

**NHS Grampian (NHSG)**  
**Minute of the Audit Committee Meeting**  
**Tuesday 16<sup>th</sup> February 2021 (11.00 – 12.30)**  
**Microsoft Teams**

Board Meeting 03.06.21 Open Session Item 11.1
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**Present**

Mr Sandy Riddell, Non-Executive Board Member, NHS Grampian (Chair)  
 Cllr Isobel Davidson, Non-Executive Board Member, NHS Grampian  
 Cllr Douglas Lumsden, Non-Executive Board Member, NHS Grampian  
 Ms Rachael Little, Employee Director, NHS Grampian  
 Mr John Tomlinson, Non-Executive Board Member, NHS Grampian

**In Attendance**

Mr Alan Gray, Director of Finance  
 Mr Garry Kidd, Assistant Director of Finance, NHS Grampian  
 Ms Amy Anderson, Non-Executive Board Member, NHS Grampian  
 Ms Anne MacDonald, Senior Audit Manager, Audit Scotland  
 Ms Gillian Woolman, Assistant Director, Audit Scotland  
 Ms Gillian Collin, Senior Manager, PricewaterhouseCoopers LLP (PwC)  
 Mr Daniel Morris, PricewaterhouseCoopers LLP (PwC)  
 Ms Else Smaaskjaer, Minute

Item	Subject	Action
1	<p><b>Welcome</b> Mr Riddell welcomed everyone to the meeting.</p> <p><b>Apologies from Committee Members</b> There were no apologies from committee members.</p> <p><b>Declaration of Interest</b> None.</p>	
2	<p><b>Minute of Meeting Held on 2<sup>nd</sup> November 2020</b>  The minute was approved as an accurate record.</p>	
3	<p><b>Matters Arising</b></p>	
	<p>3.1 <u>Action Log of 8<sup>th</sup> December 2020</u>  The Committee reviewed the action log from the previous meeting.</p>	

Item	Subject	Action
	<p>Mr Riddell confirmed that a joint meeting of the key representatives from each of the Integration Joint Boards and NHS Grampian had been arranged for the afternoon of 16<sup>th</sup> February in order to discuss opportunities for collaborative working in areas such as internal audit planning.</p> <p>It was noted that all other items were included on the agenda or scheduled for a future meeting.</p>	
3.2	<p><u>Any other matters arising not on the action log</u></p> <p>None</p>	
<b>4</b>	<b>Internal Audit</b>	
4.1	<p><u>Progress Report and High Priority Recommendations</u></p> <p>Ms Collin presented the report which detailed internal audit activity since the last meeting of the Audit Committee and stated that good progress was being made on the 2020/21 internal audit plan. Ms Collin informed the Committee that two reviews had been completed since the last update:</p> <p><u>Budgeting and Financial Monitoring</u></p> <p>Ms Collin reported that the review had assessed the design and operating effectiveness of the key controls in relation to budget preparation and monitoring against it. No high risk recommendations were identified. One medium risk recommendation was identified relating to monthly monitoring reports not differentiating between recurring and non-recurring savings targets. An action plan has been agreed with management to progress the recommendations</p> <p>The review noted areas of good practice including assurance that the Board is aware of financial performance through regular reporting to the Performance Governance Committee.</p> <p><b>The Committee noted the report.</b></p> <p><u>Covid 19 – Review of Governance and Decision Making</u></p> <p>Reported at Item 4.3.</p> <p>Ms Collin went on to report progress against high risk findings</p>	

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	<p>identified in previous reviews:</p> <p><u>Cyber Security of Medical Devices</u> – work had progressed regarding the outstanding actions related to population and maintenance of the eEquip asset register. Some of the data fields in eEquip had not been populated and a new target date of 30<sup>th</sup> April 2021 had been agreed.</p> <p><b>The Committee agreed that progress against the outstanding actions should be reported at the next meeting.</b></p> <p><u>Records Management Plan</u> – the outstanding actions relate to development of the records management plan and a supporting information asset register. A voluntary self-assessment had been submitted to the National Records Office at the end of December 2020. The response will inform the process in these areas but in the meantime progress has been impacted by the COVID response. Work is ongoing to simplify the Information Asset Scheme and the Workforce Directorate had commenced a pilot relating to a template Business Classification Scheme.</p> <p><b>The Committee noted progress and agreed outstanding actions will be reported at the next meeting.</b></p> <p>Ms Collin informed the Committee that Terms of Reference had been finalised for reviews relating to Key Financial Controls, Governance Statement, Personal Protective Equipment (PPE) Supply Chain and Cross System Ways of Working. These reviews will be reported to the Committee in April. Remaining reviews in the internal audit plan for 2020/21 will be reported in June.</p> <p><b>The Committee welcomed progress to date and noted the report.</b></p>	<p>PwC</p> <p>PwC</p>
4.2	<p><u>Internal Audit Plan – 2021/22</u></p> <p>Ms Collin presented a draft internal audit plan outlining proposed areas for review during 2021/22. She explained that for this meeting it remained a discussion document and would be finalised for the next meeting of the Committee in April.</p> <p>Mr Riddell asked if Cross System Ways of Working should be included as a formal review at this stage. He noted that discussions with IJBs were still at an exploratory and tentative stage and would be hesitant to agree a formalised approach at this time. Mr Kidd suggested that the wording for this item could be reviewed to avoid any misunderstanding.</p>	

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	<p><b>The Committee noted the draft plan and agreed that it should now be circulated more widely for comment and returned to the next meeting in April for formal approval.</b></p>	<p><b>PwC</b></p>
4.3	<p><b><u>COVID 19 – Review of Governance and Decision Making</u></b></p> <p>Ms Collin presented the final report covering the recent review of Governance and Decision Making processes during the 1st wave of the Covid-19 pandemic. The findings included one high risk recommendation relating to inconsistencies in decision logs across Gold, Silver and Bronze Command i.e. in some instances the rationale for decisions were not clearly recorded and one medium risk recommendation relating to Civil Contingencies planning i.e. the revised Major Infectious Disease Plan had not been formally approved and some of the working practices were not suited to a remote working environment.</p> <p>The report however, also highlighted areas of good practice, in particular, the quick response by the Board in adapting to a rapidly evolving situation by establishing a Gold, Silver and Bronze structure and also in relation to communication, compliance and governance arrangements</p> <p>Councillor Davidson thanked Ms Collin for an interesting and informative report and asked that a future report outlining lessons learned be shared with partner organisations.</p> <p><b>The Committee noted the findings of the report and requested a further report outlining ‘lessons learned’ is presented to a future meeting.</b></p>	<p><b>AG</b></p>
5	<p><b>External Audit</b></p>	
5.1	<p><b><u>2020/21 External Audit Plan</u></b></p> <p>Ms Woolman introduced the 2020/21 external audit plan and briefed members on the key risks, planned activities and timescales to be achieved in order to complete the process by August 2021. The audit programme has been agreed, recognising that the bulk of the work will require to be delivered during the ongoing COVID-19 response and remobilisation period and with both the audit team and the Board’s finance team working remotely. This is consistent with the extended timescales agreed by the Scottish Government for submission of the audited annual report and accounts. In addition to risks associated with the financial statements and specific issues such as practitioner</p>	

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	<p>services and succession planning within the Senior Finance team, the audit will consider how NHS Grampian is responding to and addressing other wider risks including changes to governance arrangements and increased procurement demands arising from the pandemic, performance against targets and financial sustainability. Mr Gray confirmed that finance colleagues have had the opportunity to comment on the draft plan and are in agreement with the planned scope and timeframe for the audit. Ms Woolman informed the Committee that, due to the ongoing challenges presented by Covid-19, the appointment of Audit Scotland had been extended for one year.</p> <p>Mr Riddell thanked Audit Scotland for the useful content in the audit plan. Mr Tomlinson asked whether the wider dimensions would include the board's arrangements in respect of equality which had been referenced in the plan for 2019/20. Ms MacDonald explained that work had been commenced during 2020 but due to the impact of Covid-19 had not been concluded. She informed the Committee that Audit Scotland intended to report on this during the coming months.</p> <p>There was some discussion regarding benchmarking against other boards and Mr Riddell asked how this would work in practice given that different boards have different approaches and different priorities. Ms McDonald noted that comparisons will be reported in context to ensure that a wider picture is presented.</p> <p><b>The Committee approved the External Audit Plan for 2020/21.</b></p>	
6	<b>Governance</b>	
6.1	<p><b>Brexit</b></p> <p>Mr Gray presented a report on the current status regarding the UK's withdrawal from the EU and briefed members on the system wide processes in place to ensure continuous review of key risk areas such as the supply chain (freight, medicines, medical devices and clinical consumables and laboratory supplies), workforce (HMRC guidance and Health and Wellbeing of those impacted), finance (tariff changes and rules of origin), information governance (data flows) and contingency planning. Although there were some reports of shipment delays at border control the impact on flow and supply was being closely monitored and no immediate concerns were reported regarding critical supplies such as medicines. Similarly no major workforce issues had been highlighted. Mr Kidd reported that there had been some custom delays relating to delivery of medical equipment and extended lead times were now being built into project planning where appropriate.</p>	

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	<p>Mr Tomlinson asked if the programme extended across the whole system and Mr Gray confirmed that the plan will be shared with IJB partners.</p> <p><b>The Committee welcomed the assurance and noted the report.</b></p>	
7	<p><b>Primary Care Contractor Services Including NHS National Services Scotland (NSS) Audit Reports</b></p> <p>Mr Kidd updated the committee on 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.</p> <p>Mr Kidd referred to a letter received from Mr Martin Bell, Director of NSS Practitioner Services confirming that NSS had agreed a redesigned control framework with their auditors in order to ensure that all recommendations and actions arising from the previous report were now incorporated. Testing of evidence was planned to be conducted between late January and the end of March 2021. Mr Kidd also highlighted that the planned annual visits to Health Boards to discuss progress with all aspects of the work undertaken by Practitioner Services Division had been put on hold due to the COVID-19 response.</p> <p>Members welcomed the positive message from NSS management and recognised the role that the NSS Audit Committee have regarding oversight of the process but remain concerned at the lack of detail available regarding progress against each of the specific findings from the 2019/20 report.</p> <p>Mr Kidd responded that he had replied to NSS asking for more detail on the proposed actions.</p> <p>Ms MacDonald welcomed the update and informed members that she remains in contact with external audit colleagues regarding the concerns raised.</p> <p><b>The Committee noted the report and asked Mr Kidd to continue to seek additional assurance on progress.</b></p>	GK
8	<p><b>Counter Fraud Progress Report</b></p> <p>Mr Kidd presented the report noting progress on counter fraud matters within NHS Grampian. He reported that the production of video messages for staff will be taken forward and in the meantime communication to staff had continued though the daily staff brief. In addition Counter Fraud Services will</p>	

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	<p>broadcast several live sessions available to all staff during February and March.</p> <p>Mr Kidd noted that regular messaging to staff encourages positive behaviours and how to report any concerns. Mr Riddell asked if managers had been targeted to ensure they were minded of their managerial responsibilities and encouraged to build this topic into support and supervision discussions. Mr Kidd suggested that this would be considered at his next regular meeting with Ms Little, Employee Director and Ms Coull, Head of HR.</p> <p><b>The Committee noted the report.</b></p>	
9	<p><b>Single Tender Actions – Review of Recent Approvals</b></p> <p>Mr Kidd presented the paper detailing single tender actions authorised since the last meeting, together with a summary of the justification.</p> <p><b>The Committee noted the report.</b></p>	
10	<b>AOCB</b>	
	10.1 None	
11	<p><b>Report to Grampian NHS Board</b></p> <p>It was agreed that the following will be reported to all Board members at the meeting in April.</p> <ul style="list-style-type: none"> <li>• External Audit Plan;</li> <li>• Brexit Update;</li> <li>• NSS Audit Report; and</li> <li>• Internal Audit Plan (providing opportunity for Board Members to comment).</li> </ul> <p><b>Mr Kidd to draft the report to the Board for Mr Riddell’s review.</b></p>	GK/SR
	<p><b>Date of Next Meeting</b></p> <p>Tuesday 20<sup>th</sup> April (11.00 – 12.30) Microsoft Teams</p>	