

A (M) 17/04 Minutes: 39 - 52

## 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, 12 September 2017 at 9:15am

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### PRESENT

Mr S Carr (Chair)  
Ms J Forbes  
Dr D Lyons  
Mr J Matthews  
Mr J McColl (until minute 48)  
Mrs D McErlean  
Ms A Monaghan

### IN ATTENDANCE

Mr J Brown	NHS Board Chair
Ms J Grant	Chief Executive (until minute 44)
Mr M White	Director of Finance
Mr M Gillman	Financial Governance and Audit Manager
Ms G Beattie	Head of Procurement (until minute 43)
Ms L Lauder	Head of People and Change (minute 47)
Ms J Richardson	Head of Financial Governance (minute 48)
Mr P Cannon	Deputy Head of Administration (minute 49)
Mr A Crawford	Head of Clinical Governance (minute 50)
Ms M Kerr	PwC (until minute 50)
Mr K Wilson	PwC (until minute 50)
Ms J McKillop	PwC (until minute 50)
Mr D McConnell	Audit Scotland
Ms L Maconachie	Audit Scotland
Ms L Yule	Audit Scotland

Action by

### 39. Private meetings with the Internal Auditors and External Auditors

As part of the normal governance arrangements and in accordance with its remit, the Audit and Risk Committee had private meetings with the Internal Auditors and External Auditors without officers of the Board being present.

**40. Welcome and apologies**

Following on from the private meetings with each set of auditors, Mr Carr welcomed members to the main part of the meeting and explained that he was chairing the meeting as the chair of the committee, Mr Macleod, was unable to attend.

Apologies were intimated on behalf of Mr R Finnie and Mr A Macleod.

**41. Declarations of Interest**

No declarations of interest were intimated.

**42. Minutes**

The minutes of the meeting on 20 June 2017 (A(M)17/03) were approved as a correct record of the meeting, subject to the addition, in minute 35, of the words "Scottish Government" before "Health and Wellbeing Audit and Risk Committee".

The notes from the Audit Committee Executive Group meeting on 30 August 2017 and minutes of the Risk Management Steering Group meeting on 29 August 2017 were also noted.

**43. Matters Arising/Rolling Action List**

Mr Gillman updated the committee on the status of ongoing actions on both the rolling actions list and the audit actions update.

- A query had been raised regarding the materiality of the finding on the Pathology Specimen Transportation review; management had considered that the small number of precious specimens lost did not warrant the cost of an electronic tracking system. Mr Gillman reported that one sample out of 50,000 had been reported missing during the six month period reviewed.
- Business Continuity Planning - Dr de Caestecker to give an update on progress at the December meeting.
- Risk Management – Mr Crawford is giving a presentation on the Datix Risk Management system at the meeting.
- Repairs and Maintenance internal audit report – Mr Beattie took members through a paper that gave up to date information on framework contracts, and showed a significant increase in using approved contractors. Mr Carr thanked Mr Beattie and noted that it was reassuring that the use of contractors on framework contracts had increased.

Mr Gillman also highlighted the key points contained in the audit actions list:

In respect of 2015-16 findings, two findings were reported as completed since the last meeting, leaving one finding which was still ongoing; this was in respect of the Central Decontamination Unit.

**Action by**

To date, for 2016-17, seventeen findings have now been reported as completed since the last meeting; leaving actions in respect of four findings which are either partially complete or still ongoing.

There followed discussion around the process for agreeing when an action is actually cleared; an example was management's statement that an action in respect of the Efficiency Savings report was not being implemented – Dr Lyons asked how the committee can be assured that this is acceptable. Mr Wilson, in recognising that there is a need for practicality, noted that there may be a more appropriate way of describing actions. Ms Grant suggested that the wording of the action referred to might be reworded. Ms Grant also noted that materiality should be taken into account when following up on audit actions, and that the list should be looked at and discussed with PwC.

**Director of  
Finance**

**Noted**

**44. Internal Audit**

Ms McKillop presented PwC's activity report which summarised progress towards completing the 2017/18 internal audit plan during the period to 1st September 2017. She advised that one review, the Property Transactions Monitoring Report, had been completed, and had been classified as low risk.

Members discussed the plan for the year, and Mr Carr expressed a concern that the program is backloaded. Mr Brown queried the appropriateness of the Health and social care integration: managing direction from IJBs review. Ms Grant considered that further dialogue was required between PwC and management on the audit plan, to ensure the reviews are a benefit to the organisation. Mr Wilson noted that the plan focussed on the main risks of the business, but also needed to be able to be flexed to reflect changes that are happening. Dr Lyons said that there was a need for the Audit and Risk Committee to focus on big ticket items in setting next year's audit plan.

Ms Kerr advised members on the actions that PwC had taken in response to the recommendations contained in the external quality assessment carried out last year by the Institute of Internal Auditors. She highlighted that PwC now conformed to all the applicable areas.

**Noted**

**45. Property Transaction Monitoring**

Ms Kerr outlined the report for members; the objective of the review was to ensure that property transactions undertaken NHSGGC during the year to March 2017 complied with the required disclosure and classification requirements, as contained in the NHS Property Transactions Handbook. Their review identified no findings to report.

**Action by**

Two transactions sampled (from a total of thirteen transactions) were graded 'A' indicating that they appear to have been properly conducted.

Mr Gillman advised that the report would be submitted, as required, to SGHD.

Mr Carr considered that the capital team had done well in maintaining their high standard.

**Financial  
Governance  
Manager**

**Noted**

**46. Internal Audit Charter**

Ms Kerr described the purpose of bringing the charter to the committee. In response to a question from Mr McColl, Ms Kerr advised that there were no restrictions on what they could examine, with the exception of fraud, which was dealt with by Counter Fraud Services.

Mr Brown suggested that reference might be made to the external quality assessment: Ms Kerr noted that she would be happy to include this.

**PwC**

**47. Audit Scotland National Performance Report**

Mr McConnell gave members an introduction to the national, Scotland-wide report, which is the first in a two-part audit on the NHS workforce. It focuses on the overall planning arrangements looking at how well placed the NHS workforce is to meet the current and future demands of the Scottish population. The scope covers NHS staff employed by NHS boards, including clinical staff working in hospitals.

In responding to the recommendations contained in the report for NHS Boards, Ms Lauder described the methodology within NHSGGC for setting the out the workforce plan, and highlighted the financial constraints that have to be considered. The committee discussed the paper at length. Mr White emphasised the challenge faced by the Board in comparing what we need against what we can afford. Mr Brown considered that there was a need for scenario planning in the preparation of the workforce plan, and that we needed to ensure that there was sufficient resources in place to do so.

**Head of People  
and Change**

**Noted**

**48. Fraud Report**

Ms Richardson reported to members on the new cases of fraud that were under investigation. Ms Richardson also gave an update on the fraud awareness training that had been undertaken, and described the current status of the ongoing National Fraud Initiative.

She highlighted that the exercise had identified one case of a bank employee without a valid right to work in the UK. HR had been informed, and were putting regular checks in place to ensure employees have a right to work in the UK.

**Noted**

**49. Whistleblowing Monitoring Report**

Mr Cannon presented the annual report on whistleblowing. He highlighted the key points of the Board's whistleblowing arrangements, and advised that 6 cases had been reported during 2017/18.

Members discussed the report, and in response to a query from Mr Carr, Mr Cannon described the role of Public Concern at Work, which provides a confidential phone line for staff who wished to raise concerns about practices in NHS Scotland.

**Noted**

**50. Risk Management**

Mr White gave members an update on the ongoing work in respect of the risk management processes, with the next steps being to roll out Datix to the corporate directorates and then to HSCPs. He advised that an update would be reported to the Audit and Risk Committee in December.

**Director of  
Finance**

Mr Crawford gave members a presentation on the Datix Risk Register system, following which members asked Mr Crawford a number of questions.

Ms Monaghan enquired what training was in place, and Mr Crawford replied that training in the use of the module had been established for a number of years, and that regular reviews of the risk registers were key to ensuring quality. He added that his team was trying to engage with managers to ensure that risks were scored objectively.

Mr Brown expressed his view that while the system was impressive and detailed, it did not appear to be user friendly. Mr Crawford explained that the software made recording risks easier, but its use did place a burden on local management. He added that while the management of risk is embedded in many processes it sometimes lacked an audit trail. Mr Brown said that he was reassured by the process, and noted that it did need all leaders to be part of it. He also said that risks needed to be reported regularly to the Audit and Risk Committee, the Clinical Governance Committee and to the NHS Board. Dr Lyons endorsed the view that risk should be on the Clinical Governance agenda as there was a need for assurance that there are good clinical risk arrangements in place. Mr Crawford agreed that governance committees needed to be involved.

Mr Brown enquired if there was sufficient resource dedicated to risk management. Mr White replied that there was a strong clinical governance team, but was less strong in respect of non-clinical risk.

**Action by**

**Noted**

**51. Tender for Internal Audit Service**

Mr White described his preferred option for the tender process. The previous tender exercise, because of the scale of the job, had resulted in only one bidder, which limited the value for money that the three boards could achieve. In order to attract a wider group of bidders, the tender for the service commencing in April 2018 would be offered in separate lots on the same regional basis as at present. Bidders would be able to bid for one, two or three lots.

**Director of  
Finance**

In response to a question from Mr Brown about a wider consortium, Mr White advised that he had had a discussion with the other West of Scotland Boards; he noted that NHS 24 might also possibly be interested, but NHS Lanarkshire were already part of an in-house service.

**Approved**

**52. Date of Next Meeting**

The next meeting will be held on Tuesday 13th September 2017 at 9:30am.

The meeting concluded at 12:35pm.