board of meeting.

1. **Safe**

**6.1 Board Risk Register and Enterprise Risk Update**Laura Langan Riach presented the Board Risk Register which was reviewed and endorsed at the Senior Management Team meeting and highlighted proposed recommendations of risks:

* EU Withdrawal risk reduced to medium level but members received assurance that this will continue to be closely monitored until planned deadline date in October and can be escalated if necessary. Contingencies are already in place.
* Workforce Capacity risk increased to high level given workforce challenges linked to the hospital expansion.
* Waiting Times risk is under review whilst being mindful that we are protecting patients.

It was proposed to remove the following three risks; S1, S2 and S4 from the Risk Register. Karen Kelly asked if these closed risks will be recorded on another register. It was agreed that Laura Langan Riach would decide the best method of monitoring these risks.

Members were satisfied with recommendations and approved the updated Risk Register which will be presented to the Board.

* 1. **Assurance Framework**Julie Carter advised that as part of the Audit Committee Handbook this was a piece of work undertaken which provides first, second and third line of defence and if members are satisfied with work to date the same approach will be applied to other areas.

	Method/approach of mapping was based on questions from the Audit Committee Handbook and provides assurance to the Board of a robust approach; overall this was a positive exercise.

	Karen Kelly stated that this was good methodology with simple questions and improvements. Next step is defining areas and working through mapping exercise.

**6.3 Procurement Annual Report**Procurement Annual Report was presented by Brian Laughland which highlighted work undertaken in the past year and future procurement requirements over the next two years.

Kay Harriman referred to the chart on page 5 regarding regulated procurements and noted that there were no community benefits noted and asked if that was a problem.
Brian Laughland responded that value of each procurement activity requires to be over £3.5m before community benefits are realised and none of these procurements reached that amount. It was therefore agreed to amend the report to read not applicable due to amount.

The report will be submitted to Scottish Government and will then be published on the Board’s website.

**7 Effective**

**7.1 Internal Audit Consultant Job Planning Review**
John Boyd introduced a summary of the consultant job planning review which assessed Consultant’s terms and conditions and arrangements and controls in place at the Board. Overall a rating of ‘Partial Assurance with Improvement Required’ was delivered.

There were three recommendations noted; one high, one medium and one low.
Members were guided to the section of the report relating to job planning and it was found that a number of eJob plans were not formally signed off; national guidance recommends that job plans should be signed off before the start of the financial year. Recommendation to management was to manage that and an action plan has been put in place to address this issue.

The other two recommendations were relating to maximum use of job plans as there is an opportunity to enhance detail for the Board and individual Consultants to support delivery of the Board’s objectives and staff development.

Jann Gardner responded stating that the report effectively reflects where we are, there has been discussion at a number of meetings and this concerns us greatly and at the end of this financial year there will be no job plans not signed off. To give assurance to the Board letters are being sent to Consultants advising them that if job plans are not signed off there will be no discretionary points awarded. This is a live issue and the new Medical Director when in post along with Gareth Adkins will be asked to focus on this topic which will also be discussed at Executive Directors weekly meeting.

Kay Harriman asked if disciplinary procedure for non compliance can be actioned. Jann Gardner confirmed that this was an option and added that one of the reasons for this review being undertaken by audit was the Board’s concern and to make consultants aware of the situation. She added that medical staff are being written to individually regarding regulations and we are setting the bar high, this is a fair warning with the criteria of no job plan no discretionary points and this report gives added impetus.
Kay Harriman stated it is important to share this report with Person Centred Committed. Jann Gardner agreed and stated it was worthy of note across all committees.

Kay Harriman noted timescale of 30 September 2019 and asked if that timeline is over ambitious. Jann Gardner stated that this is a significant piece of work to be undertaken by the new Medical Director and Director of Quality, Innovation and People who will take this work forward and work to agreed timescales.

Members noted the job planning report.

**7.2 Internal Audit Annual Report**

Joanne Brown presented the annual summary of 2018/19 audit work undertaken for the Board. The overall audit opinion for this period based on scope of reviews was that reasonable assurance can be given on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.

Findings are articulated within the report with commentary and actions in place to mitigate risk for each recommendation.

Karen Kelly asked if the Consultant Job Planning review was the main factor in the audit outcome opinion. Joanne Brown responded that partial assurance with improvement required was also delivered on a few other reports, therefore from auditor’s perspective reasonable assurance is a fair view overall.

Phil Cox stated it would be useful to explain within the body of the report what the audit opinion means in plain English. Joanne Brown stated that she can add clarity in future reports.

**7.3 Internal Audit Annual Plan**

Joanne Brown presented the internal audit plan which reflects discussion held at the Committee meeting in April and there has also been a number of conversations with management regarding the scope and timings. No changes have been proposed.

Members were content to approve the internal audit plan.

**7.4 Internal Audit Recommendations Follow up Report**John Boyd presented this report which provides a summary of progress of recommendations/actions arising from internal audit reports.

Main focus has been on recommendations outstanding for 2017/18 and the number of outstanding actions overdue as at May 2019 has been reduced to 3 medium rated actions. Appendix 1 highlights a brief summary of detail and status of overdue actions.

Recommendations raised for the current year total 16 actions, the status of these actions will be reviewed during 2019/20 as they fall due for closure.
Members noted good progress against outstanding actions from internal audit reviews.

**7.5 Audit and Risk Committee Annual Report**Audit and Risk Committee Annual Report was approved by members with changes incorporated as discussed at the previous committee meeting.

* 1. **External Audit Annual Report on 2018/19 Audit to the Board**

Chris Brown presented the external audit report apologising for the lateness and stated it is in draft form until submitted to the Board on 20 June therefore this will give members time to read the report and if they have any comments to feedback.

An overall conclusion of unqualified audit opinion was delivered which includes consolidation of the Charity annual accounts.

Key points from the report are noted below:

* Annual report and accounts audit demonstrated achievement of the three key financial targets in 2018/19.
* Financial sustainability demonstrated that savings targets were achieved and recurring savings target was achieved which puts the Board in a good position for future savings.
* Financial management demonstrated that strong arrangements for financial controls were in place.
* Governance and transparency was found to be satisfactory and appropriate and audit were pleased to see actions from the Board’s self assessment demonstrates commitment to continuous improvement.
* Value for money demonstrated that the Board has appropriate processes in place to support achievement of best value with good governance and robust management in place. A case study in value for money has been included to demonstrate this.

Members were asked to feedback any comments back to Julie Carter by Thursday for finalised version to be presented to the Board on 21 June 2019.

Chris Brown relayed thanks to Julie Carter and Lily Bryson for preparation of accounts and associated work and noted that auditors were pleased to advise that this was a very positive report with no major issues identified.

Karen Kelly noted the potential risk area on material misstatements and one material adjustment of £1.5m; it was noted that this did not have any impact on the accounts.
Julie Carter explained that this relates to income which the Board receives from Scottish Government which is then transferred to NHS Lanarkshire therefore as we are acting as intermediary this income is not reflected in our annual accounts, this is linked to the adoption of new accounting standards.

Members noted the External Audit Report for 2018/19.

**7.7 Annual Report and Accounts**

Draft Annual Report and Accounts were presented in a new user friendly format for discussion and approval, focus was on clearer narrative. It was noted that as majority of members recently received annual accounts training this has proven beneficial in understanding the detail within the annual accounts.

Karen Kelly noted a few typos which she will advise Lily Bryson about directly.
Julie Carter noted that due to internal issues with new formatting of annual accounts resulted in a delay to the external audit report being circulated.

Members were content to recommend the Annual Report and Accounts to the Board for final approval.

**7.8 Statement of Assurance to the Board**

Statement of Assurance from the Audit and Risk Committee to the Board was presented which states that members were satisfied with the arrangements within the Board with regard to the internal control framework.
It was agreed to add in a sentence confirming that signed assurance statements have been received from members of the committee providing assurance to the Chief Executive as Accountable Officer for the Board that they have fulfilled their role during the year.

1. **AOCB**

**8.1 Horizon Scanning**It was noted that there are various tasks emerging from the NHS Corporate Governance work at Scottish Government.

It was also noted that it maybe worthwhile having a conversation with auditors with regard to commissioning work to be undertaken by the Board

It was noted there could be better management reporting of Research and Development in how we share information and how it is reported.

**Reflection of Meeting**
As this was Julie’s last Audit and Risk Committee meeting as the Director of Finance of the Board, Karen thanked Julie on behalf of the Committee for her leadership, service and support she has given to members over the years, whilst being open to new ideas and enhanced improvements this has resulted in healthy audit reports and timely recommendations providing assurance to committee members.

Karen also noted that this was Phil and Kay’s last Audit and Risk Committee as Non Executive Directors and thanked them for their contribution and service and also extended appreciation to Phil as the previous formal Chair of the Committee.

 Karen Kelly stated that this concludes the business for today and thanked members for their contributions and closed the meeting at 1pm.

1. **Date of next Meeting**22 October 2019 at 10.30am