##### Approved Minutes

**Audit and Risk Committee Meeting**

**Thursday 18 July 2024, 10:00-12:00**

**MS Teams**

### Members

Lindsay Macdonald Non-Executive Director (Chair)

Morag Brown Non-Executive Director

Rebecca Maxwell Non-Executive Director

Jane Christie-Flight Employee Director

**Core Attendees**

Gordon James Chief Executive

Graham Stewart Interim Director of Finance

**In attendance**

Adam Haahr Associate Director of Finance – Governance and Financial Accounting

Kevin Daly Head of Finance

Imogen Milner KPMG LLP, External Auditor

Christine Nelson Deputy Head of Corporate Governance

Zaid Tariq Deputy Director of Quality, Performance, Planning and Programmes

Angela Moodie Director of Finance, Planning and Governance, Healthcare Improvement Scotland

Rachael Weir Azets, Internal Auditor

Joe Hands Deputy Head of Risk and Clinical Governance – *Item 5.1*

**Apologies**

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

Rashpal Khangura KPMG LLP, External Auditor

Susan Douglas-Scott Board Chair

Stephen McAllister Non-Executive Director

Nicki Hamer Head of Corporate Governance and Board Secretary

**Minutes**

Paula Nugent 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 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 18 June 2024

**2.1 Unapproved Minutes**

Minutes from the meeting held on 18 June 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**  **Counter Fraud Quarterly Update**

As the Counter Fraud Quarterly Report for Quarter 1 was unavailable, Graham Stewart instead presented the Counter Fraud Service (CFS) Annual Report for 2023/24.

CFS received 493 referrals – a 35% increase from 2022/23. Two cases were referred to NHS Golden Jubilee (NHSGJ). One was found to have insufficient evidence to take further action. The other case was investigated and no element of fraud identified.

NHSGJ had no current outstanding fraud cases.

Rebecca Maxwell asked about Fraud Awareness Training completion rates across NHSGJ. Graham Stewart agreed to link in with Laura Smith to source completion statistics from the Turas platform.

|  |  |  |  |
| --- | --- | --- | --- |
| Action Ref | Action | Action Lead | Date For Completion |
| ARC/20240718/01 | Graham Stewart to link with Laura Smith, Director of People & Culture, to source completion rates for Fraud Awareness Training | Graham Stewart | 12 September 2024 |

Lindsay Macdonald noted that Theft of Drugs fraud rates were rising nationally and enquired if there were any lessons learned for NHSGJ. Graham Stewart advised that these statistics were generally more related to different clinical settings, specifically Community Nursing and easy access drugs. Whereas NHSGJ had measures in place to prevent this. Gordon James added that medication audits were carried out frequently and the Hospital Electronic Prescribing & Medicines Admin (HEPMA) upgrade was in process which would create additional control measures linked to the electronic prescribing system.

Morag Brown added that Medicine Reconciliation would be discussed at the next Clinical Governance Committee. Gordon James detailed the use of high cost medications across the Scottish Adult Congenital Cardiology Service (SACCS) and the Annual Report that would be discussed at the next Board meeting but added that this issue had previously been discussed at Clinical Governance Committee.

Audit and Risk Committee noted the CFS Annual Report for 2023/24.

**3.2**  **National Fraud Initiative (NFI) Update**

Graham Stewart presented the NFI update.

Graham Stewart advised the Committee that reporting is run on a two yearly cycle and that the 2022/23 NFI exercise had concluded. The quarterly report had been compiled and all matches had been closed off. The Auditors had concluded a positive outcome.

The 2024/25 NFI work was expected to begin soon, based on previous submission timelines. Upon completion, Audit Scotland would issue a national report and the Finance Team would summarise the results and present any findings at a later date.

Audit and Risk Committee noted the National Fraud Initiative Update.

**3.3**  **NIS Audit and Cyber Update**

Stuart Graham presented the NIS Audit and Cyber update

An Action Plan had been created following the Year 1 Report. This included the creation of a Working Group, broken down by specialty, in order to meet targets. Governance for the group would be the responsibility of the Digital Information Governance Group.

Stuart Graham presented a progress summary, reflecting that the majority of work was in progress but more was expected to be completed by the next reporting cycle. No submission was expected until November 2024.

Next steps included a regular check-in with Competent Authority Colleagues, scheduled Auditor meetings and participation in National Information Governance and Security Networks.

Lindsay Macdonald expressed concern that there was only one more Audit and Risk Committee meeting before the process was completed in November and requested a Red - Amber - Green (RAG) rating for estimated completion dates. Stuart Graham agreed to update the Action Plan.

|  |  |  |  |
| --- | --- | --- | --- |
| Action Ref | Action | Action Lead | Date For Completion |
| ARC/20240718/02 | Stuart Graham to create a RAG scale for NIS Audit Action Plan activities. | Stuart Graham | 12 September 2024 |

Graham Stewart emphasised how well NHSGJ was doing in comparison to other Health Boards nationally. Stuart Graham confirmed that anecdotally, he was aware that NHSGJ was within the top 50% of the table – no other Health Board had a full completion rate and it was noted in the report that NHSGJ were regarded as a Board with good completion rates generally.

Gordon James discussed the recent issues in NHS Dumfries & Galloway (D&G) where a third party managed to access and publish data. Gordon James shared that the Chief Executive of NHS D&G gave an update on lessons learned to NHS Scotland Chief Executives Group and provided assurance that NHSGJ already had systems in place which would prevent this issue happening at NHSGJ.. Stuart Graham added that an update on the Digital Improvement Plan was to be presented to the Board in August. Additionally, Cyber Security awareness month in October would create new initiatives that would be shared across the organisation.

Lindsay Macdonald confirmed that he had recently become the Cyber Security Champion for the Board.

Stuart Graham detailed some general internal cyber security protocol and exercises.

Audit and Risk Committee noted the NIS Audit and Cyber update.

**3.4**  **Information Commissioners Office (ICO) Audit – Progress Update**

Stuart Graham presented an update on the Information Commissioners Office and advised significant progress had been made against all outstanding actions.

Stuart Graham noted interim support from NHS Lanarkshire and NHS Orkney was being provided. Additionally, Stuart Graham thanked HR colleagues for their support in processing the outstanding recruitment.

Audit and Risk Committee noted the ICO Audit – Progress Update.

Stuart Graham presented the Action Plan status update advising next steps included full adoption of the Policy Management System, completing Recruitment activity and continued monitoring via the relevant governance groups.

Rebecca Maxwell congratulated Stuart Graham and the team on the progress made since the last Audit and Risk Committee meeting.

Lindsay Macdonald enquired about the outstanding recommendations and forecast completion date. Stuart Graham responded that there had been no response from ICO about the current actions but all outstanding actions were due to be completed by the next audit.

Audit and Risk Committee noted the ICO Audit progress update.

1. **Auditor Reports**
   1. **Internal Audit - Progress Report**

Rachael Weir presented an update on the Internal Audit Progress Report.

The 2024/25 audit had started and Rachael Weir confirmed this would be a small update due to the proximity of the most recent Audit and Risk Committee meeting.

Lindsay Macdonald asked if any emerging issues had been identified at this stage in the 2024/25 audit. Rachael Weir confirmed that nothing reportable had been identified. Graham Stewart responded that the progress in 12-18 months was reassuring.

Audit and Risk Committee noted the Internal Audit – Progress Report.

* 1. **Annual Accounts – Audit Recommendations**

Graham Stewart presented the Annual Accounts – Audit Recommendations.

There had been six key recommendations from the External Auditors. Graham Stewart detailed the work plan that had been created to complete the recommendations across July to September 2024. As of today’s date, four had been closed off and implemented with two further actions on track to be completed by September.

Imogen Milner raised that there had been a seventh recommendation, a low level recommendation, for year-end that was highlighted at the Board meeting that would not be due for completion until March 2025. Graham Stewart clarified that the date of completion was the reason this seventh recommendation had not been included in his initial presentation.

Lindsay Macdonald thanked Graham Stewart for the precision of the update and the general progress against the External Auditors recommendations.

Audit and Risk Committee noted the Annual Accounts – Audit Recommendations.

* 1. **External Audit Update**

Imogen Milner provided an update to the Committee on the External Audit.

Imogen Milner confirmed that the update would be verbal due to minimal information being available because of the current audit cycle position.

The 2023/24 Final Account process was signed off in July 2024 and planning work would commence for the 2024/25 audit cycle in August 2024.

Gordon James asked whether lessons learned by other organisations after audit could be shared with NHSGJ. Imogen Milner advised she would look in to this and confirm with Gordon James.

Audit and Risk Committee noted the External Audit Update.

**5. Corporate Governance**

**5.1 Strategic Risk Register**

Joe Hands provided an update to the Committee on the key points of the Strategic Risk Register.

19 Risks were on the Strategic Risk Register classed as 11 high, 7 medium and one low. Since the previous Committee meeting, no new risks had been identified.

Joe Hands highlighted an emerging risk within Procurement, a staffing risk, but continued that a risk assessment had been completed and this would be added to the Risk Register for the next meeting.

Rebecca Maxwell asked about supply chain issues, specifically around Balloon Pumps. Graham Stewart responded that NHSGJ did not generally have single suppliers for equipment and that Balloon Pumps were an exception due to their specialism. Graham Stewart advised that multiple suppliers and supply routes were on the national framework.

Gordon James discussed the contingency plans and governance routes that were in place for these specialised pieces of equipment. A progress report would be presented at the next Executive Leadership Team around this issue.

Morag Brown discussed the significant media attention around supply chain issues and the importance of robust supply networks. Gordon James continued that there were regular updates around medicine and equipment shortages so any issues would be identified well in advance.

Gordon James discussed Trans Catheter Aortic Valve Implantation (TAVI) and Electrophysiology (EP). This risk had previously been increased but mitigating factors had been put in place and Gordon James asked whether this risk would need to be reviewed. Gordon James also suggested that TAVI and EP be separated from General Waiting Times into their own issue. Audit and Risk Committee agreed with this recommendation.

Lindsay Macdonald asked whether enough time was taken on discussing risk triangulation and the overall risk position. Graham Stewart reflected that, regardless of risk, discussions would happen across the portfolio but agreed that this could be made clearer. Morag Brown discussed the importance of keeping each risk clear and separate.

Lindsay Macdonald asked whether International Recruitment would still be classed as a live risk. Graham Stewart advised it had been agreed that the risk remained live until the final steps for the most recent international recruits were completed. Jane Christie-Flight added that this risk had been discussed in Staff Governance Group and the reason it remained on the Strategic Risk Register was in relation to accommodation. There was still an issue for staff finding more permanent accommodation in the local area and some continued to be accommodated within the Hotel. Gordon James advised that new international recruits were offered twelve weeks accommodation as standard and that this risk would decrease organically over time.

Audit and Risk Committee approved the Strategic Risk Register.

**6. Issues for Update**

**6.1 Update to the Board**

**Counter Fraud Update** – The two cases related to NHSGJ had been closed. There were no outstanding fraud cases at this time.

**National Fraud Initiative Update** – 2022/23 exercise had concluded and the Auditors had concluded a positive outcome. It was expected that the 2024/25 work would begin soon. It was noted that NHSGJ was generally doing well.

**NIS Audit & Cyber Update** – The Committee noted the NIS Audit & Cyber Update and that meetings with the auditors were planned for October and November. As October is Cyber Awareness month, there would continue to be a focus on staff awareness in this area.

**ICO Update** – There had been significant progress against all outstanding actions. The Committee noted the support from NHS Lanarkshire and NHS Orkney in achieving this.

**Internal Audit Update** – No risks to the programme were identified.

**External Audit & Final Accounts** – An additional seventh related party transaction risk was identified by External Auditors. Four of the seven risks were complete, with another two forecast to be completed by the end of September 2024. The final one would be closed off by March 2025.

**Strategic Risk Register** – The Committee approved the Risk Register.

**7. Any Other Competent Business**

There was no other competent business.

**8. Date of Next Meeting**

The next meeting was scheduled for Thursday 12 September 2024, 14:00.