##### Approved Minutes

**Audit and Risk Committee Meeting**

**Tuesday 20 April at 10.30am**

**By Microsoft Teams**

### Present

Karen Kelly Non-Executive Director (Chair)

Morag Brown Non-Executive Director

Elaine Cameron Non-Executive Director

Jane Christie-Flight Non-Executive Director/Employee Director

Stephen McAllister Non-Executive Director

**In attendance**

Jann Gardner Chief Executive

Colin Neil Director of Finance

Liane McGrath Head of Corporate Governance

Laura Langan Head of Clinical Governance (Chief Risk Officer)

Nicki Hamer Deputy Head of Corporate Services

Karen Jones Director, Azets Audit Services

Joanne Brown *(from 11.10am)* Partner, Grant Thornton UK LLP

Jamie Fraser Audit Associate, Grant Thornton UK LLP

Rob Moore Non-Executive Director

Callum Blackburn Non-Executive Director

**Minutes**

Denise Crossan Corporate Administrator

1. Chair’s Introductory Remarks

Karen Kelly opened the meeting via Microsoft Teams and welcomed members. Karen Kelly welcomed Callum Blackburn to the meeting as an observer.

1. Apologies

Apologies were noted from Lily Bryson

1. **Declaration of Interests**

There were no declarations of interests to note.

1. **Minutes of the previous Audit and Risk Committee Meeting**

Minutes from the meeting held on 18 February 2021 were read for accuracy and were approved as an accurate record.

4.1 Matters Arising

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

5. Effective

**5.1**  **Fraud Update**

Colin Neil presented the Fraud update advising that, as agreed as part of the work plan for the Audit and Risk Committee, an update would be brought to each meeting with regard to fraud, the paper covers both proactive and reactive issues.

There are currently no reactive cases under investigation.

The Counter Fraud Services visit is being organised and a Committee date will be confirmed in due course.

Proactive activity has commenced and an internal review of tracking assets is underway. Assets will be checked against NCMR’s and delivery notes against the eHealth register to verify that the user has the asset. This work is anticipated to complete by end of May 2021.

Committee Members noted the Fraud Update.

**5.2 Hospital Expansion Programme Update**

Colin Neil provided an update on the Hospital Expansion Programme and highlighted the following key points:

Phase 1

* The Eye Centre Outpatient Department opened 19 November 2020.
* Theatres opened 23 November 2020.
* Total final expenditure expected to be just under £15.4m against a budget of £15.8m giving an underspend of £0.4m.
* Final numbers have been presented to the Valuer. The valuation for Phase 1, and the associated impairment, will be included in the Annual Accounts.

Phase 2

* Works continue on site and the HFS Assurance Review continues to make positive progress.
* Authority provided to proceed with the formal contract, this will allow the implementation of the Project Bank Account.
* In-year spend remains within the overall allocation from Scottish Government.
* Continuing the 1:200 design process for the planned refurbishment areas.
* Development of plans on breakthrough areas is progressing.

Karen Kelly highlighted that dates within the papers 5.2b and 5.2c should be reviewed and updated before presentation to Board.

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| **Action No.** | **Action** | **Action by** | **Status** |
| 21042021/01 | **Hospital Expansion Programme Update**  Dates within the Phase 2 progress report to be updated prior to Board presentation. | Colin Neil | New |

CommitteeMembers noted the Hospital Expansion Update.

**5.3 Draft Governance Statement**

The Draft Governance Statement has been prepared in line with the appropriate guidance. The opinion of the internal auditors is to be provided and will be incorporated.

Committee Members were asked to approve the draft governance statement which outlines responsibilities, purpose of internal control, governance framework and structure, Board committees, policy review and risk assessment.

Susan Douglas-Scott provided feedback on the statement prior to the meeting and advised that the frequency of the Agile governance group meetings noted in page six of the paper should be updated.

Jane Christie-Flight noted that on page seven of the statement, Person Centred and

Staff Governance Committee should be referred to as Staff Governance and Person

Centred Committee.

Committee Members highlighted that the dates on pages three and nine for correction.

Jane Christie-Flight provided an update to a paragraph on page eight of the paper.

Committee Members approved the Draft Governance Statement subject to the highlighted amendments.

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| **Action No.** | **Action** | **Action by** | **Status** |
| 21042021/02 | **Draft Governance Statement**  Paper to be updated with highlighted amendments. | Liane McGrath | Closed  Amended and included in the draft accounts. |

**5.4 Annual Reports**

Karen Kelly noted the Board Committee Annual Reports. Committee Members agreed that all Annual Reports should follow the same layout and format.

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| **Action No.** | **Action** | **Action by** | **Status** |
| 21042021/03 | **Annual Reports**  Standard template to be used for all final annual reports. | Liane McGrath | New |

**5.4a Clinical Governance Committee Annual Report**

Laura Langan advised that the 2021/2022 workplan will be included in the final version of the report.

Committee Members noted the Clinical Governance Annual Report.

**5.4b Staff Governance and Person Centred Committee Annual Report**

Committee Members noted the Staff Governance and Person Centred Committee Annual Report.

**5.4c Finance and Performance Committee Annual Report**

Committee Members noted the Finance and Performance Committee Annual Report.

**5.4d Audit and Risk Committee Annual Report**

Committee Members approved the Audit and Risk Committee Annual Report subject to the amendments highlighted on page 2 of the report.

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| **Action No.** | **Action** | **Action by** | **Status** |
| 21042021/04 | Annual Reports  In table 1.5, correction required to Elaine Cameron’s name. | Liane McGrath | Closed Updated in the Final Report |

**5.5 Board Risk Register**

Laura Langan advised there no changes had been made to the Board Risk Register since it was last presented to the Committee. The Risk Register remains under review and will be presented at the next Committee meeting.

Committee Members noted the Board Risk Register Update.

**5.6** **Procurement Strategy**

Colin Neil explained that there is a formal requirement to review the Procurement Strategy every three years. The updated Strategy covers the period 2021 to 2024 and provides an overview on the approach to contracting activity and details the relevant procurement policies.

Jane Christie-Flight there is an obligation to ensure contractors and their staff are aware of NHS GJ Whistleblowing Standards and the process for reporting against them.

Elaine Cameron highlighted the vision and mission statement within the document and the importance of linking this to the objectives of the Strategy. The Committee discussed and agreed that the vision and mission statement would be reviewed out with the meeting to allow Committee members to provide their feedback and endorse offline.

Committee Members approved the Procurement Strategy in its current draft and further endorsement of any changes will be provided by email.

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| **Action No.** | **Action** | **Action by** | **Status** |
| 21042021/05 | **Procurement Strategy**  Committee Members to provide feedback on the Vision and Mission Statement within the Strategy via email. | All | New |

**5.2 Workplan**

Colin Neil presented the Draft 2021/22 Audit and Risk Committee workplan. The workplan describes the standing agenda items and any statutory work to be carried out in the forthcoming year.

Colin Neil noted that during 2021/22 there may be specific additions to the work plan particularly relating to:

* Outstanding work in relation to the Covid-19 pandemic, with particular focus on the Boards Recovery / Re-mobilisation Plans and process to initiate new and restart services including patient pathways and developing protocols, the impact and controls on the financial position and the governance command structure implemented and agile governance approach adopted.
* Continued recognition of the planning work required to support the Hospital Expansion Programme.
* Work in relation to the Board’s commissioning role as this develops.
* Work in relation to the assurance framework within the Board.

Committee Members approved the 2021/22 Workplan.

**5.8 Terms of Reference**

Colin Neil presented the Audit and Risk Committee Terms of Reference as per the routine annual review. Committee Members approved the ToRs for 2021/22.

**6 Auditor Reports**

**6.1 Internal Audit**

**6.1a Internal Audit Progress Report**

Joanne Brown advised that good progress has been made against the 2020/21 Internal Audit Plan. At the next Audit and Risk Committee, Workforce Review, follow up and Internal Audit report and opinion will be presented. The follow up work has commenced and a good response has been received on the actions.

Committee Members noted the Internal Audit Progress Report.

**6.1b Financial Sustainability – Part Two Audit Report**

Jamie Fraser advised the Financial Sustainability Report considered the process followed when drafting the Board’s Remobilisation Plan, ahead of submission to the Scottish Government in February 2021. Based on the work carried out this report was rated as Reasonable Assurance. No recommendations were raised and page four of the report outlines the key observations and commentary for the finance team to take on board.

Colin Neil noted support for the report and welcomed scrutiny in this area. The Remobilisation Plan incorporated a substantial amount of new investment to NHS GJ, the process and templates were prescriptive and this audit provided NHS GJ with assurance that robust processes were followed when agreeing the submission.

Karen Kelly welcomed the report noting that the Internal Audit review was reassuring and gave confidence that good governance processes had been adhered to.

Committee Members noted the Financial Sustainability – Part Two Audit Report.

**6.1b Patient Pathways Phase One Audit Report**

Jamie Fraser noted that the Patient Pathways Auditwould be conducted in two stages due to the current remote working arrangements.Phase one of the auditfocuses on the restart and implementation of new services and the introduction of a standard operating procedure (SOP) templates.

The report has been rated as Reasonable Assurance with one advisory finding. The advisory finding was in relation to version control of an SOP, this has been discussed with the Head of Clinical Governance and action put in place to ensure SOPs are held centrally so all staff have access to the correct version.

Committee Members noted the Patient Pathways Phase One Audit Report.

**6.1c Internal Audit Annual Plan 2021/22**

Joanne Brown outlined the planning principles of the 2021/22 Internal Audit plan. It is proposed to review quarter one activity to ensure activity is proportionately distributed across the financial year. A meeting will be arranged with the Chief Executive and other key members of the management team to agree the areas of risk and the internal audit priorities for 2021/22. The complete plan will be brought to June 2021 Audit and Risk Committee meeting for approval.

Joanne Brown asked members to provide their feedback on the plan and any recommendation for areas of risk. Karen Kelly welcomed the early presentation of this paper and reflected on the reports presented in this financial year. Karen Kelly noted the importance of a challenging audit plan to ensure the Board is being appropriately scrutinised, highlighting that a number of audits have resulted in relatively few recommendations. Jann Gardner agreed that a robust audit plan was essential and noted that this year’s positive audits have been a reflection of the detailed approach taken this year.

Committee Members discussed and suggested the following areas of focus for the 2021/22 Audit Plan:

* NHSS Academy in Quarter Four
* eHealth and IT
* Workforce
* Whistleblowing Standards Quarter Four
* Compliance against policies and procedures
* Cyber security
* General Financial Controls

Joanne Brown thanked members for their input and noted that timing is crucial for these keys areas.

Karen Kelly thanked members for their helpful comments and noted the final plan would be presented at the next Committee meeting.

Committee Members noted the Internal Audit Annual Plan 2021/22.

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| **Action No.** | **Action** | **Action by** | **Status** |
| 21042021/06 | **Internal Audit Plan 2021/22**  Chief Executive, Director of Finance and Grant Thornton to meet to agree the final 2021/22 Audit plan. | JG/CN/JB | New |

**6.2 External Audit Update**

Karen Jones noted that there was nothing specific to highlight. External Audit are in the planning stages for the final audit visit in May. Works continues to plan towards the June Committee deadlines.

Committee Members noted the External Audit Update.

**7. Date and Time of Next Meeting**

Tuesday 15 June 2021, 10.45am.