

NHS GRAMPIAN

Minutes of Meeting of Audit and Risk Committee
on Tuesday 24th October 2023 at 11.00
Conference Room, Summerfield House, Aberdeen

Board Meeting
14.03.2024
Open Session
Item 11.1

Present	Mr Derick Murray	Chair, Non-Executive Board Member
	Ms Amy Anderson	Non-Executive Board Member
	Mr Bert Donald	Non-Executive Board Member
	Mr Steven Lindsay	Employee Director/Non-Executive Board Member
Attending	Ms Mary Agnew	Programme Manager, Acute (Item 9.2)
	Ms Julie Anderson	Assistant Director of Finance
	Mr Robert Barr	Manager, PricewaterhouseCoopers LLP (PwC)
	Mr Grant Burt	Financial Governance Manager
	Ms Gillian Collin	Director, PricewaterhouseCoopers LLP (PwC)
	Ms Alison Evison	Chair, NHS Grampian
	Prof Nick Fluck	Medical Director and Executive Lead for Risk
	Ms Caroline Hiscox	Chief Executive, NHS Grampian
	Ms Jennifer Matthews	Corporate Risk Adviser
	Ms Angela Pieri	Audit Director, Grant Thornton
Ms Else Smaaskjaer	Senior Administrator (Minute)	
Apologies	Cllr Tracy Colyer	Non-Executive Board Member
	Mr Alex Stephen	Director of Finance
	Cllr Ian Yuill	Non-Executive Board Member

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1	Apologies	
	Noted above.	
2	Declarations of Interest	
	There were no declaration of interest.	
3	Chairman's Welcome and Briefing	
	Mr Murray welcomed those attending to his first meeting as Chair of the Audit and Risk Committee. He recorded thanks to Ms A Anderson for her dedication, enthusiasm and understanding of the brief during her tenure as Chair of the Committee and wished her well with any future plans.	
4	Minutes of Meeting on 5th September 2023	
	The minute was approved as an accurate record.	

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5	Matters Arising	
5.1	Action Log of 5th September 2023	
	<p>The Committee reviewed the action log of items from previous meetings, noted the updates provided and that items were either complete, on the agenda for this meeting or scheduled for future meetings of the Committee.</p>	
	<p>The Assistant Director of Finance highlighted the following:</p>	
	<p>Items 3 and 4. Ongoing work to review whole system governance will take this forward and there are some interim arrangements in place regarding data sharing protocols.</p>	
	<p>Item 5, 7 and 8. Good progress reported for those items.</p>	
	<p>The Audit and Risk Committee noted progress to date.</p>	
5.2	Any other matters arising not on the action log	
	<p>Item 6.4. It was confirmed that the group reviewing whole system governance is scheduled to meet on 15th November 2023 and will consider how to provide assurance in relation to IJB governance arrangements including internal audit recommendations.</p>	
6	Internal Audit	
6.1	Internal Audit Progress Report	
	<p>A report was presented which detailed progress on internal audit activity. Since the last meeting of the Committee a draft report had been issued to management on Vacancy Management. Final terms of reference for the reviews of Capital Procurement, Complaints Handling, Waiting Times and Unscheduled Care had been agreed and these reviews will be reported to the Committee at its meeting on 12th December 2023. At the time of reporting there were four open high risk findings from the report on Ransomware finalised in June 2023, an update on these will be reported to the Committee following the completion date in December 2023. No changes had been to the agreed plan for 2023/24.</p>	
	<p><u>Vacancy Management</u></p>	
	<p>The review had centred on the use of the NHS Scotland JobTrain system to log, manage and advertise all vacancies for each Health Board. The system had improved consistency in processes and approvals but there are still some gaps around evidencing whether a post is necessary and is aligned to service requirements. A draft report had been issued to management and is now subject to review and sign-off. The review had identified three medium risk recommendations in relation to incomplete rationale for vacancies,</p>	

a lack of formal processes for monitoring and escalating unfilled vacancies and the lack of oversight for material changes to current roles. Three low risk recommendations were identified in relation to low completion rates for exit interviews, inaccurate vacancy status on JobTrain and that policies and procedures currently in place at NHS Grampian predate the implementation of JobTrain as management are waiting on the publication of national guidance for recruitment and selection and how JobTrain should be used.

Points raised:

- A vacancy control process for all posts at Band 8a and above had been agreed as part of the NHS Grampian's value and sustainability measures. It is intended that this will include changes to posts as well as appointment to new vacancies.
- Suggested that this level of scrutiny should be extended to lower banded posts. Noted that this will be at a later stage when the process has been tested, and there is assurance it will not delay the recruitment process which would result in increased pressures in the system.
- Currently changes to posts are not subject to vacancy management process and are approved at service level, making it difficult to have a thorough oversight across the organisation.
- Some fields in JobTrain are not mandatory which makes it difficult to evidence that all processes had been followed.
- In not completing exit interviews regularly across services there are lost opportunities to gain insight and make improvements. It was confirmed that this will be picked up through the ongoing work around organisational culture.
- Acknowledged that changes in vacancy management could be helpful but important that these are considered and introduced without further demoralising an already pressured system. There had been different versions introduced in previous years and there are still controls in place to manage new vacancies.
- NHS Grampian, when compared with other Health Boards, is lean in terms of the staff employed to support front line services. The Chief Executive Team will consider developing cross-cutting collaborative work across corporate functions and how to optimise digital solutions in streamlining processes.

Future Reviews

Waiting Times – confirmed that the scope for this could include a review of appropriate and timely communication with patients when appointments are delayed.

Complaints Handling – this review will include the positive outcomes from complaints as well as the negative impact they can have. Confirmed that the NHS Grampian complaints handling process is based on the SPSO Model for Complaints Handling.

Capital Procurement – this will include consideration of whether all key stakeholders, including clinical staff who have working

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knowledge of how space is utilised, are included in decisions at the early/design stage of capital projects.

The Audit and Risk Committee noted the progress report and agreed that the management actions in relation to Vacancy Management will be reported along with the overall progress against low and medium risk recommendations at the next meeting of the Committee on 12th December 2023.

7 External Audit

7.1 Planning for 2023/24 External Audit

A verbal update confirmed that the planning stage had commenced.

- Initial planning had taken place and it was agreed that an interim audit will be undertaken in February which will include testing of data to end of January.
- A ‘wash up’ session following the audit for 2022/23 had provided an opportunity to review what had worked well and where improvements could be made.
- NHS Grampian are currently responding to Grant Thornton requests for documents which will inform their risk assessment and audit plan for next year.

The Audit and Risk Committee noted progress to date.

7.2 Audit Scotland Overview – Investing in Scotland’s Infrastructure

A publication from Audit Scotland on the subject of “Investing in Scotland’s Infrastructure” had been circulated. Main points raised:

- There were no surprises in the Audit Scotland report regarding the impact of constrained funding on infrastructure planning across the public sector. An that all parties need to contribute to the planning process.
- The main challenges for NHS Grampian are the impact on services as investment on infrastructure is reduced.
- The Baird and Anchor Project is a contractual arrangement and subject to legal commitments.
- There will be a significant impact on backlog maintenance to ensure that the aging estate across Grampian can continue to house/provide services.
- There will also be an adverse impact on the scope to invest in the replacement of essential equipment from the capital programme.
- Backlog maintenance is rated as a high risk item on the strategic risk register and there is ongoing consideration of whether it should be rated as a very high risk.
- The consequences for patient safety and staff morale were highlighted and it was suggested that it will be important to keep communities and key stakeholders informed of any issues which

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	<p>impact on them.</p> <ul style="list-style-type: none"> The vulnerable position of the National Treatment Centre planned for NHS Grampian was noted. <p>The Audit and Risk Committee:</p> <ul style="list-style-type: none"> Noted the content of the cover paper, and the Audit Scotland report, and the potential risks of the Board being unable to deliver on its infrastructure programme. Noted that the NHS Grampian Board Seminar on 2nd November 2023 will explore issues in relation to infrastructure. Suggested that the Audit Scotland report should also be presented to the NHS Grampian Performance, Assurance, Finance and Infrastructure Committee for awareness. 	JA/AS

8 Risk and Compliance

8.1 Risk Management Update

The Chair confirmed the commitment that the Audit and Risk Committee were responsible to review the Strategic Risk Register at each meeting.

A report was presented which updated the Committee on the detailed discussion at the Chief Executive Team Performance Meeting on 17th October 2023 on the risks relating to Infrastructure and Finance. The Chief Executive Team had considered whether the current risk level for those items was a true reflection of the situation or whether they should be upgraded, and how to take that forward.

There had been workshops and discussions with NHS Grampian Population Health Leads regarding the development of a Strategic Risk Register specifically in relation to key population health themes and risks. This will be taken forward through the Population Health Committee and it will be an agenda item for a future Chief Executive Team Critical Thinking Session. Any amendments will reported to the Audit and Risk Committee for endorsement.

The formal endorsement of the Risk Appetite Statement by the NHS Grampian Board on 5th October 2023 was noted. Work will continue to embed risk appetite principles into the existing risk management processes and to widen understanding of how this impacts on the overall management of risk.

The following items were discussed:

- Development of a formal process to change a risk rating, and guidance around identifying when a risk moves from 'tolerable' to 'intolerable'.
- Processes regarding how new risks are identified and reported, and how to respond to Committee work should be agreed.

- Project risks had traditionally been considered by individual Project Boards but going forward the management of all risks should follow the same processes.
- The intention is that there will be engagement with stakeholders to provide opportunities for conversations with relevant partners.
- Given recent weather challenges which had impacted on travel, power supply and deliveries it will become more important to consider links with partner agencies and others to maximise the use of the resources available across Grampian.
- The presentation of the Strategic Risk Register would benefit from having new items highlighted in bold type.
- It would be helpful if the individual risk reports included an assessment of the current situation and also information on recommended actions and steps taken.

The Audit and Risk Committee confirmed that the paper provided assurance that:

- **The processes regarding the management and maintenance of the Strategic Risk Register are either in place and robust, or improvements are being made and appropriate evidence of these has been provided to the Committee's satisfaction.**
- **Improvements are being made to the Board's risk processes, including the Board Committee Risk Process and application of the Risk Appetite Statement, and appropriate evidence of these had been provided to the Committee's satisfaction.**

9 Financial Governance

9.1 Counter Fraud Update

The Committee considered a report which confirmed the responsibility on government organisations to manage fraud and corruption risks. The report also summarised the current status of ongoing investigations and provided an update on work in relation to the National Fraud Initiative which matches data across public sector organisation. NHS Grampian had prioritised matching categories considered a higher risk to the Board such as payroll matches and high value invoices.

It was noted that Fraud awareness would be included as part of the Management Development Programme and this will enhance awareness at management level regarding types of fraud, how to report concerns and how to manage conflicts of interest.

Items discussed:

- It was questioned whether managers were trained to look out for signs of economic or mental distress so that, if needed, colleagues who were referred for misdemeanours could be signposted to organisations that provide advice and support. It

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was confirmed that the Mental Health Policy rather than the Fraud Policy deals with staff welfare issue and provides information to managers on HR processes.

- Some cases take a long time to conclude and this could impact on the opportunity to apply learning and prevent repetitive behaviours. It was explained that resolution can often be delayed when an investigation is passed on to external agencies and Counter Fraud Services are provided with regular updates.
- It was agreed that in regular updates the Committee would like assurance that internal controls have been improved based on recommendations from Counter Fraud Services and lessons learned.

The Audit and Risk Committee:

- **Confirmed it had reviewed and scrutinised the information provided in the paper and agreed that it provides assurance in relation to the status of the ongoing investigations within the Board and progress to Counter Fraud as part of the Board’s annual action plan.**

9.2 Operation Garda Update

The Committee were provided with an update on the assessment report prepared by Counter Fraud Services (CFS) in relation to Operation GARDA which considered the fraud risks in relation to agency staffing and the actions agreed to address them. Progress against the actions had been made with three out of the six actions complete and the rest being progresses to complete by the target date of March 24. There had been progress in improving governance arrangement and work continues to embed the changes required as a result of the implementation of the actions at service level. In addition, the NHS Grampian Value and Sustainability Plan includes workstreams regarding engagement with medical locums and agency nursing staff.

The Audit and Risk Committee:

- **Reviewed and scrutinised the information provided in the paper and confirmed that it provided assurance that progress is being made to address the inherent fraud risks relating to agency staffing provision and payment.**
- **Requested that another report on this subject be brought to the Committee to confirm progress in March 2024.**

JA

11 AOCB

None

Dates of Future Meetings

Future Meetings 2023

Tuesday 28 th November	14.00 – 16.00 (In Person)	Development Session
Tuesday 12 th December	11.00 – 13.30 (Teams)	

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Meeting Dates 2024 (By Teams)

Tuesday 12 th March	11.00 – 13.30
Tuesday 25 th June	11.00 – 13.30
Tuesday 10 th September	11.00 – 13.30
Tuesday 10 th December	11.00 – 13.30