##### Approved Minutes

**Audit and Risk Committee Meeting**

**Thursday 14 March 2024, 10:00-12:00**

### Present

Karen Kelly Non-Executive Director (Chair)

Stephen McAllister Non-Executive Director

Lindsay MacDonald Non-Executive Director

Jane Christie-Flight Employee Director

**Core Attendees**

Gordon James Chief Executive

Carolynne O’Connor Executive Director of Operations/Deputy Chief Executive

Michael Breen Director of Finance

**In attendance**

Graham Stewart Deputy Director of Finance

Kevin Daly Head of Finance

Nicki Hamer Head of Corporate Governance and Board Secretary

Sharon Stott Head of Information Governance (from 10:15)

John Scott Director of Facilities and Capital Projects (from 10:35)

Katie Bryant Head of Risk and Clinical Governance (from 11:45)

Rashpal Khangura KPMG LLP, External Auditor

Imogen Milner KPMG LLP, External Auditor

Rachael Weir Azets, Internal Auditor

**Apologies**

Morag Brown Non-Executive Director

**Minutes**

Claire Hendren 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 extended their appreciation to Lily Bryson for her commitment and support to the organisation and noted Graham Stewart would move to the Interim Director of Finance role from 1 April 2024.

The Committee welcomed the opportunity for the Wellbeing Pause, aimed at helping maintain connections between colleagues.

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 13 February 2024

**2.1 Unapproved Minutes**

Minutes from the meeting held on 13 February 2024 were approved as an accurate record.

2.2 Action Log

The action log was reviewed and updated accordingly.

2.3 Matters Arising

There were no matters arising.

1. Effective

**3.1**  **ICO Audit Progress Update**

Sharon Stott presented an update on the Information Commissioner’s Office (ICO) Audit Update.

The Committee noted that 89% of all 12 recommendations had been completed. The priority was to complete the five high and four medium recommendations which were 88% and 83% complete respectively.

The Committee commended the Information Commissioner’s Office (ICO) Audit Update and looked forward to receiving a progress report on the recommendations at the next meeting.

The Committee noted the Information Commissioner’s Office (ICO) Audit Update.

**3.2**  **NIS Audit and Cyber Update**

Sharon Stott presented an update on the NIS Audit and Cyber progress outlining the following points:

* Key messages from the audit highlighted a strong submission and credit was given to the Board and Executive Leadership Team for support provided throughout the process
* Achieved overall and category compliance targets in KPIs however 2 sub-categories were below 30%. 87% compliance was reported against the previous framework
* Update provided on current compliance within 17 categories noting Environmental Security reached 100%
* Priorities for development were confirmed as end point device management and post incident review and learning
* Evidence submission was required by 13 January 2025 with an internal deadline of 31 December 2024

The Committee commended the NIS Audit and Cyber Update and thanked Sharon Stott and the team for their efforts.

The Committee noted the NIS Audit and Cyber Update.

**3.3**  **Annual Report and Accounts Timetable**

The Committee was provided with an overview of the Annual Report and Accounts Timetable outlining the plan of key tasks and dates to ensure delivery in line with the Scottish Government deadline of 30 June 2024.

Michael Breen advised the Committee that Adam Haahr had been appointed to the role of Assistant Director of Finance – Governance and Financial Accounting.

The Committee thanked Rashpal Khangura, Imogen Milner and the team at KPMG for working collaboratively to ensure the high level timetable was achievable within the timescales.

The Committee noted the Annual Report and Accounts Timetable.

**3.4**  **2023/24 Accounting Policies**

Michael Breen updated the Committee on the 2023/24 Accounting Policies required for the preparation of the Annual Report and Accounts. The Policies had been subject to minor revisions. However, there were no new standards, amendments or interpretations effective for 2023/24.

The Committee approved the 2023/24 Accounting Policies.

**3.5**  **Hospital Expansion Update**

John Scott presented an update on Phase Two, highlighting the following points:

* Work continued around the water commissioning issues. Following a meeting of the Water Safety Group, the two areas of focus identified were sampling from individual taps and a clinical clean of the general environment.
* Dependencies with Central Sterilising and Processing Department (CSPD) and Endoscopy Decontamination Unit (EDU) Equipment Installation works and Commissioning/Handover Key Stage Assurance Review.
* The planned completion date was to be confirmed.
* Plans with eHealth and Medical Physics were being re-visited in the meantime.
* Weekly principal meetings to review progress continued.
* Final report to be issued prior to first patient.

The Committee thanked John Scott for the detailed update and commended the progress to date.

Gordon James updated the Committee on the current situation around water commissioning noting the positive update provided to the recent Expansion Programme Board on the work undertaken to resolve the issues.

Gordon James confirmed receipt of a letter from Scottish Government confirming 2024/25 capital funding for Phase 2 inclusive of Work Task Orders.

Carolynne O’Connor advised the Committee that the Vanguard Unit had been secured for the first quarter of 2024/25, however noted the likely impacts of Phase 2 on operational delivery. Activity over quarters three and four would be significantly impacted, however the Committee was reassured by the continuing dialogue with Scottish Government regarding the revised figures.

The Committee noted the Phase 2 Update.

**3.6**  **Standing Financial Instructions Revised March 2024**

Michael Breen presented an update on the Standing Financial Instructions Revised March 2024, outlining the substantive changes as follows:

* Clarification of terminology to distinguish NHS Golden Jubilee as an organisation and the responsibilities of the Board of Directors
* Removal of Job Titles and replacing with more general terms
* Revision of the Capital Investments Section including Capital Planning Change Control and formation of the Capital Delivery Group
* Revision of the Endowments Funds Section including detail around General Endowment Fundholders, National Innovation Fund payments and Endowment Fund cash balances

The Committee thanked Michael Breen for the clear and concise presentation outlining the revised Instructions.

Michael Breen confirmed the Standing Financial Instructions Revised March 2024 would be shared with the Board on 28 March 2024 for final approval.

The Committee approved the Standing Financial Instructions Revised March 2024.

**3.7**  **External Audit Management Action Plan (March 2024)**

Michael Breen updated the Committee on progress on the External Audit Management Action Plan noting that of the twelve recommendations listed, five had been completed, two partially completed with the remaining five not yet due.

The Committee noted good progress on the recommendations within the agreed timescale.

The Committee noted the External Audit Management Action Plan (March 2024).

1. **Auditor Reports**
   1. **Internal Audit**

**Internal Audit Reports – Recruitment and Succession Planning**

Rachael Weir provided the Committee with a detailed overview of the findings from the review of Recruitment and Succession Planning Report, highlighting the recommendations and agreed management actions as noted.

The Committee was pleased to receive the report, recognising the ongoing challenges around recruitment. The Chair noted the report would be considered at the next meeting of the Staff Governance and Person Centred Committee.

The Committee noted the Internal Audit Reports – Recruitment and Succession Planning.

**Internal Audit Progress Report (March 2024)**

Rachael Weir provided an overview on the Internal Audit Progress Report (March 2024).

The Committee was pleased to note the plan was on track to deliver the 2023/24 programme.

The Committee noted the Progress Report (March 2024).

**Internal Audit Follow Up Report**

Rachael Weir updated the Committee on the good progress on the implementation of the agreed audit recommendations, with twelve actions closed or proposed for closure.

The Committee noted the six actions relating to the NHS GJ Conference Hotel had been superseded with the commercial and strategic reviews and could therefore be closed .

The Committee noted the Internal Audit Follow up Report.

**Internal Audit Annual Plan 2034/24 – 2025/26**

Rachael Weir advised the Committee on the key points of the Internal Audit Annual Plan 2023/24 – 2025/26.

The Committee welcomed the planned advisory reviews, noting there was flexibility around which areas might be identified for review.

The Committee looked forward to receiving updates on the Internal Audit Annual Plan at future meetings.

The Committee noted the Internal Audit Annual Plan 2023/24 – 2025/26.

**4.2** **External Audit Update**

**Audit Scotland Auditor NFI Return**

Imogen Milner updated the Committee on the Audit Scotland Auditor NFI Return noting the overall RAG status as green.

The Committee noted the Audit Scotland Auditor NFI Return.

**External Audit Plan Year End, 31 March 2024**

Rashpal Khangura advised the Committee on the External Audit Plan Year End 31 March 2024.

Imogen Milner highlighted the areas of Valuation of Land and Buildings, Fraud Risk from Expenditure and Recognition and Management Override of Controls.

Rashpal Khangura presented the 2023/24 year end timetable. The Committee discussed the timing of the June meeting, confirming the date of 18 June 2024 aligned to the schedule.

The Committee noted the External Audit Plan Year End, 31 March 2024.

**5. Corporate Governance**

**5.1 Strategic Risk Register**

Katie Bryant advised the Committee on the key points of the Strategic Risk Register and highlighted that there were six risks within the remit of the Audit and Risk Committee, none of which had changed in status since the previous report.

The Committee approved the Strategic Risk Register (March 2024).

**5.2 ARC Annual Work Plan (2024/25)**

Nicki Hamer referred the Committee to the proposed Annual Work Plan for 2024/25.

The Committee noted the Annual Work Plan and was reassured the plan would be reviewed to reflect any necessary changes.

The Committee approved the Annual Work Plan for 2024/25.

**5.3 ARC Annual Terms of Reference Review**

Nicki Hamer highlighted the Audit and Risk Committee Terms of Reference for 2024/25, noting the updates to Reporting Arrangements and Delegated Authority and the Fraud Environment.

The Committee approved the Audit and Risk Committee Terms of Reference 2024/25.

**6. Issues for Update**

**6.1 Update to the Board**

The Committee welcomed the ICO Audit Update and NIS Audit and Cyber Update noting good progress on both.

The Committee received the Phase 2 update as it neared completion. However, the Committee noted the ongoing issue with water testing and likely impacts on the operational delivery.

The Committee noted the Annual Report and Accounts Timetable.

The Committee approved the 2023/24 Accounting Policies.

The Committee approved the revised Standing Financial Instructions March 2024 and agreed to share with the Board for final approval.

The Committee was pleased to receive the Internal Audit Recruitment and Succession Planning Report recognising the ongoing challenges around recruitment. The Committee requested this report be shared with Staff Governance and Person Centred Committee for noting.

The Committee received an update on the Internal Audit Progress Report and Annual Plan for 2023/24 – 2025/26.

The Committee received an update on the External Audit Plan Year End 31 March 2024 noting the 2023/24 Year-End timetable.

The Committee approved the Strategic Risk Register as at March 2024.

The Committee approved the Annual Work Plan for 2024/2025.

The Committee approved the Terms of Reference for 2024/2025.

The Committee took the opportunity to recognise that this was the last Committee meeting that Michael Breen, Director of Finance, would attend. The Committee thanked Michael for all his hard work and contribution over the 18 months and wished him every success in his new role.

**7. Any Other Competent Business**

The Committee took the opportunity to thank Karen Kelly for her contribution over the seven years as Chair and formally welcomed Lindsay MacDonald into the Chair-ship.

The Committee also thanked Michael Breen for all his hard work and contribution and wished him well in his new role.

**8. Date of Next Meeting**

The next meeting was scheduled for Thursday 16 May 2024 at 10:00.