

**Approved Minutes
Audit and Risk Committee Meeting
Wednesday 20 April 2022 at 14:00**

Present

Karen Kelly	Non-Executive Director (Chair)
Morag Brown	Non-Executive Director
Stephen McAllister	Non-Executive Director
Jane Christie-Flight	Employee Director

In attendance

Jann Gardner	Chief Executive
Colin Neil	Director of Finance
Gerard Gardiner	Head of Corporate Governance
Karen Jones	Azets Audit Services
Jamie Fraser	Grant Thornton UK LLP
Susan Douglas-Scott	Board Chair
Lily Bryson	Assistant Director of Finance, Governance and Financial Accounting
Peter Clark	Grant Thornton UK LLP
Graham Stewart	Deputy Director of Finance
Stuart Graham	Director of Digital & eHealth

Minutes

Alison MacKay	Corporate Administrator
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1. Chair's Introductory Remarks

Karen Kelly opened the meeting via Microsoft Teams and welcomed Members and those in attendance.

Graham Stewart was welcomed to the Committee as the newly appointed Deputy Director of Finance.

2. Apologies

Apologies were noted from Nick Bennett, Azets Audit Services.

3. Declaration of Interests

There were no declarations of interests to note.

4. Updates from last meeting 1 March 2022

4.1 Unapproved Minutes

Minutes from the meeting held on 1 March 2022 were read for accuracy. Jane Christie-Flight was recorded twice in the note of attendance and Stephen McAllister was omitted from the note of attendance.

The Committee, subject to the two amendments, were content to approve the Minute.

4.2 Action Log

The Committee noted that they were content with the Action-Log, noting those items which featured on the Agenda.

4.3 Matters Arising

None.

5. Effective

5.1 Fraud Update

Lily Bryson gave a verbal update and confirmed that the partnership agreement with the Scottish Government for provision of counter-fraud services for financial year 2022/23 had been signed by Jann Gardner.

The Committee noted the Fraud Update.

5.2 Hospital Expansion Project Update

Colin Neil presented the Hospital Expansion Project Update and noted key milestones from the paper.

Phase Two was reported by C Neil to be progressing to schedule and budget.

The Capital spend to conclusion of month 11, including the Work Task Orders, was recorded at £9 million.

Following discussions with the Scottish Government the cash flow forecast was reduced from £32 million to £22 million. Further discussions with Scottish Government has forecast a £27 million position for Phase Two. Assurances were made to the Committee that capital expenditure is projected to be in a positive position.

The Appendix paper noted the overall progress of the Phase Two expansion. The Committee were assured that preparations were progressing well to ensure that the imminent breakthroughs will not cause significant impacts on day to day operability of clinical areas beyond disruption which is factored into programme assumptions. This work is being overseen and monitored by a Short Life Working Group. The

Committee will be presented with further update at the meeting in June as the Expansion enters this key stage of the project.

The Committee noted the Expansion Update and were satisfied with progress to date.

5.3 Board Risk Register

The Committee were presented with the Board Risk Register. Karen Kelly noted that a detailed paper relating to a review of the Risk Register had been presented at the Board Private Session on 31 March 2022. In order to support the Board in developing its Risk Appetite, and in support of the Board's evolving risk management arrangements, risk register templates and protocols are being revised, with a target date for completion of June 2022. A revised suite of Risk Register governance documents will then be presented to the Board Seminar in July for Approval.

The Audit and Risk Committee approved the removal of S12 EU Withdrawal from the Risk Register and endorsed the addition of 023 eHealth Resources to support eHealth resources capacity at the meeting on 1 March 2022.

The Committee were content to note the approved changes made to the Board Risk Register.

5.4 Accounting Policies

The Committee are presented annually with the Accounting Policies for approval in preparation of the annual accounts. Lily Bryson presented this year's Accounting Policies for approval.

5.5 Plan for year end 2022/23

Lily Bryson presented the plan for reporting on year-end financial and operational performance to the Committee, and then to the Board of NHS Golden Jubilee. Assurances were made by L Bryson that the timetable for presentation, scrutiny and comment on the annual accounts and financial statements remains on schedule.

The Committee noted the plan for year-end financial reporting arrangements.

5.6 National Fraud Initiative Outcomes

C Neil advised Committee members that the National Fraud Initiative Outcomes have not yet been released. K Kelly requested that representation from Audit Scotland to at the meeting of the Committee in June 2022 be arranged.

The Committee noted the National Fraud Initiative Outcomes report.

5.7 Draft Annual Reports

C Neil asked the Committee to consider the Draft Annual Reports.

Karen Kelly noted inconsistencies within the various Draft Annual Reports when referring to attendance at Committees and asked that this be standardised in time for reporting to board committees.

5.7a Clinical Governance Committee

Morag Brown requested the “Feedback on Blue Print for Good Corporate Governance Self-Assessment” be included within Table 2 “Work Plan Items 2021/2022” as additional agenda item discussed at the meeting on 3 March 2022.

5.7b Staff Governance and Person Centred Committee

G Gardiner advised, in response to a query from J Christie-Flight, that the Terms of Reference is a live matter and is on the agenda for the Committee meeting in May.

5.7c Finance and Performance Committee

Stephen McAllister was satisfied with the report and advised he had nothing further to add.

5.7d Audit and Risk Committee

The Committee requested that the Committee work-plan be amended to note Cyber Security as a standing item at Committee meetings.

Susan Douglas-Scott advised that Board Chairs are soon to publish a revised Blue Print for Good Governance. S Douglas-Scott advised that discussion had also taken place regarding alignment of approaches across boards relating to the role of Staff Governance Committees.

Gerard Gardiner welcomed the comments and advised he would incorporate these within the reports presented during the forthcoming May Committee cycle. G Gardiner advised that the Audit & Risk Committee would then receive the reports for final approval at the meeting in June ahead of the consideration, by the Board of NHS Golden Jubilee, of the final accounts for financial year 2021/22.

5.8 Cyber Security

Stuart Graham attended the meeting to update the Committee on the Cyber Security position.

S Graham advised that the current situation in Ukraine remained of concern. No specific threats had been made to Scottish Health Boards, however the Scottish Government Cyber Resilience Unit continue to monitor the situation as high risk.

S Graham advised that the eHealth department continuously promotes cyber awareness and appropriate use of NHS Golden Jubilee email with positive staff engagement identified.

S Graham advised of increased vulnerabilities that had been identified with Microsoft software. The department are working on alignments with other Boards to resolve these vulnerabilities. S Graham further advised that malicious activities continue to be monitored as part of routine system monitoring.

S Graham advised the Committee of the “Re-introducing Fair Warning National” initiative which is scheduled for roll-out in May 2022.

S Graham advised the Committee that future update reports will contain Key Performance Indicators to provide assurance to the Committee on cyber security performance.

Stuart Graham advised the Committee there was a network outage on 19 April 2022 with the following information and assurance provided:

- It was suspected by the SG Cyber Resilience Unit that there had been a deliberate “Denial of Service Attack” on the Scottish Wide Area Network “SWAN”.
- Further updates will be provided to relevant Board Committees when further information is available;
- At this time it was not know whether the attack was targeted at a specific SWAN user or was more randomly targeted;
- The Scottish Government Resilience Unit and NHS National Services Scotland are leading the investigation into the incident.

The Committee note the cyber security update, and welcomed the advised dashboard style reporting.

5.9 Draft Governance Statement

The Committee were presented with the Draft Governance Statement for consideration. G Gardiner spoke to the statement and confirmed that the Committee would be presented with the final version at the meeting in June ahead of the consideration by the Board of NHS Golden Jubilee of the Final Annual Accounts.

In addition to other aspects of governance summarised in the Report, the Committee was reminded that Full Committee and Board meeting schedules had resumed in 2021-22.

G Gardiner confirmed that the Committee would receive a further report at the meeting in June for inclusion in the final accounts.

Jane Christie-Flight noted the following amendments within the report:

Page 6 – Reference should be to the post of Employee Director in relation to J Christie-Flight.

Page 8 - the Staff Governance Person Centred Committee had overseen implementation of the Whistleblowing policy. However, oversight of this function is within the Terms of Reference of the Clinical Governance Committee.

The Partnership Forum report is presented to the Staff Governance & Person Centred Committee as a standing agenda item for noting.

Page 10 – The language at the start of Page 10 requires to be re-visited for grammatical accuracy.

The Committee agreed the amendments and subject to those amendments being made prior to re-submission of the Statement at the June meeting of the Committee were content to approve the report.

Action No.	Action	Action by	Status
ARC/20220421/02	Draft Governance Statement The following amendments to be made to the report (i) Page 6 – change reference to Employee Director (ii) Page 8 – Reference to the Staff Governance & Person Centred Committee overseeing the implementation of the Whistleblowing Policy should be changed to reflect that this role sits with the Clinical Governance Committee. (iii) The Partnership Forum report should be confirmed as being a standing agenda item for the Staff Governance & Person Centred Committee. (iv) Page 10 – re-visit for grammatical accuracy.	GG	New

5.10 ARC Work-plan 2022-2023

The Committee were presented with the ARC work-plan 2022-2023. The Committee noted G Gardiner's confirmation that the work-plan would be adjusted to include Cyber Update as a standing item.

The Committee Approved the ARC Work-plan 2022-2023 with the inclusion of Cyber Update.

Action No.	Action	Action by	Status
ARC/20220421/03	ARC Work-plan 2022-2023 Cyber Update to be included as	GG	New

	standing agenda item at all meetings of the Committee during 2022-23.		
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5.11 ARC Terms of Reference 2022-2023

The Committee were presented with the ARC Terms of Reference. The Committee requested that the same amendment to the Work-plan as referred to at Agenda Item 5.10 above be carried through to the Terms of Reference, in that a Cyber Update would be noted as a standing agenda item.

The Committee also requested that the Deputy Director of Finance to be included as a standing attendee at the Committee.

The Committee Approved the Terms of Reference with amendments.

Action No.	Action	Action by	Status
ARC/20220421/04	ARC Terms of Reference 2022-2023 Cyber Update to be included as standing item. Deputy Director of Finance to be included as standing attendee at committee meetings.	GG	New

5.12 SFIs

Lily Bryson presented the Standing Financial Instructions.

The Committee received Appendices attached to this paper for approval. L Bryson confirmed that two papers remained outstanding and are to be finalised for presenting at the Committee meeting in June 2022.

- 15 Information Technology
- 21 Fraud, Theft and Other Irregularities

The Committee supported the Standing Financial Instructions ahead of the consolidated report for approval at the meeting in June 2022.

5.13 NSI Audits

Stuart Graham provided a verbal update to the Committee. S Graham advised that future Committee updates would be in the form of dashboard reports.

The Committee were presented with a spreadsheet containing information on identified risks, together with measures taken or planned in mitigation of those risks. S Graham confirmed that this work will be overseen by the newly appointed Cyber officer.

The Committee requested that the substantial amount of data presented be, in future reports, accompanied by narrative to aid interpretation and scrutiny of the data. S Graham confirmed that future updates to the Committee would contain narrative to this effect.

The Committee noted the NSI Audits and welcomed the proposed change to dashboard format for future reports.

5.14 Procurement Strategy

L Bryson presented the Committee with the Procurement Strategy 2021-2024. The report was compiled following positive discussions and engagement from stakeholders involved in the preparation of the Strategy. This is an active strategy and will be refreshed on an annual basis.

The report highlighted key changes from the previous strategy as follows:

- EU withdrawal
- App accreditation
- Support for use of Credit Card payment methods in line with appropriate safeguards and approval processes
- The use of purchase orders as part of standardised invoicing arrangements.

The Committee noted and approved the Procurement Strategy.

6 Auditor Reports

Peter Clark from Grant Thornton UK LLP presented the Auditor Reports. Among other matters reflected in the Report, Peter Clark confirmed that the review of IT equipment is under way and is progressing well.

Peter Clark confirmed that Grant Thornton UK LLP would provide its opinion on the annual accounts and financial statements at the Committee meeting in June.

The committee noted the Auditor Reports.

6.1 Internal Audit Progress Report

Jamie Fraser from Grant Thornton UK LLP presented the Internal Audit Progress Report.

6.1a Final reports (Financial Controls)

The Committee were advised of an overall partial assurance rating regarding financial controls.

Inconclusive findings regarding evidence of eESS training had resulted in partial assurance ratings in the report.

The implementation of robust PECOS controls is the management measure aimed at addressing these measures during FY 2022/23.

The Committee were assured that a low priority had been accorded to the issue regarding bank reconciliation. This was due to the scale of the issue identified. The Committee was assured that the reconciliation itself had proven accurate, and the error identified was one of record keeping as opposed to a substantive variance.

J Gardner advised that rectification of outstanding items would be fully embedded as part of Executive Director's Objectives set out for 2022-2023. The Committee noted the Final Reports.

6.1b Update on 2022-2023 Plan

The NHS Scotland Academy governance schedule had been forwarded to the Board's internal auditors with no significant changes noted. The Committee were advised by J Gardner of the unique governance structure of the Academy with NES leading on education and NHSGJ leading on operational matters.

The Committee noted the Internal audit Progress Report.

6.2 Audit Scotland Reports – Update

L Bryson discussed the paper submitted to the Committee in advance of the meeting, noting that there were no specific activities which required the attention of the Committee at this time.

Karen Kelly requested Audit Scotland be invited to attend a future meeting.

Action No.	Action	Action by	Status
ARC/20220421/05	Audit Scotland Reports – Update Audit Scotland to be invited to a future ARC meeting	LB	New

6.3 External Audit Update

Karen Jones from Azets attended the meeting to present the External Audit Update.

K Jones advised that the Audit process would commence on Tuesday 3 May 2022 following the Public Holiday on Monday 2 May 2022. The Committee will receive a final update at the meeting on 16 June 2022 ahead of the final accounts submission on 30 June 2022 in accordance with the Scottish Government timetable.

The Committee noted the External Audit Update.

7. Any Other Competent Business

No other business noted.

8. Date and Time of Next Meeting

The next meeting is scheduled for Thursday 16 June 2022 at 13:30