##### Unapproved Minutes

**Audit and Risk Committee Meeting**

**Thursday 13 March 2025, 10:00**

### Members

Lindsay Macdonald Non-Executive Director (Chair)

Jane Christie-Flight Employee Director

Morag Brown Non-Executive Director

Rebecca Maxwell Non-Executive Director

Stephen McAllister Non-Executive Director

**Core Attendees**

Carolynne O’Connor Deputy Chief Executive/Director of Operations

Gordon James Chief Executive

Jonny Gamble Director of Finance

**In attendance**

Carole Anderson Director of Quality, Performance, Planning and Programmes (Item 7.2)

Christine Nelson Deputy Head of Corporate Governance

David Eardley Azets, Internal Auditor

Francesca Shaw External Auditor, KPMG

Kevin Daly Head of Finance

Rashpal Khangura External Auditor, KPMG

Sharon Stott Head of Digital Governance and Data Protection Officer (Item 4.3)

Susan Douglas- Scott Board Chair

**Minutes**

Liam Hanlon Senior Corporate Administrator

1. Opening Remarks

1.1 Wellbeing Pause and Chair’s Introductory Remarks

The Chair welcomed everyone to the meeting and invited everyone to participate in a short wellbeing discussion.

1.2 Apologies

There were no apologies received.

**1.3 Declaration of Interests**

There were no declarations of interests to note.

1. Consent Agenda Items – Approval Only

**2.1 Managing Conflicts of Interest Policy**

Jane Christine Flight highlighted some required changes within the Whistleblowing Section which included replacing Scotland with NHS Golden Jubilee (GJ) and a correction of the date.

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| **Action No.** | **Action** | **Lead** | **Deadline** |
| ARC250313/01 | **Managing Conflicts of Interest Policy** – Nicki to update the policy with the suggested amendments. | Nicki Hamer | 19/05/25 |

Audit and Risk Committee approved the Managing Conflicts of Interest Policy pending the suggested amendments.

**2.2** **ARC Terms of Reference Review**

Lindsay Macdonald highlighted that formal declarations of member’s responsibilities required the signature of Committee members.

Gordon James noted that section was more to do with whether Committee members had an outside interest they would require to highlight to the Committee.

Rashpal Khangura agreed that related party transactions was an important factor and it was something which auditors could check and had started to focus on.

Lindsay Macdonald added he felt it was only in reference to the ARC declaration.

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| **Action No.** | **Action** | **Lead** | **Deadline** |
| ARC250313/02 | **ARC Terms of Reference Review** – The members formal declarations to be resubmitted and formally signed off. | Nicki Hamer | 19/05/35 |

Audit and Risk Committee approved the Audit and Risk Committee Terms of Reference, pending the formal declarations sign off.

1. Updates from last meeting 28 November 2024

**3.1**  **Unapproved Minutes**

Minutes from the meeting held 28 November 2024 were approved as an accurate record.

**3.2 Action Log – no live actions**

There were no live actions.

**3.3**  **Matters Arising**

There were no matters arising.

1. **Effective**
   1. **Counter Fraud Quarterly Report**

Jonny Gamble provided an overview of the Counter Fraud Services (CFS) Quarter Three Report. There had been 127 referrals made in Quarter three, which were consistent with the number of referrals from previous months. The type of referrals were incidents around unsolicited approaches and drug theft.

Jonny Gamble reported that currently there were three open cases with CFS for NHS Golden Jubilee (NHS GJ), noting it was positive that staff felt able to refer any incidents they witnessed. The Committee noted that CFS issue regular national alerts and the Finance Team remained in regular contact with them. In addition there was the CFS training module which had helped with visibility of issues amongst staff. This module was due to become mandatory for staff under the Protected Learning Time outcomes.

Jonny Gamble reported that the recent work promoting Fraud Awareness had been positively received.

Gordon James added that at the most recent Board Seminar meeting, Gordon Young had conducted a comprehensive presentation and overview of fraud issues which could impact NHS GJ. Positive feedback had been received and the Board felt well informed on fraud issues.

Audit and Risk Committee approved the Counter Fraud Quarter Three Report.

* 1. **National Fraud Initiative Update**

Jonny Gamble presented the National Fraud Initiative (NFI) Update which included a summary of work undertaken.

Jonny Gamble provided an overview of the work underway regarding employees with alternative methods of income when this income was not being earned fraudulently. The Finance team were working with Audit Scotland to validate any cases identified. Most people who had a second income had legitimate reasons for this but all incidents required to be checked.

Gordon James commented that this work had originated from an external audit which was conducted last year.

Rashpal Khangura advised that the reporting process for NHS GJ had now been streamlined to have a more consistent approach throughout the year. This was to avoid a reporting process which was weighted at the end of the year, a particularly busy time for the Finance Team.

Lindsay Macdonald stated that he had noticed some things happened earlier in the year and that should help to provide a more streamlined process.

Audit and Risk Committee noted the National Fraud Initiative Update.

* 1. **Network and Information Systems (NIS) Audit Update**

Lindsay Macdonald commented that the NIS Audit was an example of outstanding work conducted by NHS GJ.

Sharon Stott presented the Report and Executive Summary. A meeting had now taken place with NIS around the interim report and the final approved report was expected.

Sharon Stott provided an overview of the three year NIS auditing process, set by the Scottish Health Competent Authority, which began in 2023/24.

Sharon Stott provided an update on the outcome of year one and two reports which had resulted in an overall compliance of 91%, 100% of the 17 categories received (>80% compliance) and no sub-categories received a compliance of less than 30%. This meant NHS GJ had achieved the advanced 80-80-0 Key Performance Indicators (KPIs).

The Committee noted that the Auditors had recognised NHS GJ’s strength and good practice in business continuity and disaster recovery testing. Strong senior Executive support and engagement within the organisation were also recognised.

Sharon Stott outlined the requirements for Year Three of the audit which included two sub-categories to be prioritised which were Application Security and Internal Segregation as these had been identified as less than 60% compliant in Year Two.

Jonny Gamble highlighted that NHS GJ governance process had been commended and highlighted that NHS GJ are particularly good on governance and thanked the eHealth team for progressing this work and securing a successful outcome.

Lindsay Macdonald requested Sharon Stott to bring an update on next year’s audit to the next meeting.

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| **Action No.** | **Action** | **Lead** | **Deadline** |
| ARC250313/03 | **NIS Audit Update** – An update on 2024/24 audit to be provided at the 19 May 2025 meeting. | Sharon Stott | 19/05/35 |

Audit and Risk Committee noted the Network and Information Systems (NIS) Audit Update.

* 1. **Year-End Timetable 2024/25**

Jonny Gamble presented the Year-End Timetable for 2024/25 and provided assurance that there were no concerns with the timeline for NHS GJ Board Accounts for 2024/25 to be submitted to Scottish Government by 30 June 2025.

Audit and Risk Committee approved the Year-End Timetable 2024/25.

* 1. **Accounting Policies 2024/25**

Jonny Gamble presented the Accounting Policies for 2024/25 including an overview of areas of Significant Estimates and Judgements. Jonny Gamble highlighted that within the Non-Current Assets – Valuation of Land and Buildings a valuation expert had been commissioned to evaluate NHS GJ land and buildings as at 31 March 2025. Early engagement with the valuation expert indicated a significant impairment relating to Phase 2 building and this had been highlighted to Scottish Government.

Lindsay Macdonald queried the amount for medical claims in 2024/25 and if an estimated figure had been provided for the expected impairment on land and buildings value.

Jonny Gamble agreed to source this information and send it to Lindsay Macdonald, stating that it would have been a figure in the tens of thousands. The land and buildings value was likely to be reduced by 25%-30%, although this would be in line with all NHS Scotland sites.

Audit and Risk Committee approved the Accounting Policies 2024/25.

**5. Internal Audit**

**5.1a 2024/25 Progress Report**

David Eardley reported that NHS GJ remained on track to deliver the 2024/25 Progress Report. Two main challenges had been flagged and the appropriate teams were addressing these issues.

Audit and Risk Committee noted the 2024/25 Progress Report.

**5.1b 2024/25 Programme Reports**

David Eardley presented the 2024/25 Programme Report, explaining that the data and innovation aspects of the reports had not been progressed as quickly as the Clinical Governance audit.

Gordon James advised that Kevin McMahon, the new Head of Risk and Clinical Governance, would work to address the outstanding risk actions. The Executive Leadership Team (ELT) were aware of the backlog within risk actions and a plan was in place to support improvement within the Clinical Governance Team.

Jonny Gamble provided assurance that a monthly audit report was being provided to ELT. However, it was hoped that more qualitative data could be provided to strengthen this.

Lindsay Macdonald queried if the audit would be completed by 31 March 2025 as this was the submission date for the Data Innovation and Assurance Review.

David Eardley advised that it was not unusual for such audits to go beyond the submission date. The Finance Team would be in a position to submit a high level report, which would explain the true picture.

Audit and Risk Committee noted the 2024/25 Programme Reports.

**5.1c 2025/26 Annual Plan**

David Eardley summarised the 2025/26 Annual Plan was to offer assurance on priority areas with the main outstanding issue being Risk and Clinical Governance.

Jonny Gamble advised that although risk and clinical governance remained a risk, significant progress had been made on clearing old actions, including an action from 2020 regarding proper documenting of financial controls. In addition, Capital Planning work had been assured and regular Capital Planning Group meetings had been scheduled.

Lindsay Macdonald asked if a report on outstanding risk actions could be provided to the next meeting. Jonny Gamble advised this would be available after the upcoming Board Workshop.

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| **Action No.** | **Action** | **Lead** | **Deadline** |
| ARC250313/05 | **2025/26 Annual Plan** – Outstanding risks paper to be provided following the Risk Workshop at the Board Seminar | Jonny Gamble | 19/05/35 |

Audit and Risk Committee noted the 2025/26 Annual Plan.

**5.1d 2024/25 Internal Audit Report – Staff Training & Development**

David Eardley presented the 2024/25 Internal Audit Report on Staff Training and Development which would support an understanding on the landscape of risk which NHS GJ faced around staff training and development.

It had been agreed that staff wellbeing plans should be deferred to 2026/27 as this would provide more time to allow for progress.

David Eardley sought approval of the plan, noting some flexibility if priorities were to change.

David Eardley also provided an overview of the planned audit on Clinical Coding. The Finance Team would offer support to areas where required.

Gordon James highlighted that NHS Scotland Academy (NHSSA) was co-commissioned with NHS Education for Scotland (NES) and whether this should this be reflected in the report and if NES Auditors should be made aware of this matter.

David Eardley advised that until recently Azets had been the auditors of NES. The report could reflect the wider scope as suggested or it could focus on NHS GJ internal process only. David Eardley suggested that he and Jonny Gamble discuss this further and would update the report accordingly.

Lindsay Macdonald acknowledged the report had been approved by ELT but requested whether it would be pertinent to seek more formal sign off by the Chairs of the Governance Committees.

The Committee discussed this further and agreed it would be appropriate for Staff Governance and Person Centred Committee to be cited on the report.

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| **Action No.** | **Action** | **Lead** | **Deadline** |
| ARC250313/07 | **2024/25 Internal Audit Report** – To be added to the agenda for Staff Governance and Person Centred Committee May meeting. | Nicki Hamer | 19/05/35 |

Audit and Risk Committee noted the 2024/25 Internal Audit Report.

**6. External Audit**

**6.1 External Audit Plan Year End**

Rashpal Khangura presented the External Audit Plan 2024/25. As part of this there was a discharge of responsibilities which were observed by Ethical Audit Scotland. Some initial work had been scoped on what would be required from the Planning and Risk Assessment teams, which required a detailed look at the systems and process used to complete daily tasks. There had been good cooperation from the teams involved.

Rashpal Khangura highlighted the requirement for NHS GJ to set their materiality figure. With an expenditure of £5.3 million, the figure had been set at 2% which was a conservative figure and the same amount as last year.

The Committee noted that although NHS GJ had grown as an organisation, there remained a risk around inflation.

Rashpal Khangura advised that performance materiality had been set at 65%, with 75% being the maximum range. In accordance with last year’s figures, there was now a greater aggregation risk with a figure of 5% being set for errors. Key risks had been set out in the finance statements which the final plan would maintain a focus on.

Francesca Shaw outlined the three significant risks and the planned response for each which included the following:

* Valuation of Land and Buildings: The data inputs for the underlying valuation were assumptions and the risk was proportionate to the degree estimation.
* Fraud risk from expenditure recognition – completeness: NHS GJ should set a savings target and create a risk to under report on savings. Accruals should be inspected regarding the true amount paid.
* Management Override of Controls: management were in a unique position to enact fraud. This was the same for every organisation and there was no perceived risk around this. However, the plan was to conduct focus testing on the journal entries of individuals with a higher risk of exposure.

Rashpal Khangura highlighted the timeline of planned work which had been designed to take pressure off the number of expectations at year end. A work schedule would also be provided.

The Committee noted that a risk assessment had been conducted with one risk of financial sustainability identified with measures being put in place to monitor this.

The Committee noted Appendix A which detailed Internal Audit Fees for 2024/25.

Audit and Risk Committee noted the External Audit Plan Year End.

**7. Corporate Governance**

**7.1 Strategic Risk Register – March 2025**

Jonny Gamble presented the Strategic Risk Register and provided assurance that all of the risks reported had been presented to the relevant Governance Committees.

Jonny Gamble highlighted risks 7, 8 and 9 as having the highest priority. Regarding the level of risks recorded, the Waiting Lists and Clinical Training risks had been reduced. Jonny Gamble provided assurance that the increased level of governance now in place would support risk management and improve performance.

Lindsay Macdonald commented that good progress had been made noting the single point of failure was positive.

Audit and Risk Committee approved the Strategic Risk Register – March 2025.

**7.2 Blueprint for Good Governance Implementation Plan**

Carole Anderson presented the year end position for the Blueprint for Good Governance Improvement Plan for 2024/25. A total of 27 actions had been agreed and had all now been closed. Assurance was provided that the report had been presented and approved through the appropriate Governance Committees.

The Committee noted the Appendices which demonstrated that all of the actions were completed which would support a smooth and effective governance plan for NHS GJ.

Audit and Risk Committee approved the Blueprint for Good Governance Implementation Plan.

**8. Consent Agenda Items**

None.

**9. Update to the Board**

Lindsay Macdonald summarised the main points for the Board should be:

* The Committee approved the Terms Of Reference.
* The Committee approved the Counter Fraud Quarterly Report noting there are currently three open cases with the Counter Fraud Service. The Committee welcomed the news that Counter Fraud is mandatory training for staff which should help with the visibility of fraud issues.
* The Committee noted the National Fraud initiative Update.
* The Committee noted the NIS Audit Update acknowledging the outstanding rating received from the auditors. NHS Golden Jubilee’s overall compliance was 91% and there were a number of glowing comments about NHS GJ from the auditors within the report.
* The Committee approved the Year End Timetable for 2024/25, noting there were no ongoing risks to highlight.
* The Committee approved the Accounting Policies for 2024/25.
* The Committee was pleased to receive the Internal Audit Report on Staff Training and Development and requested this report be shared with Staff Governance and Person Centred Committee for noting.
* The Committee received an update on the 2024/25 Internal Audit Progress Report, Programme Reports and approved the Internal Audit Plan for 2025/26, subject to confirmation by relevant Committee Chairs.
* The Committee approved the External Audit Plan Year End pending some minor amendments to add more detailed dates to the audit timeline and to highlight financial sustainability as a potential risk within the wider scope.

**10. Any Other Competent Business**

None.

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

The next meeting was scheduled for Monday 19 May 2025, 13:00.