

**NHS Grampian (NHSG)
Minute of the Audit Committee Meeting
Tuesday 22nd March 2022 (11.00 – 12.30)
Microsoft Teams**

Board Meeting 04.8.22 Open Session Item 12.1

Present

Mr Sandy Riddell, Non-Executive Board Member, NHS Grampian (Chair)
Mr Albert Donald, Non-Executive Board Member, NHS Grampian
Dr John Tomlinson, Non-Executive Board Member, NHS Grampian

In Attendance

Mr Paul Allen, Director Facilities and eHealth, NHS Grampian (Item 6.3)
Dr Paul Bourke, Anaesthetic Consultant, NHS Grampian (Item 4.4)
Ms Sarah Duncan, Board Secretary, NHS Grampian
Mr Alan Gray, Director of Finance, NHS Grampian
Ms Jo Hall, Vaccination Programme Manager, NHS Grampian (Item 4.1)
Professor Caroline Hiscox, Chief Executive, NHS Grampian
Mr Garry Kidd, Assistant Director of Finance, NHS Grampian
Ms Christine Leith, Unit Operational Manager, NHS Grampian (Item 4.4)
Ms Gillian Woolman, Assistant Director, Audit Scotland
Ms Anne MacDonald, Senior Audit Manager, Audit Scotland
Ms Lyndsey Paterson, Partner, PricewaterhouseCoopers LLP (PwC)
Ms Gillian Collin, Director, PricewaterhouseCoopers LLP (PwC)
Mr Robert Barr, Manager, PricewaterhouseCoopers LLP (PwC)
Ms Else Smaaskjaer, Minute

Item	Subject	Action
1	<p>Welcome Mr Riddell thanked everyone for attending.</p> <p>Apologies from Committee Members Councillor Isobel Davidson, Non-Executive Board Member, NHS Grampian Ms Rachael Little, Employee Director, NHS Grampian</p> <p>Apologies from Other Attendees None</p> <p>Declaration of Interest None.</p>	
2	<p>Minute of Meeting Held on 21st December 2021</p> <p>The minute was approved as an accurate record.</p>	

Item	Subject	Action
3	<p data-bbox="272 226 1393 296">Matters Arising</p> <p data-bbox="272 300 1393 848"> 3.1 <u>Action Log of 21st December 2021</u> The Committee reviewed the action log from the previous meeting and noted that, with one exception below, all items were on the agenda for this meeting or highlighted as future agenda items. 8. 21.12.21 Item 7 Single Tender Actions – Review of Recent Approvals - Mr Kidd informed the Committee that, following a query raised at the last meeting regarding the potential to source an item from a non-UK supplier, the procurement team had clarified that generally most products purchased for use within the Board were sourced from authorised UK agents in order to ensure compliance with the required UK regulations and technical standards and to ensure maintenance and parts availability. </p> <p data-bbox="272 852 1393 995"> 3.2 <u>Any other matters arising not on the action log</u> None. </p>	
4	<p data-bbox="272 999 1393 1068">Internal Audit</p> <p data-bbox="272 1073 1393 1873"> 4.1 <u>Progress Report and High Priority Recommendations</u> Ms Collin and Mr Barr presented the report which detailed internal audit activity since the last meeting of the Audit Committee. Since the last update, two reviews had been finalised, Vaccination and Inclusivity Plan and the Estates Maintenance Programme. Terms of Reference had been prepared for reviews of Key Financial Controls, the Arrangements in Support of the Governance Statement and IT Remote Working. There had been no changes to the agreed internal audit plan for 2021/22. <u>Vaccination and Inclusivity Plan</u> Ms Collin reported the review had focused on the NHS Grampian inclusivity plan for the roll out of the Covid-19 Vaccination Programme. A different approach to traditional audit reviews had been adopted and the review had taken the form of interviews with key stakeholders. A standing checklist had been used for each interview to identify recurring themes from the information gathered. This had identified some areas of good practice including strong links across the system and an innovative approach to encourage uptake amongst some hard to reach groups. </p>	

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	<p>The review had highlighted the need for clearer definition of roles and responsibilities across the IJBs and NHS Grampian to provide a shared understanding of where responsibilities lie. It also drew attention to the importance of the location of vaccine centres to ensure ease of access and encourage uptake. It was suggested that this should be considered in the early stages of any future roll outs along with the use of mobile facilities to reach rural communities across Grampian. The quality of data held was considered good but the review advised that decision logs should be kept up to date and information could be provided in a more accessible format.</p> <p>Ms Hall informed the Audit Committee that the Public Health management team had welcomed the review and had discussed the areas for consideration. She advised that the findings in the report should be considered in the context of the pace and scale around the roll out of the vaccination programme. As the situation had settled a Vaccination Board had been established which considers all matter relating to the programme. The decision log is now reviewed twice weekly and agreed actions are taken forward. Ms Hall noted that work in identifying vaccination centres had been undertaken at a time of extreme pressure across the system and future decisions will reflect consideration of access, travel distance, ease of uptake and funding available.</p> <p>The Committee noted the report and acknowledged the good practice demonstrated against a background of very challenging circumstances.</p> <p><u>Estates Maintenance Programme</u></p> <p>The review had assessed the design and operating effectiveness of the key controls in the processes to manage the backlog maintenance of estates within NHS Grampian. No high risk recommendations were identified. Three medium risk recommendations were made relating to a lack of capacity of Infection Prevention and Control colleagues and qualified engineers which can lead to delays in project commencement, the need to strengthen links between backlog maintenance and service requirement to improve prioritisation and the challenges in meeting the Scottish Government target that 20% of the estate should be surveyed each year. There was one low risk recommendation regarding the limited usage of the Estates Asset Management System which resulted in not having one complete up to date record of the condition of assets. An action plan had been agreed with management.</p>	

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	<p>The Committee noted the report.</p> <p>Ms Collin reported that discussions are ongoing with auditors across the IJBs in Grampian regarding joint assurance work. Mr Riddell asked that the scope of the review should look beyond data sharing between the three IJBs and NHS Grampian and asked that PwC follow up with the responsible NHS Grampian Executive Lead and the IJB Chief Internal Auditors to ensure development of a plan to deliver a single system wide assurance approach.</p> <p>Ms Collin agreed to discuss with the other Chief Internal Auditors and prepare a draft scope for the Committee to consider.</p>	<p>PwC</p>
<p>4.2</p>	<p><u>Annual Internal Audit Plan</u></p> <p>Ms Collin presented a report with an indicative plan for the three year period 2022/23 to 2024/25. She explained that this will be revised on an annual basis to ensure it continues to reflect key risks and objectives and some flexibility will be allowed to deal with emerging issues. Mr Donald highlighted the Whistleblowing Policy which had been implemented in 2021 and that NHS Grampian should be in a position to provide a progress update. Ms Collin confirmed that a review of whistleblowing processes was included in the plan for 2022/23.</p> <p>It was agreed that the Chief Executive Team should be content that all items they would expect to see were included in the report and Professor Hiscox noted that it was useful to see a planned programme and welcomed the opportunity to review this annually to ensure it aligns with the NHS Grampian Plan for the Future. Mr Kidd advised that the draft plan would be shared with the wider Board membership and the Chief Executive Team for comment before PwC complete the next draft and share with the chief internal auditors of IJBs.</p> <p>Dr Tomlinson advised that the review of PAIR and the embeddedness of risk management processes should be revised to reflect that the Performance, Assurance, Improvement and Risk agenda will now be embedded in the new Board Assurance Framework.</p> <p>It was also noted that the plan included an allocation of time to support joint working with IJBs.</p>	

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	<p>The Committee noted the plan and agreed that it should be shared with Non-Executive Board Members and the Chief Executive Team and brought back to the next Audit Committee meeting on 19th April.</p>	<p>GK/ PwC</p>
<p>4.3</p>	<p><u>Agency Employed Supplementary Staffing Review – Progress Report</u></p> <p>Mr Kidd provided an update on the status of agreed actions arising from the review of Appointment and Monitoring of Agency Employed Supplementary Staff completed in August 2021. He explained that implementation of the recommended actions had been delegated to the Single Staff Bank Project Implementation Group and an Appendix to the report detailed the progress made against each action reported at a recent meeting of the group.</p> <p>The Committee noted some positive progress and the challenges of progressing some recommendations at pace during a time of ongoing pressures across the system. It was also noted that the Single Staff Bank Project Implementation Group had also queried whether certain recommendations would be cost effective to implement. Mr Kidd explained that the group were in the process of developing a formal management response to the recommendations including an agreed action plan.</p> <p>The Committee noted the report and requested that the formal management response is agreed with PwC and incorporated in the final version of the Internal Audit report as soon as possible.</p>	<p>GK/ PwC</p>
<p>4.4</p>	<p><u>Theatre Utilisation Review – Progress Update</u></p> <p>Ms Leith presented the report detailing progress against the action plan. This provided detailed updates on progress against each of the recommendations in the review with revised completion dates. Ms Leith commented on each of the three main findings in the review.</p> <p><u>Review of, and decision making based on, theatre utilisation data</u> - during Covid-19 focus had been on dealing with emergencies but it had been acknowledged that effective theatre utilisation is possible during periods of pressure on the system. Work is ongoing to improve validation reports which will feed into Senior Nursing Review meetings and develop automated weekly KPI dashboards for each theatre.</p> <p><u>Management and analysis of waiting list data</u> – this is moving ahead and improvements in data monitoring is scheduled to be in place by the end of March 2022. Dashboard reporting will provide a more</p>	

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	<p>visible presentation of the data and highlight gaps relating to individual theatre teams. Management will continue to work with Health Intelligence and with clinicians and medical secretaries to reach a more proactive approach in managing waiting lists. However, there is no reportable system available at this time and much of the work is completed through manual updates.</p> <p><u>Theatre and bed booking policy</u> – there are sixty protected planned care beds in ARI but it had been difficult to maintain availability during the pandemic. Recovering staff to surgical teams is currently under review and the use of the Department of Scheduled Admissions (DOSA) is promoted across all services. Management recognise the importance of encouraging the right behaviours. There had been some consideration of whether to commence an element of centralised booking but some concerns regarding moving this away from specialty areas. As elective capacity comes on stream and preparations are taken forward for the National Treatment Centre - Grampian this will continue to be reviewed. Secretarial teams had been issued with a guide to the Opera Theatre Management System and how surgical procedure times are worked out to encourage more efficient use of the time available. Uncertainties in the system make it difficult to confirm a completion date for the actions relating to theatre and bed booking and the situation will be reviewed in three months.</p> <p>Mr Riddell thanked Ms Leith for the helpful, comprehensive and candid update which had provided assurance that the recommendations in the report are being addressed. Dr Bourke confirmed that data is used in a meaningful way and it is useful for staff to be aware of the bigger picture as well as that relating to their own areas. He agreed that staff should be encouraged to analyse data in a way which leads to more proactive management of waiting times and theatre bookings.</p> <p>The Committee thanked Ms Leith and Dr Bourke for the update and agreed that it provided sufficient assurance that operational arrangements were in place to address the recommendations and that future reporting on progress should now be absorbed in to the Committee’s normal reporting cycle.</p>	
5	External Audit	
	<p>5.1 <u>2021/22 Annual Audit Plan</u></p> <p>Ms Woolman introduced the 2021/22 external audit plan and briefed members on the key risks, planned activities and timescales to be</p>	

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	<p>achieved in order to complete the process by August 2022. She outlined the areas which will be covered by the audit and the sources of assurance. Ms Woolman informed the Committee that in addition to the standard audit risks associated with the financial statements, the audit plan highlights particular areas of focus this year as asset valuation, payments to primary care contractors, reconciliation of IJB transactions and implementation of the Board's new pharmacy system. In addition, the code of audit practice requires all auditors of public sector bodies to consider the adequacy of arrangements in place across the wider dimensions of Financial Sustainability, Financial Management, Value for money and Governance and Transparency. In this context Audit Scotland have identified key areas of focus as Financial sustainability, Performance against waiting time standards and Leadership capacity.</p> <p>It was 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 challenges presented by Covid-19 during 2020/21, the appointment of Audit Scotland had been extended for one year but this would be the final year of that appointment and it would be important during the audit process to ensure a smooth transition to the newly appointed external auditors. She confirmed the decision by Audit Scotland, following a public procurement process, to appoint Deloitte LLP as the Board's external auditors for a five year term effective from the 2022/23 annual audit. Deloitte LLP will confirm details of the audit team assigned to NHS Grampian.</p> <p>The Committee approved the External Audit Plan for 2021/22.</p>	
5.2	<p><u>NHS In Scotland 2021 Report</u></p> <p>Mr Gray presented a paper which asked the Committee to consider the findings and recommendations set out in Audit Scotland's annual overview report. The report highlighted the key areas for consideration and recommendations for NHS Boards and the Scottish Government. Mr Gray suggested that NHS Grampian should respond to the recommendations by confirming that they will be taken into consideration in the development of the next annual operational plan and the NHS Grampian Strategy (Plan for the Future) which will be considered by the Board in June.</p> <p>The Committee noted the report and agreed to the overarching response to the recommendations in the Audit Scotland report.</p>	

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	<p>On behalf of the Committee, Mr Riddell wished Mr Gray well in his new role with the Scottish Government. He highlighted the benefits of having an Executive link with the Chief Executive Team and thanked Mr Gray for his input and valued opinion whilst attending the Audit Committee. He noted the occasions when Mr Gray had provided sound counsel around complicated issues and the Committee had appreciated his guidance in navigating the Committee through some complex situations. Mr Gray thanked the Committee for their good wishes and acknowledged the wider team which supported the effective contribution of the Committee in providing assurance to the Board.</p>	
6	Governance	
6.1	<p><u>Governance Statement Guidance and Process</u></p> <p>Mr Kidd presented the paper briefing audit committee members on the sources of assurance that will be used to support the 2021/22 governance statement which is prepared as part of the annual report and accounts.</p> <p>Mr Kidd explained the role of the Audit Committee is to agree and recommend the governance statement to Professor Hiscox, Chief Executive as the accountable officer for NHS Grampian. Mr Kidd will ask Senior Managers, Executives and Chairs of Board Committees to confirm they have implemented and maintained internal controls across their areas of responsibility and then prepare a draft statement for the next meeting of the Audit Committee.</p> <p>The Audit Committee noted the guidance on preparation of the governance statement and approved the following:</p> <ul style="list-style-type: none"> • The sources of assurance and approach to be adopted for preparation of the 2021/22 governance statement ; and • To share the draft statement including within the report with Integration Joint Boards, in order to facilitate preparation of their draft accounts. 	
6.2	<p><u>Role of the Audit Committee</u></p> <p>Mr Kidd presented a paper which outlined details of the extant Audit Committee Constitution agreed in December 2020. He had also circulated the current assurance framework and a draft work plan for the Committees consideration.</p>	

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	<p>There was some discussion regarding the review of Terms of Reference for all Board Committees and the Assurance Framework to reflect the direction of travel of NHS Grampian and take account of the new management structure implemented across the organisation. Ms Duncan advised that it is the role of the Board to agree Terms of Reference for Committees and any revised committee structure proposed.</p> <p>The Committee noted the report.</p>	
6.3	<p><u>Compliance Sub-Group Assurance Report</u></p> <p>Mr Allen reported on progress since the last update in August 2021. He noted the work undertaken to review the Terms of Reference for the sub-group and redefine the membership which had resulted in improved attendance at meetings. The register of regulatory compliance bodies had been updated to include details of additional areas of compliance identified. Mr Allen highlighted a wider understanding of topic areas and the increase in cross-system discussion during meetings. Work continues to review how risk is managed and the sub-group had undertaken a strategic risk review using the Bow Tie risk management model developed with the Corporate Risk Adviser identifying Hazards, Threats and Consequences.</p> <p>Mr Riddell welcomed the good progress to date and noted that the attendance had improved to ensure appropriate representation, although the scale and breadth of the subjects covered was a cause for concern. Dr Tomlinson agreed that given the system pressures since early 2020 it would be difficult for team leaders to cover all that is required and asked if there is a corporate approach to manage that. Mr Allen noted that as the sub-group widens its understanding it continues to review key areas and target focus as issues arise. He confirmed that the RAG status for activities relating to regulatory bodies is informed by those who have expertise in those areas.</p> <p>The Committee discussed the mechanism for following up on matters raised at meetings of the sub-group and highlighted an adult protection matter noted in the group minutes for which the status was unclear. Mr Allen advised that he would raise this with the relevant Executive Lead and report back. Professor Hiscox noted that assurance around adult protection is provided through Chief Officer groups and an area of concern previously raised is protected time for mandatory training. Ms Duncan confirmed that this will be one of the</p>	

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	<p>topics discussed at the Board Seminar on 5th May.</p> <p>The Committee noted the report and asked Mr Allen to provide an update on the specific adult protection matter raised at the next meeting on 19th April 2022.</p>	PA
6.4	<p><u>Counter Fraud Progress Report</u></p> <p>Mr Kidd presented the report which provided an update on ongoing investigations and an analysis of referrals during the current year. He noted that there had been a slight increase in referrals but still lower than in previous years and this remains an area of concern.</p> <p>The Committee discussed the challenges in complying with the new Counter Fraud Standards and more generally the availability of capacity to support the pro-active development of the Boards internal control environment. Professor Hiscox noted that it had been helpful to understand the context of the reported discussion at the Audit Committee in December 2021. She acknowledged the impact of recent and upcoming changes in the Senior Finance team and advised that the issue had also been raised by Executive Leads regarding capacity to meet growing scrutiny and legislative requirements across a range of corporate functions. Professor Hiscox informed members that it was her intention to review corporate support requirements alongside the ongoing review of Board assurance arrangements and the NHS Grampian Plan for the Future, which will be presented to the Board in June. Mr Riddell noted it had been useful to consider this in a wider context and Dr Tomlinson agreed but advised that there should also be some consideration of whether expert resources are required.</p> <p>The Audit Committee noted the report.</p>	
6.5	<p><u>Single Tender Register</u></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>No queries were raised.</p> <p>The Committee noted the report.</p>	
7	<p>AOCB</p> <p>Mr Riddell reported that he had attended the first meeting of Audit Committee</p>	

Item	Subject	Action
	Chairs in Scotland representing a wide range of public sector organisations in Scotland.	
9	<p>Report to Grampian NHS Board</p> <p>It was agreed that the following should be included in the next report to all Board members.</p> <ul style="list-style-type: none"> • Annual Internal Audit Plan; • Joint Working; • Internal Audit Review – Theatre Utilisation; • External Audit Plan • Audit Scotland: NHS In Scotland 2021 Report • Compliance Sub-Group • Counter Fraud Activity; and • Audit Committee Development Session. <p>Mr Kidd to draft the report to the Board for Mr Riddell’s review.</p>	GK/SR
	<p>Date of Next Meeting</p> <p>Tuesday 19th April 2022 11.00 – 13.00</p> <p>Followed by Development Session (Counter Fraud Activity) at 14.00 for all Non-Executive Board Members and the Chief Executive Team.</p>	