##### Approved Minutes

**Audit and Risk Committee Meeting**

**Thursday 16 November 2023, 10:00 hours**

**MS Teams Meeting**

### Members

Karen Kelly Non-Executive Director (Chair)

Morag Brown Non-Executive Director

Stephen McAllister Non-Executive Director

Jane Christie-Flight Employee Director

### Core Members

Gordon James Chief Executive

Michael Breen Director of Finance

Carole Anderson Director of Transformation, Strategy, Planning and Performance

**In attendance**

Susan Douglas-Scott CBE Board Chair

Stuart Graham Digital Services Director (from 10:25)

Sharon Stott Head of Digital Governance (from 10:25)

John Scott Director of Facilities and Capital Projects (from 10:50)

Laura Fulton Director of Pharmacy (from 11:00)

Katie Bryant Head of Clinical Governance (from 11:50)

Nicki Hamer Head of Corporate Governance and Board Secretary

Rashpal Khangura KPMG LLP, External Auditor

David Eardley Azets, Internal Auditor

Rachel Wilson Azets, Senior Manager

Emma MacLaren NHS Scotland Management Trainee

**Minutes**

Claire Hendren Corporate Administrator

1. Opening Remarks

1.1 Chair’s Introductory Remarks and Wellbeing Pause

The Chair welcomed everyone and detailed plans for the meeting.

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

1.2 Apologies

No formal apologies were noted as above.

**1.3 Declaration of Interests**

There were no declarations of interests to note.

1. Updates from Meeting 12 September 2023

**2.1 Unapproved Minutes**

Minutes from the meeting held on 12 September 2023 were approved as an accurate record.

2.2 Action Log

The action log was reviewed and updated accordingly.Michael Breen noted the NHS Scotland Academy (NHSSA) was committed to bringing the NHSSA Ethical Sponsorship Policy to the next meeting in February 2024.

2.3 Matters Arising

There were no matters arising.

1. Effective

**3.1**  **Counter Fraud Quarterly Update**

The Committee was advised on the Counter Fraud Quarterly Update by Michael Breen.

The Committee was informed that the two cases previously mentioned continued to be investigated by Human Resources. .

Michael Breen noted the Counter Fraud Strategy Update was due to be published imminently and would be shared with the Committee thereafter.

The Committee noted the Counter Fraud Quarterly Update.

* 1. **NIS Directive Audit Progress (November 2023)**

Stuart Graham advised the Committee of the new three year cycle for the NIS Directive Audit which involved a complete reset of work previously undertaken. Concerns over the volume of work and resourcing implications as a result of this cycle had been raised with Scottish Government by NHS Boards.

Sharon Stott presented an update on the NIS Directive Audit highlighting the following points:

* Workshops had been held across Procurement, Information Asset Owners, Technical Team, Human Resources, Estates and Security
* Continual engagement with Corporate and Clinical Governance on senior accountability, risk management resilience and business continuity controls
* Update provided on current compliance within 17 categories including information security management, operational security and incident detection
* Next steps included further workshops and evidence gathering, regular updates to the Executive Leadership Team, staff meetings to take place in February with the final report due on 11 March 2024

The Committee thanked Sharon Stott for the update and was pleased to note the progress to date while acknowledging the risks around completion levels and the audit regime methodology.

The Committee noted the importance of the Audit whilst also expressing concerns over the intensity of the three year continuous cycle and the related pressures on resources.

The Committee noted the NIS Directive Audit Progress (November 2023).

* 1. **Information Commissioner’s Office (ICO) Audit Update**

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

The Committee noted that 84% of all 12 recommendations had been completed. The priority was to complete the five high and four medium recommendations which were 81% and 75% 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.

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| **Action Ref** | **Action** | **Lead** | **Timescale** |
| ARC/16112023/01 | **ICO Audit Update**  A progress report on the recommendations to be provided to the Committee at the next meeting | Sharon Stott | 13 February 2024 |

**3.4 National Fraud Initiative Update**

Michael Breen updated the Committee on the National Fraud Initiative Update, noting progress continued towards the deadline of March 2024.

Michael Breen noted that an update on the National Fraud Initiative would be provided to the Committee at the next meeting.

The Committee noted the National Fraud Initiative Update.

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| ARC/16112023/02 | **National Fraud Initiative Update**  A progress report to be provided to the Committee at the next meeting | Michael Breen/Lily Bryson | 13 February 2024 |

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

John Scott presented an update on Phase 2 highlighting the following points:

* Issues affecting the programme included water commissioning, equipment delivery and installation works in CSPD and EDU, Commissioning/Handover Key Stage Assurance Review and pendant remedial works
* Risk to programme delivery works to areas adjacent to L3 theatres had been stopped due to noise/vibration
* Planned completion date 30 November plus Time Risk Allowance
* Work continued on site commissioning and snagging ongoing in Levels 1, 2 and 3 with water commissioning underway over all levels
* Weekly principals meetings to review progress continued with the site inspection (part 2) scheduled for 20 November
* Report issued in December 2023

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 contamination, noting, with the further work involved, a degree of flexibility would be required on the proposed delivery timelines. The Committee was assured that any updates on the timeline would be communicated as soon as reasonably practicable.

On another point around other estates projects Gordon James advised the Committee of the excellent space created for the NHS Academy and suggested photographs could be shared during the next cycle of Committee meetings.

The Committee noted the Hospital Expansion Update.

**3.6 Pharmacy Internal Audit Actions**

Laura Fulton presented an update on the Pharmacy Internal Audit Actions highlighting the following points:

* Internal audit during 2019/20 included a review of stock management procedures providing significant assurances with three low risk actions identified
* Action one: error rates and lessons learned from daily stock counts. The Hospital Electronic Prescribing Medicines Administration (HEPMA) system, including a stock management module, would be introduced by January 2024. A full review of stock management, processes and reporting was to be considered as part of the implementation. The proposal for new stock counts would be presented to the Committee at a future meeting
* Action two: Standard Operating Procedures, staff understanding and update. This action had been progressed with the procedures reviewed and developed for Pharmacy, at ward level and in relation to Omnicell, in preparation for introduction of new electronic systems. Internal Pharmacy staff were required to read and sign up to the procedures on a rolling programme to be reviewed on an annual basis
* Action three: Process improvement in Omnicell cycle counts. Monthly cycle counts had been embedded with reports sent to wards and Clinical Managers. The reports would continue to be reviewed to ascertain what information would be required moving forward with the implementation of HEPMA

The Committee thanked Laura Fulton for the detailed update and commended progress on the actions and excellent developments with the planned introduction of the new electronic HEPMA system. The Committee looked forward to receiving progress reports at future meetings.

The Committee noted the Pharmacy Internal Audit Actions.

**3.7 External Audit Management Action Plan (November 2023)**

Michael Breen updated the Committee on the 2022/23 KPMG Annual Report noting that of the twelve recommendations listed four had been completed, two partially completed with the remaining six not yet due. The capital accruals completion date was revised to 31 March 2024 as agreed at the previous meeting.

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

The Committee noted the External Audit Management Action Plan (November 2023).

**3.8** **Audit Scotland Reports**

Michael Breen referred the Committee to the Audit Scotland Reports Update and noted the reports published in the financial year 2023/24.

The Committee noted the Audit Scotland Reports.

1. **Auditor Reports**

**4.1 Internal Audit**

* **Performance Monitoring – Annual Delivery Plan**

The Committee received a verbal update on the Performance Monitoring Annual Delivery Plan (ADP)from David Eardley, Internal Auditor, Azets. Five areas of good practice had been identified within the report, providing positive assurance and a consistent assessment of progress towards delivering component actions.

The Committee noted one minor area of improvement around the importance of updating the ADP Action Tracker to consistently assign responsibility for all actions.

The Committee commended Carole Anderson and the team for their commitment and the positive report.

Carole Anderson noted action owners had been added to the action tracker and quarterly reports would be issued moving forward.

The Committee noted the Performance Monitoring - Annual Delivery Plan.

* **NHS GJ Security Advisory Report**

Rachel Wilson advised the Committee of the NHS GJ Security Advisory Report which had been undertaken to support the journey towards NIS Compliance, outlining plans to improve compliance in the areas of cyber risk identification and management, cyber security governance and cyber security training and awareness.

The Committee discussed the idea of appointing a Cyber Security Champion, however recognised the challenges around resources and training which were mirrored across other Boards.

The Committee welcomed the Security Advisory Report to support the three-year plan towards NIS Compliance.

The Committee noted the NHS GJ Security Advisory Report.

* **NHS GJ Management Action Follow Up (November 2023)**

David Eardley updated the Committee on the NHS GJ Management Action Follow Up, outlining good progress with the implementation of agreed recommendations.

The Committee noted the progress which represented an improved position from the previous quarter.

The Committee noted the NHS GJ Management Action Follow Up (November 2023).

* **Progress Report (November 2023)**

The Committee received the Internal Audit Progress Report (November 2023), noting the plan was on track to deliver the 2023/24 programme.

The Committee noted the Progress Report (November 2023).

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

Rashpal Khangura, External Auditor, presented the External Audit Update highlighting the proposed 2023/24 indicative timeline.

Rashpal Khangura advised the Committee that next steps included wider scope planning requests, detailed inquiries, walk throughs of key business processes and finalising the initial risk assessment.

The Committee commended the forward planning included within the 2023/24 indicative schedule.

The Committee noted the External Audit Update.

**5 Corporate Governance**

**5.1** **Strategic Risk Register**

Katie Bryant advised the Committee on the key points of the Strategic Risk Register, highlighting that although no risks had been closed, the risk around Cyber Security had been transferred by the Clinical Governance Committee to the Strategic Portfolio Governance Committee.

The Committee noted that Covid-19 Pandemic and Staff Health and Wellbeing risks had been reduced from a rating of medium to low, with the risk around ability to provide full laboratory services on site due to system provider withdrawal, being reduced from high to medium.

Katie Bryant noted that whilst no risks had been escalated in this cycle of review, a focused piece of work continued to review wider organisational recruitment risks associated with the Hospital Expansion.

The Committee approved the Strategic Risk Register as at November 2023.

**5.2** **Corporate Governance Meeting Dates 2024/25**

Nicki Hamer advised the Committee of the schedule of Corporate Governance meetings which had been compiled for 2024/25.

The Committee approved the schedule of Corporate Governance meetings for 2024/25.

**5.3** **Update to the Board**

The Committee received the NIS Directive Audit Progress Update (November 2023) and noted the importance of the Audit whilst also expressing concerns over the intensity of the three year continuous cycle and the related pressures on resources.

The Committee noted the Information Commissioner’s Office (ICO) Audit Update and looked forward to receiving further progress reports.

The Committee was pleased to receive the Phase 2 update as it neared completion however noting the ongoing issue with water testing.

The Committee received an update on Pharmacy Internal Audit Actions, commending progress on the actions and excellent developments with the planned introduction of the new electronic HEPMA system. The Committee looked forward to receiving progress reports at future meetings.

The Committee received the External Audit Management Action Plan (November 2023), noting good progress on the recommendations within the agreed timescale.

The Committee commended the positive Internal Audit Report on Performance Management – Annual Delivery Plan.

The Committee welcomed the Security Advisory Report to support the three-year plan towards NIS Compliance.

The Committee received the Internal Audit Progress Report (November 2023), noting the plan was on track to deliver the 2023/24 programme.

The Committee received a presentation from the External Auditors and commended the forward planning included within the 2023/24 indicative schedule.

The Committee approved the Strategic Risk Register as at November 2023.

The Committee approved the Corporate Governance Meeting Dates for 2024/25.

**6. Any Other Competent Business**

There was no other competent business.

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

The next meeting was scheduled for Tuesday 13 February 2024, 10:00-12:00, MS Teams.