

NHS Greater Glasgow and Clyde

**Minutes of a Meeting of the Audit Committee
held in the Board Room,
JB Russell House, Gartnavel Royal Hospital
on Tuesday, 8 March 2016 at 9:30am**

PRESENT

Mr R Finnie (Chair)
Mr A Macleod
Dr R Reid
Mr D Sime

IN ATTENDANCE

Mr J Brown OBE	Chairman
Mr M White	Director of Finance
Mr J Hobson	Assistant Director of Finance
Mr M Gillman	Financial Governance Manager
Ms L Lauder	Head of People and Change (until minute 3)
Mr A Crawford	Head of Clinical Governance (minute 7 only)
Ms H Russell	Audit Scotland
Mr G O'Neill	Audit Scotland (from minute 7)
Mr G Neill	Audit Scotland (from minute 7)
Ms M Kerr	PwC
Mr K Wilson	PwC
Mr T Steele	NHS Lanarkshire

Action by

1. Welcome and apologies

Mr Finnie welcomed Mr Steele, Chair of NHS Lanarkshire Audit Committee, as an observer.

Apologies were noted from Mr S Carr, Mr I Lee and Cllr M O'Donnell.

2. Declarations of Interest

There were no declarations of interest intimated.

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3. Settlement Agreements

Ms Lauder presented a paper to update members on NHSGGC's response to a review by Audit Scotland of the Board's Settlement Agreements Framework.

Following some discussion amongst members on the content of the framework, it was agreed that an update on the Settlement Agreement Framework for 2015-16 would be taken to the Board's Remuneration Committee in May 2106.

**Head of People
and Change**

Noted

4. Minutes

The minutes of the meeting on 7 December 2015 were confirmed as a correct record of the meeting.

Mr Finnie stated that, in future, minutes and actions should always be taken before all other agenda items.

**Financial
Governance
Manager**

5. Matters arising and rolling action list

Members reviewed the rolling action list.

In response to a question from Mr Finnie about the appointment of the Head Cashier, Mr White advised that, along with Mr P Ramsay, the Assistant Director of Finance, he was reviewing the restructuring of the department. An update would be given at the next Audit Committee meeting.

Mr Gillman advised members that, in response to a query raised by Mr Sime at the previous meeting, a paper from the Head of Inequalities was included, giving data on trafficked people.

**Director of
Finance**

Noted

6. Audit Committee Executive Group

Mr Finnie noted that he was happy that the summary of the Audit Committee Executive Group actions was now included as a separate agenda item.

Noted

7. Internal Audit – progress report

Mr Wilson outlined the activity report which summarised progress in the period to the end of February 2016 against the internal audit plan.

Ms Kerr highlighted that six reviews that had been completed during the period and were now reported to the Audit Committee; three of the reviews were rated as medium risk, and three as low risk:

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Health Promotion: Smoking Cessation – medium risk

Ms Kerr advised members that the Scottish Government provides specific funding towards smoking cessation activities. PwC's review noted that changes to the monitoring of smoking quits has required smoking cessation services across NHS GGC to concentrate on those areas of greatest need, bringing challenges in supporting smokers to quit.

PwC's review noted areas where improvements could be made. In particular they raised two medium risk findings:

- Their review noted that the allocation of Smoking Cessation funding as received from Scottish Government has not been reallocated since the change in target to focus solely on smokers in the 40% most deprived datazones within the Board area.
- Tracking the progress of Smokefree services workplan and local plans – a workplan was to be completed by June 2015 by each Partnership and returned for discussion at the Tobacco Planning and Implementation Group. This had not yet occurred, although it was noted that Glasgow South was undertaking its own local review of tobacco services.

Ms Kerr advised that the Tobacco Planning and Implementation Group is the reporting mechanism for the learning from the Board wide review and has developed subsequent actions that are being taken forward across the tobacco planning structures.

Clinical Governance: Scottish Patient Safety Programme – medium risk

The audit review covered the Scottish Patient Safety Programme (SPSP) which is part of the national improvement programmes intended to deliver the Scottish Government's Healthcare Quality Strategy. The initiative aims to improve the safety and reliability of healthcare and reduce harm, whenever care is delivered.

PwC's review considered two work streams within programme, (Acute Adult Care - Deteriorating Patients, and Medicines - optimising medicines reconciliation), focussing on objective setting, planning and engagement, facilitating change and measurement and reporting.

The review identified four medium risk findings:

- A case was found where a pharmacist performing the medicines reconciliation audit did not feedback the results to the teams audited, and the teams were, therefore, not held accountable for their performance nor did they receive direct and timely feedback on performance of the medicines reconciliation.
- Neither the Deteriorating Patients nor Medicines Reconciliation work-streams had reached all intended teams. The Deteriorating patients work-stream had been taken up by 14 of 178 possible teams. In respect of the Medicines Reconciliation process, it was found that other than one hospital, there were no clear plans in place to demonstrate how and when the work-streams will be rolled out to the remaining teams across NHS GGC;

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- The Deteriorating Patients work-stream is only able to measure the outcome of its work (the cardiac arrest rate) for one site. There are no robust processes within the other active sites in order to capture this data; and
- The review of the medicines reconciliation process found inconsistent working practices. Medicines reconciliations should be completed by the prescriber at admission, maintained during the patient's stay and completed at discharge. The pharmacist's role is to verify that the medicines reconciliation process has been completed by the prescriber and to flag discrepancies. This policy was not being adopted consistently.

Mr Finnie invited Mr Crawford to comment, from a Clinical Governance perspective, on the report findings. Mr Crawford outlined the following management actions that had been agreed:

- the ASD sectors will ensure the measurement of the rate of cardiac arrests is provided for each hospital.
- the ASD sectors and directorates will ensure there is a system for the review of the care of patients subject to crash call in place that links to local M&M and Clinical Governance arrangements.
- the ASD sectors and directorates will create a spread plan for the SPSP deteriorating patient work-stream.
- the ASD sectors and directorates will create a plan for the SPSP Medicines reconciliation work-stream, to ensure all clinical teams currently engaged in the workstream demonstrate a reliable medicines reconciliation process and accurate prescription chart within 24hrs of admission; and
- to ensure there is a plan that means 50% of clinical teams are actively engaged in improving medicines reconciliation at discharge.

Key Financial Controls: Payroll - medium risk

Ms Kerr advised that the objective of this review was to evaluate the effectiveness of the payroll process within NHSGGC, and that there were two medium risk findings:

- Management had explained that a reconciliation was in place in respect of the transfer of data from Bank Staff Management System (BSMS) to the Scottish Standard Time System (SSTS), however, at the time of testing this reconciliation could not be evidenced. Lack of a formal review of the data input into the SSTS system and lack of control and the manual input could leave the process vulnerable to human error and potential for fraudulent input; and
- When a specific staff member is requested for work, no unique identifier, other than name, is used and as such, where there is more than one individual with the same name, shifts can be allocated against the wrong staff member. This could result in payment being made to the incorrect person.

Management have worked with the audit team on this report, and recognise and accept the findings contained within. Work will now be undertaken to address the findings.

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Mr Macleod expressed his view that it was fundamental for reconciliations to be carried out and available. Mr Finnie requested that this be followed up by Mr Hobson. In response to a question from Mr Macleod about progress to streamlining systems, Mr White advised that this would be resolved as part of the national shared services agenda but would be in the medium rather than short term.

Ms Kerr concluded the progress report with an overview of the findings of the following low risk reports:

- Corporate Governance Arrangements
- Key Financial Controls: Accounts payable
- Key Financial Controls: Property, plant and equipment

Internal Audit Plan 2016-17

Ms Kerr presented the Annual Risk Assessment and Internal Audit Plan for comment and approval. She described the approach that PwC had undertaken to prepare the draft plan and highlighted that feedback that had been received from management on the content. Ms Kerr advised members that the number of audit days for 2016-17 would remain at 665 days.

Mr Finnie asked about IJB internal audit, and Ms Kerr replied that clinical responsibility would rest with the NHS Board. In response to a question from Mr Brown as to what extent PwC had discussed plans with IJB internal auditors, Mr Hobson explained that he was trying to ensure that there would be minimal duplication of work. He advised that a working group, comprising Mr Hobson, PwC and local authority internal auditors, had been meeting to simplify processes and ensure maximum audit coverage and minimal duplication. Agreed that Mr Hobson should provide a progress update at the next meeting.

**Assistant
Director of
Finance**

There followed further discussion around the roles of the different sets of auditors and on the detail of the draft plan. Ms Russell commented that Audit Scotland were finding the IJB process “challenging”. Mr White advised the Committee that he would be looking for some efficiencies from internal audit in the coming year to help with the savings target.

Ms Kerr undertook to have further discussions with Mr White and would revisit the plan.

PwC

At the suggestion of Mr Finnie, members agreed to the plan in principle to allow work to proceed, and that the amended plan should be brought back to the next meeting for formal approval.

PwC

Decided that the Internal Audit Plan should be amended and re-presented to the Committee.

The Progress Report was **Noted**

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8. Audit Scotland

Progress report

Ms Russell gave an overview of Audit Scotland's Progress report covering the work carried out in the period to February 2016 as part of their 2015/16 Audit Plan. She outlined the planning work for the 2015-16 financial statements audit, describing the planned outputs that Audit Scotland would deliver; Ms Russell advised that the audit fee for the year would be £560,000, compared with £575,000 in 2014/15.

Ms Russell also gave an overview of performance audit reports and the National Fraud Initiative (NFI). In respect of NFI, she highlighted Audit Scotland's conclusion that good progress had been made in investigating matches, and that the recording of outcomes was satisfactory.

ICT Report

Mr O'Neill presented the ICT report, the NHSGGC Computer Services Review 2015-16. He advised that the report did not highlight any particular risks, but noted a number of areas where significant developments are taking place and the Board faced challenges and opportunities in tackling them:

- The complexity of the governance landscape for HI&T.
- The Board has a continuing need to reflect on the skills required to support the continuously changing technology environment.
- Ensuring that user access to information resources is properly managed remains a challenge.
- The implementation of privacy guarding software FairWarning, has not progressed as quickly as expected due to technical issues.
- Disaster recovery arrangements for IT systems require particular vigilance of services to keep their own business continuity arrangements tested and up-to-date, to ensure they can continue providing care even if technology is not available.

The outcome of this review had been discussed with the Director of HI&T who agreed with the findings and has prepared a detailed response.

Review of Internal Audit

Ms Russell advised that Audit Scotland had carried out an assessment of the internal audit function provided by PwC. This included a review of the range and quality of PwC's work, and concluded that the internal audit service operates in accordance with Public Sector Internal Audit Standards and has appropriate documentation standards and reporting procedures in place.

Audit Scotland plans to place formal reliance on aspects of internal audit's work in a number of areas for their financial statements audit.

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Health and Social Care Integration

Mr Neill gave an overview of the national report produced by Audit Scotland. He acknowledged that this was a complex area and that Audit Scotland intended to carry out further work in this area in 2017 and in 2020.

Mr Finnie highlighted his concern around health boards and IJBs being unable to plan effectively more than one year ahead, and considered that this should have been reflected in the report. Mr Neill responded by highlighting that some of the recommendations were directed towards the government. Further discussion followed about this report.

Noted

9. Bad Debts

Mr White requested Audit Committee approval for permission to be sought from SGHSCD to write a number of debts, relating mainly to overseas patients. He outlined the difficulties faced in recovering monies owed by overseas patients who had received emergency treatment.

Dr Reid enquired if the Board had a policy for non-emergency treatment, and Mr Hobson confirmed that a number of measures are in place to reduce incidences of "health tourism".

Mr Brown acknowledged that this was an issue across the public sector, and considered that the Board should liaise with other organisations. Mr Gillman confirmed that the Board does liaise with the UK Borders Agency.

Decided to approve the request to the SG to write off of debt

10. Review of Corporate Governance

Members were asked to consider and approve the amendments to the Standing Financial Instructions and Scheme of Delegation. The key changes to the documents were contained within the main body of the paper.

Decided that the revised Standing Financial Instructions and Scheme of Delegation be approved, but that in light of a governance review by the Chairman, they might require to be revised again.

11. Fraud Policy

Mr Gillman presented a paper asking for approval of updates to the Board's Fraud Policy.

Fraud Report

Mr Gillman highlighted for members the report summarising progress in the on-going investigations of fraud during the period to February 2016.

He noted that five new cases of suspected fraud had been added to the fraud

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register during the period and five cases had been closed. There were seventeen open cases of suspected fraud at the end of February 2016. The detail behind these cases was shown in Appendix 1 – List of Ongoing Fraud Cases. Four of the new cases referred to were in respect of members of staff working elsewhere whilst on sick leave, and members discussed this type of fraud and how to prevent it.

Mr Gillman advised members that, as previously referred to by Audit Scotland, the National Fraud Initiative was underway, and that a summary of data matches was attached at Appendix 2.

He reported that while no frauds had been identified, two errors (relating to an expired visa and a duplicate payment) had been identified.

Finally, he advised members that the CFS quarterly report for December 2015 focussed on fraud prevention measures and the provided details of a number of fraud prevention measures/initiatives that CFS has led or participated in.

The full report was available for members to review within the supplementary pack of papers.

Decided that the updated Fraud Policy be approved

The Fraud report was **Noted**

12. Date of Next Meeting

The date of the next meeting was to be arranged for around the first week in June.

**Financial
Governance
Manager**

The meeting concluded at 12:00pm.