

**NHS Grampian (NHSG)
Minute of the Audit and Risk Committee Meeting
Tuesday 20th December 2022 (11.00 – 13.00)
Microsoft Teams**

Present

Ms Amy Anderson, Non-Executive Board Member, NHS Grampian (Chair)
Mr Albert Donald, Non-Executive Board Member, NHS Grampian
Mr Steven Lindsay, Employee Director, NHS Grampian
Mr Derick Murray, Non-Executive Board Member, NHS Grampian
Cllr Ian Yuill, Non-Executive Board Member, NHS Grampian

In Attendance

Ms Alison Evison, Chair NHS Grampian, Non-Executive Board Member
Dr Adam Coldwells, Deputy Chief Executive, NHS Grampian (obo Professor Hiscox)
Ms Sarah Duncan, Board Secretary, NHS Grampian (Item 7)
Professor Nick Fluck, Medical Director (Executive Lead for Risk), NHS Grampian (Item 7)
Mr Alex Stephen, Director of Finance, NHS Grampian
Mr Paul Allen, Director of Infrastructure and Sustainability (Items 6 and 7)
Mr Mike Sevenoaks, Risk Advisor, NHS Grampian
Ms Julie Anderson, Assistant Director of Finance, NHS Grampian
Ms Gillian Collin, Director, PricewaterhouseCoopers LLP (PwC)
Mr Robert Barr, Manager, PricewaterhouseCoopers LLP (PwC)
Ms Angela Pieri, Director, Grant Thornton
Ms Else Smaaskjaer, Minute

Item	Subject	Action
1	<p>Welcome Ms A Anderson welcomed everyone to the meeting and introduced Ms Angela Pieri attending for Grant Thornton who had recently taken up the role as External Auditors for NHS Grampian Ms Anderson reminded Committee members of the purpose of the Committee to seek assurance on behalf of the Board regarding its responsibilities for the conduct of public business, and the stewardship of funds under its control.</p> <p>Apologies from Committee Members Cllr Tracy Colyer, Non-Executive Board Member, NHS Grampian</p> <p>Apologies from Other Attendees Professor Caroline Hiscox, Chief Executive, NHS Grampian</p> <p>Declaration of Interest None.</p>	

Item	Subject	Action
2	<p>Minute of Meeting Held on 18th October 2022</p> <p>There were no comments and the minute was approved as an accurate record.</p>	
3	<p>Matters Arising</p>	
3.1	<p><u>Action Log of 18th October 2022</u></p> <p>The Committee reviewed the action log of three items from the previous meeting and noted that two items were on the agenda for this meeting and one highlighted as an agenda item for the next meeting on 14th March 2023.</p>	
3.2	<p><u>Any other matters arising not on the action log</u></p> <p>Item 4.1 – It was confirmed that the full internal audit plan had been distributed to the Committee.</p> <p>Item 5.2 – The Board Development Session on Risk had been arranged for 12th January 2023.</p>	
4	<p>External Audit</p>	
	<p><u>Grant Thornton Introductory Report</u></p> <p>Ms Pieri introduced herself to the Committee and outlined her involvement as a Director of Grant Thornton as they take up the role as external auditors of NHS Grampian. She informed the Committee that Grant Thornton have worked as auditors across the public sector for some time and are experienced in the audit requirements in relation to the National Health Service. Ms Pieri confirmed that Ms Georgina Philp will undertake the role of senior audit manager and will arrange touchpoint meetings with the NHS Grampian finance team to take forward planning for the 2022/23 audit process. She also noted that Grant Thornton may take a different approach than Audit Scotland but the same auditing standards will be applied and staff will work towards ensuring a smooth transition.</p> <p>The Audit and Risk Committee thanked Ms Pieri for her introduction and asked that Grant Thornton provide a short orientation presentation and their programme of work at an early opportunity.</p>	GT
5	<p>Internal Audit</p>	
5.1	<p><u>Progress Report and High Priority Recommendations</u></p>	

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	<p>Mr Barr presented the report which detailed progress to date on internal audit activity. Since the last meeting of the Committee one report on Property Transaction Monitoring had been completed and three draft reports, Succession Planning, Whistleblowing Arrangements and The Plan for the Future had been issued for management comment. Mr Barr confirmed that the terms of reference for the review of Whistleblowing Arrangements had been agreed with relevant stakeholders. He also reported that planning and scoping is progressing well across all other reviews in the audit plan and that at the time of reporting there were no open high risk findings from previous reviews.</p> <p><u>Property Transaction Monitoring</u></p> <p>Property transaction monitoring is performed by Internal Audit on an annual basis in line with the NHS Scotland Property Transaction Handbook (PTHB) and NHS circular CEL08 (2011). The eight property transactions completed for NHS Grampian during 2021/22 were reviewed for compliance and all transactions had been handled in line with the mandatory requirements of PTHB. Mr Barr advised there were no findings to bring to the attention of the Committee.</p> <p>The Committee noted the report.</p> <p>Members of the Committee discussed the following items in the report:</p> <p><u>New Ways of Working (Space Utilisation)</u> – The report noted it had been difficult to agree a scope for this review and it had been suggested that it may be more appropriate, at this time, to focus on new ways of working for support staff. Ms Evison highlighted that making the best use of assets, and space utilisation across the estate in its widest sense is an important piece of work. Mr Lindsay also noted that it would be important to look at this in the wider context of staff wellbeing and life-work balance.</p> <p><u>Joint Assurance – Data Sharing</u> – Planning for this review continues and there had been engagement with Chief Internal Auditors and Data Protection Officers across Grampian. To avoid duplication information collated by NHS Grampian Information Governance colleagues for the review by the Information Commissioners Office, which is relevant to this review, will be shared with the internal audit review team. It is expected that this will be available early in 2023.</p>	

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	<p><u>Whistleblowing Arrangements</u> – Mr Donald noted the Terms of Reference for the internal review had been agreed with relevant stakeholders and asked, that as the Board’s Whistleblowing Champion, if he could have some input before the report is finalised. Ms Collin and Mr Donald to discuss outside the meeting.</p> <p>Ms A Anderson highlighted current discussions across the organisation regarding surge plans and ongoing pressures in the system and asked if the internal audit team would be mindful of that when asking staff to input into reviews. Ms Collin confirmed that the team would be flexible in accommodating pressures on staff and will continue to monitor and evaluate capacity for this work. Mr Stephen welcomed this approach.</p> <p>The Committee noted the report and thanked PwC for the progress made to date.</p>	
5.2	<p><u>Follow Up of Previous Years Low and Medium Risk Recommendations</u></p> <p>Ms J Anderson presented a report summarising the status of agreed actions arising from medium and low priority internal audit recommendations identified during the previous five year period 2017/18 to 2021/22. The report informed the Committee that, out of a total of 129 actions arising during this period, all of the recommendations dated prior to 2017/18 were complete, 21 (1 from 2017/18, 2 from 2018/19, 1 from 2019/20 and 17 from 2021/22) remain open or partially complete. Ms Anderson explained that the improvement actions against some of the outstanding recommendations had been largely implemented but, due to limited resources and other factors, some services had found it difficult to achieve 100% completion and monitoring will continue.</p> <p>Mr Stephen suggested that the agreed actions which had been in place for some time could be subject to a detailed assessment with PwC with a report back to the Committee confirming if they are actively managed by service managers and whether it would be appropriate to accept any limited risk outstanding and agree to close them off. Ms A Anderson noted that ongoing work within the Board regarding risk appetite would help the Committee to review and assess outstanding recommendations. Ms Evison agreed and highlighted that many Committee members are relatively new to this and a review would help them to reach a wider understanding of why the recommendation had been made in the original report and if circumstances had changed since then.</p>	

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	<p>The Audit and Risk Committee noted the position regarding the status of agreed actions arising from medium and low priority audit recommendations identified in the internal audit programme in prior years.</p> <p>The Committee also agreed that an action assessment of historic recommendations should be reviewed with relevant action owners and PWC to consider appropriateness of closing off and a report brought back to the committee with recommendations.</p>	<p>JA/PwC</p>
<p>6</p>	<p>Compliance Group – Assurance Report</p> <p>Mr Allen presented a report which provided an update on the work of the NHS Grampian Compliance Group and outlined the aim and purpose of the group. Mr Allen informed the Committee that the Terms of Reference had been updated to ensure that NHS Grampian is compliant with statutory and regulatory requirements and highlighted that the Regulatory Body Compliance Register had been reviewed. In addition a schedule of key subject matter reporting had been agreed for 2023.</p> <p>Mr Donald asked if attendance at meetings of the group had been sufficient to provide assurance across all the subject areas covered. Mr Allen confirmed that there had been some concerns regarding attendance but he had continued to review the membership and the position is now much improved. He also seeks confirmation from members that if they cannot attend a meeting a suitable deputy will attend to ensure that key subject areas on the agenda are properly covered.</p> <p>It was acknowledged that the scope and remit of the Compliance Group is very wide and Ms A Anderson asked if the reporting framework provides assurance that information is reported to all parts of the system. Mr Allen explained that NHS Grampian Board is provided with assurance through the Audit and Risk Committee and reporting to the Chief Executive Team helps in terms of cross fertilisation across the system, ensuring that Portfolio Leads and the Chairs of the Clinical Risk Management group remain informed. He also noted that it had been helpful to have the Corporate Risk Advisor as a regular attendee at the Compliance Group which provided another layer of cross-system scrutiny.</p> <p>The Audit and Risk Committee thanked Mr Allen for the update and noted:</p> <ul style="list-style-type: none"> • the NHS Grampian Compliance Group has met 3 times since last update to the Audit Committee in March 2022. • the Compliance Group have also reviewed and updated the Regulatory Body Compliance Summary register as new areas of compliance have 	

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	<p>been highlighted.</p> <ul style="list-style-type: none"> • that the Subject Matter Experts reporting annual review dates had been agreed for 2023. • the Compliance Group continues to progress and is gaining a better understanding of the topic areas to report and highlight any areas of concern and provide assurance to the Chief Executive Team and Audit and Risk Committee. • that the scope and remit of the group is wide and is being monitored. • the ongoing work to revise the approach to reviewing and managing strategic compliance risks using the Bow Tie methodology. 	
7	Risk	
7.1	<p><u>Risk Appetite – Board Development Session</u></p> <p>Professor Fluck presented an outline of the Board Development Session scheduled for 12th January 2023 to inform Non-Executive Board Members of the Board Risk Process. He highlighted the main elements of the session:</p> <ul style="list-style-type: none"> • A recap of current risk management protocol/standard operating procedures – how the organisation currently manages risks. • A recap of escalation pathways for operationally held risks from the risk owner to Portfolio Leads, Executive Leads and the Chief Executive Team, ensuring that this provides assistance in managing the risk rather than a transfer of risk ownership. <p>Professor Fluck also noted the intention that Board Members will consider the development of system escalation rules (risk appetite), including:</p> <ul style="list-style-type: none"> • How the escalation of risk is managed. • Whether there are benefits in defining risk which must be reported. • Whether escalation routes should vary for different types of risk. • How assurance committees should approach risk escalation. <p>It was agreed that the development session will help to provide a clearer picture around the responsibilities of each Board Assurance Committee in relation to risk and the role of the Audit and Risk Committee in taking an oversight of all strategic risks across the organisation.</p> <p>The Audit and Risk Committee agreed the outline for the Board Development Session on 12th January 2023.</p>	
7.2	<p><u>Strategic Risk Register (Status and Progress)</u></p>	

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	<p>Mr Sevenoaks presented a paper which highlighted the status and progress of the strategic risk register. He outlined the current register of twelve risks and noted that this will grow and retract over time. Mr Sevenoaks suggested that the Audit and Risk Committee should regularly question, review and seek assurance that all risks included on the strategic risk register are managed effectively by the assigned risk owner.</p> <p>The Audit and Risk Committee noted the Strategic Risk Register.</p> <p>Professor Fluck noted that Mr Sevenoaks would be moving on from his position as Corporate Risk Advisor for NHS Grampian and the Audit and Risk Committee joined Professor Fluck in thanking Mr Sevenoaks for his commitment and work in improving risk management across the organisation whilst in post and wished him well for the future.</p>	
7.3	<p><u>Strategic Risks – Verbal Update</u></p> <p>Mr Allen gave a verbal update on three enduring risks included in the Strategic Risk Register providing assurance to the Audit and Risk Committee that they are being managed.</p> <p><u>3127 Aging Estate</u> – this acknowledges that the NHS Grampian estate is aging with an increasing backlog of maintenance and associated problems with critical utilities. Mr Allen informed the Committee that the Physical Infrastructure Programme Boards meets quarterly to review identified risk across the estate. This programme board has strong links with the Asset Management Group which prioritises and plans infrastructure investment.</p> <p><u>3132 Cyber Risk</u> – the increasing exposure to cyber risk has been well documented and Mr Allen reported that vigilance is supported by a wide range of technical systems. This is enhanced through awareness sessions with all staff groups and a recent audit of compliance with National Information System regulations had been very positive and had helped to highlight awareness at Executive level.</p> <p><u>3129 Temporary Accommodation</u> – this recognises the risk arising from the limited availability of temporary accommodation which would allow services to relocate during upgrade/refurbishment of existing facilities and the impact this could have on the delivery of clinical and other services. Mr Allen confirmed that decant options are raised with service managers during the early stages of service planning and discussions regarding planned works.</p>	

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	<p>The Audit and Risk Committee thanked Mr Allen for the updates.</p>	
<p>8</p>	<p>Counter Fraud Update</p> <p>Ms J Anderson presented a report which updated the Committee on counter fraud activity, including an analysis of current referrals to NHS Counter Fraud Services and the status of ongoing investigations. The paper also included an update on internal controls and governance arrangements. Ms J Anderson also reported ongoing engagement with Counter Fraud Services to review improvements to processes and discussions with NHS Grampian Corporate Communications to raise awareness around reporting risks associated with fraud.</p> <p>Mr Donald asked for assurance around the risk that outstanding cases would become time-barred from prosecution.</p> <p>The Audit and Risk Committee welcomed the appointment of the Financial Governance Manager, thanked Ms J Anderson for her update and noted the following:</p> <ul style="list-style-type: none"> • The analysis of current referrals to NHS Counter Fraud services within Grampian and the status of ongoing investigations; • The internal control arrangements currently in place to protect against the risk of fraud and other financial irregularities; and • The plans to increase capacity within the Finance Team dedicated to supporting financial governance including counter fraud matters. <p>The Audit and Risk Committee asked Mr Stephen to seek assurance from NHS Counter Fraud Services in relation to outstanding cases becoming time-barred from prosecution.</p>	<p>AS</p>
<p>9</p>	<p>Write Off Request</p> <p>Ms J Anderson presented a report which included a request for approval from the Audit and Risk Committee to submit a request to write off losses incurred during January to June 2022 to the Scottish Government Health and Social Care Directorate (SGHSCD).</p> <p>Drug Loss</p> <p>Appendix 1 to the report detailed the background and reasons why the NHS Aseptic Pharmacy Team had destroyed expired doses of Polatuzumab with a value of £89,040. This had resulted from a reduction in the number of patients on this treatment. Processes had been reviewed and going forward</p>	

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	<p>less stock will be held and supplies ordered more regularly on a cycle-by-cycle basis for those patients continuing on the treatment.</p> <p>The Audit and Risk Committee thanked Ms J Anderson for the report and approved the write off, in principle, the loss of expired doses of Polatuzumab, totalling £89,040. The Committee agreed that this case should be submitted to SGHSCD for final approval.</p> <p>The Audit and Risk Committee asked Professor Fluck to seek assurance from the Director of Pharmacy that supply lines will ensure ongoing treatment for patients. [16/02/23 Confirmed Assurance Received]</p>	<p>NF</p>
<p>10</p>	<p>Single Tender Register</p> <p>Ms J Anderson presented a paper detailing single tender actions authorised since the last meeting, together with a summary of the justification. She confirmed that there had been 41 single tender actions since 18th October 2022 and of these 11 related to goods or services through national framework agreements.</p> <p>The Audit and Risk Committee noted the report.</p>	
<p>11</p>	<p>Matters to be Escalated to the Board</p> <p>It was confirmed that there were no matters which should be brought to the attention of the Board.</p>	
<p>12</p>	<p>AOCB</p> <p>None.</p>	
	<p>Date of Next Meeting</p> <p>Tuesday 14th March 2023 (in person) Conference Room, Summerfield House 11.00 – 13.00</p>	