

Audit Committee Assurance Report to Grampian NHS Board

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 21 July 2020

1. Internal Audit Annual Opinion 2019/20

The Board's internal auditors, PricewaterhouseCoopers LLP, presented their annual report for 2019/20. The Chief internal Auditor's annual opinion on the overall adequacy and effectiveness of the Board's systems of internal control was: "generally satisfactory with some improvements required. In total, 10 internal audit reviews were carried out during the year with 31 identified findings. There were no critical risk findings. 4 high-risk findings were identified, 3 in relation to the control framework governing Cyber Security of Medical Devices and 1 in relation to progress against the Records Management Plan. The Committee agreed that the report represented a fair summary of the internal audit activity throughout the year and welcomed the Chief Internal Auditor's comment that management demonstrates a commitment to addressing risks and improving processes and controls through identifying areas of specific challenge to the audit team in order to provide areas of focus for the audit work.

2. Annual Internal Audit Plan 2020/21

The Committee reviewed the internal audit plan for 2020/21, as originally agreed at the March 2020 meeting. In light of the change to the risk environment arising from COVID-19 the following changes to the programme were agreed:

- The planned review of Information and Communications Technology (ICT) vulnerability management to include a focus on home working arrangements;
- Replace the planned reviews of Clinical Governance, GP sustainability loans and eRostering with a wider thematic review of cross system ways of working, to be progressed jointly with the Health and Social Care partnerships;
- Replace the planned review of Waste Management arrangements with a review of arrangements for management and supply of Personal Protective Equipment (PPE); and
- Replace the planned review of Absence management with a review of governance and decision making during the COVID-19 response and recovery period.

3. National Service Audit Reports

The Committee considered the findings from the service audit reports prepared by independent auditors for NHS National Services Scotland (NSS) and NHS Ayrshire and Arran, with respect to support services provided to NHS Grampian and other customer Boards. For Practitioner Services and National IT services this was the first report prepared by new Service Auditors and resulted in a qualified opinion. The Committee noted that the NSS Audit Committee had derived assurance from the findings being consistent with the prior year and clarification that a qualification in the context of a service auditors report under ISAE 3402 varies to a qualification in a set of financial statements in that it relates to the design or operating effectiveness of controls rather than indicating that the underlying transactions are necessarily incorrectly processed. The Financial Ledger Service provided by NHS Ayrshire & Arran received an unqualified audit opinion. The Committee agreed that the Finance Director should seek assurance from NSS that a robust management action plan would be implemented, during 2020/21, to address the issues that gave rise to the qualification of the audit reports.

4. External Audit Progress Update and extension of Audit Appointment

The Committee received an update on the impact of COVID-19 on Audit Scotland's work including the 2019/20 audit programme, a key focus of which will be the Board's governance arrangements during the COVID-19 response and recovery period. The Committee welcomed the flexibility regarding timescales for the annual audit and noted that the audited accounts will now be reported to the Audit Committee on 1 September 2020 and thereafter to the Board on 3rd September 2020. The Committee were also briefed on the decision by the Accounts Commission and the Auditor General to extend public sector audit appointments from 5 years to 6 years. The Board's current auditors will therefore continue until March 2022.

Audit Committee meeting 17 March 2020

5. General Data Protection Regulation (GDPR)

The Committee received a report from the Board's Information Governance Manager detailing progress against key actions to address the recommendations from the GDPR readiness review prepared by our internal auditors, PwC in December 2017. Members were pleased to note the significant progress made and the development of a clear plan and oversight of progress through the Information Governance Steering Group chaired by the Board's Medical Director. The Committee agreed that as appropriate governance arrangements were now in place to progress the outstanding actions as operational matters, there was no requirement for further reporting on progress directly to the Audit Committee, other than progress against high risk recommendations which will continue to be reported by the Board's Internal Auditors at each meeting, in the normal way.

6. Cyber Security of Medical Devices

The Committee received a report from the Board's General Manager for eHealth detailing progress against key actions to address the recommendations highlighted in the recent review of Cyber Security in Medical Devices. The Committee were pleased to note the significant progress to date and that a Cyber Security Framework is now in place which ensures a consistent approach to security processes and controls for all devices. The Committee agreed that as appropriate governance arrangements were now in place to progress the outstanding actions as operational matters, there was no requirement for further reporting on progress directly to the Audit Committee, other than progress against high risk recommendations which will continue to be reported by the Board's Internal Auditors at each meeting, in the normal way.

7. Progress on the Blueprint for Good Governance Action Plan

The Committee received a report from the Board's Director of Finance detailing progress on the implementation of the action plan agreed by the Board in April 2019 and covering the five functions of governance described in the Scottish Governments Blueprint for Good Governance model. The report also provided a summary of outcomes, agreed actions and progress from recent workshop sessions attended by Board members and the System Leadership Team. The Committee welcomed the clarity around the reporting mechanism to the Board and the plan to consider assurance reports at the beginning of each Board meeting in order to inform discussion on subsequent items.

8. Primary Care Contractors –Payment Verification

The Committee received a report from the Board's Primary Care Contract Manager covering the arrangements for the management of the payment verification (PV) process relating to payments to independent primary care

contractors and the outcomes from the process. The Committee noted that no significant issues had been identified in any of the last three years and that all issues raised through the PV process were progressed appropriately by the primary care teams working closely with Practitioner Services Division and the contractors involved. He also reported on the current situation around the monitoring of the Scottish Dental Access Initiative scheme introduced in 1997 to improve access to NHS general dental services. Members noted that the majority of practices in receipt of an SDAI grant were fully compliant but two practices have had their grants rescinded for non-compliance and recovery action is ongoing.

Matters referred to other Board sub-Committees

There were no matters in referred to any other Board sub-Committee

Conclusion

The internal audit programme is a key source of assurance for the Board on the effectiveness of our management processes and internal control environment. The recent COVID 19 pandemic has significantly altered the Board's risk environment and revising the internal audit programme accordingly will ensure that the programme is appropriately focused at the main areas of concern for the Board.

Mr Sandy Riddell
Chair
Audit Committee

Attachment: Agenda of meeting of Audit Committee held on 17th March 2020 and 21 July 2020.

NHS Grampian (NHSG)

**Audit Committee Meeting
Tuesday 21 July 2020, 1030-1200
Video call using MS Teams**

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

Agenda

Approx Timing	No	Item	Lead	Ref	Noting / Decision
1030	1	Apologies		#	
1031	2	Minutes of the Meeting held on 17 March 2020	SR	*	D
1033	3	Matters Arising			
		3.1 Action Log of 17 March 2020	SR	*	N
		3.2 Any other matters arising	SR	#	N
1035	4	Internal Audit			
		4.1 Progress Report/High Priority Recommendations	PwC	*	N
		4.2 Risk Management progress report	NF/MS	*	N
		4.3 Annual Report for Year Ending March 2019	PwC	*	N
		4.4 Internal Audit Plan 2020/21	PwC	*	D
1105	5	National Service Audit Reports	GK	*	N
1115	6	Audit Scotland update	Audit Scot	*	N
1125	7	Counter Fraud, Losses and Special Payments	GK	*	D
1145	8	Single Tender Actions	GK	*	N
1150	9	Report to the Board	SR	#	D
1155	10	AOCB	SR	#	
		Date of Next Meeting Tuesday 1 September 2020, 10.30-12.00 Video call using MS teams			

* Paper attached; # Oral/verbal; ~ To follow

Apologies to: else.smaaskjaer@nhs.net 01224 (5)58409

Note: Professor Nick Fluck and Mr Mike Sevenoaks in attendance for Item 4.2

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Mr Sandy Riddell
Chair
NHSG Audit Committee

NHS Grampian (NHSG)
Audit Committee Meeting
Tuesday 17th March, 10.30-13.30
Conference Room, Summerfield House

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

Agenda

Approx Timing	No	Page No	Item	Lead	Ref	Noting/ Decision
10.30	0		Pre-Meeting of Non-Executive Board Members with Auditors	SR	#	
10.40	1		Welcome and Apologies	SR	#	
10.40	2		Minutes of the Meeting held on 7 January 2020	SR	*	D
10.45	3		Matters Arising			
		3.1	Action Log of 7 January 2020	SR	*	N
		3.2	Any other matters arising	SR	#	N
10.50	4		Internal Audit			
		4.1	Progress Report	PwC	*	N
		4.2	General Data Protection Regulations (GDPR) Progress	AB	*	N
		4.3	Cyber Security of Medical Devices – Progress	SS	*	N
		4.4	2020/21 Internal Audit Plan	PwC	*	D
11.40	5		Board Governance			
		5.1	Board Governance Action Plan	AG	*	D
		5.2	Compliance SLT Sub-Group – Report	PA	*	N
12.00	6		External Audit			
		6.1	Interim Report – 2019/20 Audit	Audit Sc	*	N
12.20	7		Financial Governance			
		7.1	Counter Fraud, Losses and Special Payments	GK	*	N
		7.2	Primary Care Contractors	PM	*	N
		7.3	GP Sustainability Loans	GK	*	N

Approx Timing	No	Page No	Item	Lead	Ref	Noting/ Decision
			7.4 Revised SFI's, SORD and Standing Orders	GK	*	D
12.50	8		2019/20 Annual Report and Accounts			
			8.1 Governance Statement Guidance and Process	GK	*	D
			8.2 Regulatory and Accounting Policy Update	GK	*	D
13.00	9		Single Tender Register	GK	*	N
13.10	10		AOCB	SR	#	
13.15	11		Content for Report to NHSG Board	SR	#	
			Date of Next Meeting Tuesday 23 rd June 2020, 10.30 – 13.00 Followed by AGM of Endowment Trustees and Board Meeting to Approve Annual Accounts 13.30 – 16.00 CURL, Aberdeen			
The meeting will be followed by a lunch break prior to the Development Session on Cyber Security at 14.00						

* Paper attached; # Oral/verbal; ~ To follow

Apologies to: else.smaaskjaer@nhs.net 01224 (5)58409

Notes: Mr Alan Bell, Head of Information Governance in attendance for Item 4.2
Mr Scott Sim, General Manager eHealth in attendance for Items 4.3
Mr Paul Allen, Director of eHealth and Facilities in attendance for Item 5.2
Mr Peter McLean, Primary Care Contracts Manager in attendance for Item 7.2

Mr Sandy Riddell
Chair
NHSG Audit Committee
17th March 2020