

## Audit Committee Assurance Report to Grampian NHS Board

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### Purpose of Report

This report is to provide assurance to the Grampian NHS Board that an appropriate system of internal control is in place to ensure that:

- 1.1 Business is conducted effectively and in accordance with the law and proper standards;
- 1.2 Public money is safeguarded and properly accounted for;
- 1.3 Financial Statements are prepared timeously, and give a true and fair view of the financial position of the Board for the period in question; and
- 1.4 Reasonable steps are taken to prevent and detect fraud and other irregularities.

### Recommendation

The Board is asked to note the following key points and assurances discussed by the Audit Committee.

#### Audit Committee meeting 2 November 2020

##### 1. **Audit Committee Development Session – revised date 19th January 2021.**

The Committee's annual development session originally planned for March 2020 has been rescheduled to take place at 11am on Tuesday 19<sup>th</sup> January 2021. The session will be facilitated by the Board's Chief Internal Auditor Mrs Lindsey Paterson, a partner with PricewaterhouseCoopers LLP (PwC) and will focus on the continually evolving area of Cyber Security. Content will include presentations from in house and external subject matter experts and there will be ample opportunity for questions and answers. The session is open to all Board Members and will be a good opportunity to test our understanding of the Boards current risk profile and mitigation measures in relation to cyber threats. Those interested in attending please advise Else Smaaskjaer at [else.smaaskjaer@nhs.scot](mailto:else.smaaskjaer@nhs.scot).

##### 2. **National Service Audit Reports**

The Committee received an update from Mr Alan Gray, Director of Finance, regarding progress with the action plan agreed by NHS National Services Scotland (NSS) to address the qualification on the 2019/20 service audit reports for Payments to Practitioners and National IT services. NSS had submitted a written update to Mr Gray and this had been followed up by a progress review meeting attended by Practitioner Services Division and finance colleagues at NSS and Mr Gray and Mr Kidd of NHS Grampian.

Mr Gray reported that the meeting had been positive. NSS had agreed to share their detailed action plan to assist in providing assurance that issues which would be of concern to client boards were addressed and also confirmed that a number of constructive actions had been agreed with their auditors to refresh the overall

approach. Members welcomed the positive feedback from the meeting and will receive an update on progress at each meeting.

### **3. Sustainability and the Impact of Carbon Emission Regulations.**

The Committee received our annual update on sustainability and the impact of compliance with carbon emissions regulations, from Dr Robert Hobkirk, Head of Sustainability, Compliance and Risk. Members were briefed on the NHS climate change commitments, including the health impact relating to climate change and the various initiatives in place to mitigate the impact, particularly our policies and arrangements to support responsible waste management and to reduce carbon emission from our estate. It was agreed that reporting on these matters would be more appropriate for the business of the Performance Governance Committee.

### **4. Backlog Maintenance**

The Committee received our annual update from Mr Graeme Legge, Strategic Asset Manager, on progress against the Board's backlog maintenance plan. The Committee noted the scale and challenges associated with the estate and heard that work achieved to date, in line with the plan previously approved by the Board, has reduced the number of buildings in an unsatisfactory condition from 59% in 2012 to 34% in 2020. The committee also noted the future challenges associated with other recent regulatory obligations such as climate change commitments and welcomed the appointment of a Technical Compliance Officer to support risk assessment, prioritisation and planning of the necessary work programmes under the oversight of a recently established Physical Infrastructure Programme Board. The Committee have requested a further update on progress in September 2021.

### **5. Brexit**

The Committee received an update from Mr Alan Gray, Director of Finance, on the current status regarding planning for the UK's withdrawal from the EU. The Committee noted that local efforts make use of existing resilience planning arrangements and are focused on ensuring business continuity throughout. The Committee welcomed the update on risk mitigation measures and the assurances from Mr Gray that, although there are some complex and challenging issues, there are processes in place to ensure continuous review of the supply chain and that the level of preparedness is very good, both locally and nationally

### **6. Short Life Working Group – Renewal**

The Committee discussed the opportunities for closer working with the three Integration Joint Boards (IJB's), in particular the potential to improve the effectiveness of internal audit activity across the partners through collaborative working.

PwC our Internal Auditors reported that they had reached out to Internal Audit colleagues and have had some initial constructive dialogue on common audit related issues. Members agreed that it would be helpful to take forward targeted developments in this area over a period of time and that sharing annual internal audit plans and creating regular touch-points throughout the year will help to take forward this approach.

## **7. Risk Management Protocol**

The Committee received a report from Mr Mike Sevenoaks, the Board's Corporate Risk Advisor presenting a revised risk management protocol and also covering progress against the other recommendations agreed in the 2019/20 Internal Audit Review of Risk Management arrangements. The Committee noted the progress achieved to date and welcomed assurance from Mr Sevenoaks that there will be a proactive approach to contacting risk owners ensuring information held in DATIX remains current and plans to identify risk champions in service areas across all parts of the organisation. The Committee agreed that the definition of risk in the Risk Management Protocol should be amended to clarify that opportunities were not routinely recorded on DATIX and then, following discussion and any further amendments by the System Leadership Team, issued to the service at the earliest opportunity.

## **8. Review of Role and Remit**

Following a review of the Committee's Role and Remit with reference to the most recent Scottish Government Audit and Assurance Committee Handbook and the requirements of the Board's revised Assurance Framework, members agreed to incorporate several minor amendments in a revised constitution (see attached) with immediate effect. The changes to the previous version are as follows:

- Reference to "the Board" amended to "the Board and Accountable Officer".
- Adding in a statement regarding providing advice on the Board's Assurance Framework including strategic processes for risk, control and governance.
- Deleting the reference to provide an annual summary to NHS Counter Fraud Services as this is reported as part of the annual financial returns submitted to the Scottish Government accompanying the annual accounts.

### **Matters referred to other Board sub-Committees**

Future reporting of matters relating to sustainability and the impact of carbon emissions regulations to be directed to the Performance Governance Committee.

### **Conclusion**

The topical governance matters considered by the Audit Committee are a key source of assurance for the Board on the effectiveness of our management processes and internal control environment.

**Mr Sandy Riddell**  
**Chair, Audit Committee**

November 2020

Attachment: Agenda of meeting of Audit Committee held on 2 November 2020.

**NHS GRAMPIAN (NHSG)**  
**Meeting of the Audit Committee**  
**Monday 2 November 2020, 2.0pm - 3.30pm**  
**MS TEAMS**

*Members should be aware that their names will be listed in the Minutes  
which will be publicised on the NHSG Website*

**AGENDA**

<b>Approx Timing</b>	<b>No</b>	<b>Item</b>	<b>Lead</b>	<b>Ref</b>	<b>Noting/ Decision</b>
1400	1	<b>4. Apologies</b>	<b>SR</b>	<b>#</b>	
1403	2	<b>5. Minutes of the Meeting held on Tuesday 1 September 2020</b>	<b>SR</b>	<b>*</b>	<b>D</b>
1405	3	<b>Matters Arising</b>			
		3.1 Action Log of 1 September 2020	<b>SR</b>	<b>*</b>	<b>D</b>
		3.2 Any Other Matters Arising	<b>SR</b>	<b>#</b>	<b>D</b>
1405	4	<b>Internal Audit</b>			
		4.1 Progress Report	<b>PWC</b>	<b>*</b>	<b>N</b>
		4.2 Risk Management Protocol	<b>NF/MS</b>	<b>*</b>	<b>D</b>
14.35	5	<b>Governance</b>			
		5.1 Audit committee review of role and remit	<b>SR</b>	<b>*</b>	<b>D</b>
		5.2 BREXIT	<b>AG</b>	<b>*</b>	<b>N</b>
14.50	6	<b>Primary care Contractor services including NHS National Services Scotland Audit Reports</b>	<b>AG/GK</b>	<b>*</b>	<b>N</b>
15.00	7	<b>Backlog Maintenance Programme Update</b>	<b>GL</b>	<b>*</b>	<b>N</b>
15.10	8	<b>Impact of Carbon Emissions Regulations and Sustainability</b>	<b>RH</b>		
15.20	9	<b>Counter Fraud Progress Report</b>	<b>GK</b>	<b>*</b>	<b>N</b>
15.25	10	<b>Single Tender Register</b>	<b>GK</b>	<b>*</b>	<b>N</b>
15.30	11	<b>AOCB</b>			
		11.1 Committee Meeting Dates 2021	<b>SR</b>	<b>*</b>	<b>N</b>
15.30	12	<b>Report to NHSG Board</b>	<b>SR</b>	<b>#</b>	
		<b>Date of Next Meeting</b> Tuesday 8 December 2020, 10.30 - 13.30 MS TEAMS			

Mr Sandy Riddell  
Chair, NHSG Audit Committee  
Apologies to: [else.smaaskjaer@nhs.net](mailto:else.smaaskjaer@nhs.net) 01224 558409

\* Paper attached  
# Oral/verbal