

*Not yet approved as a true record of the meeting*

## NHS Greater Glasgow and Clyde

AR (M) 18/01 Minutes: 1-13

### **Minutes of the Audit and Risk Committee meeting held in JB Russell House on Tuesday, 13th March 2018**

#### **PRESENT**

	Mr A Macleod (in the Chair)	
Mr R Finnie		Ms J Forbes
Dr D Lyons		Mr J Matthews
Cllr J McColl		Mrs D McErlean

#### **IN ATTENDANCE**

Mr J Brown	NHS Board Chair
Ms J Grant	Chief Executive
Mr M White	Director of Finance
Mr G Beattie	Head of Procurement (for minute 7)
Mr G Forrester	Interim Head of Administration
Mr M Gillman	Financial Governance Manager
Ms S Johnston	Head of Civil Contingencies (for minute 4)
Ms M Kane	Interim Director of PPFM (for minute 4)
Ms L Maconachie	Audit Scotland
Ms L Yule	Audit Scotland
Ms G Collin	PwC (until minute 11)
Ms M Kerr	PwC (until minute 11)
Mr K Wilson	PwC (until minute 11)

#### **Action by**

#### **1. Welcome and Apologies**

Apologies for absence were intimated on behalf of Mr S Carr and Ms A Monaghan.

**Noted**

#### **2. Declarations of Interest**

Dr Lyons highlighted that, for personal reasons, he would not participate in any discussions in respect of the Payroll Review included in the Internal Auditor's progress report.

**Noted**

#### **3. Minutes**

The minutes of the meeting on 12 December 2017 (A (M) 17/05) were approved as a correct record of the meeting.

Mr Macleod advised the Committee that the Audit Committee Executive Group had been due to meet the previous fortnight, but that the meeting had been cancelled as a result of the

recent adverse weather, and in particular the red warning, and that any matters would be covered by the Audit and Risk Committee.

The minutes of the Risk Management Steering Group (RMSG) meeting on 22 February 2018 were noted.

**Noted**

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

Mr Gillman updated the committee on the status of ongoing actions. He advised members that, including three actions being reported on at the meeting, all ten actions had been cleared.

**Business Continuity Update**

Ms Johnston gave a presentation to the meeting to update members on the progress made in testing business continuity plans, and also to advise on how BCPs performed during the recent adverse weather situation. She noted that seven areas had completed testing exercises, with a further three exercises scheduled; four areas had yet to be confirm dates. Ms Johnston said that a structured debrief was being prepared in respect of the weather situation, but highlighted that the Board’s business continuity plans had proven to be robust.

There followed a discussion around the reasons for some areas not yet having carried out testing exercises. Ms Johnston confirmed that a timetable was in place, but that recent events had required staff to be fully engaged with operational matters rather than in test exercises. In response to a question from Mr Brown, Ms Grant said that the matter of business continuity plans and testing exercises would be taken forward by CMT and part of that process would be to ensure that HSCPs also had robust BCPs in place. Ms Grant suggested that this should be reported back to the next Audit and Risk Committee meeting.

CMT

**GDPR update**

Mr White advised the committee that good progress was being made in respect of the workplan for the implementation of GDPR by the end of May.

Mr Macleod noted that this was a progress update, and he requested that a full report be brought to the committee in June.

Director of eHealth

Mr Brown enquired what percentage of information assets the 187 completed registers represented. Mr White advised he would find out and advise the answer to this.

Director of eHealth

Mr Brown also asked whether there was sufficient segregation of duties in incorporating the role of Data Protection Officer into the job description of the Information Governance Manager. Mr White advised that the job role and description had been assessed against guidance provided. Mr Macleod suggested that this was a matter that Internal Audit could look at as part of their forthcoming review of information governance.

PwC

**NHS in Scotland report 2017**

Following a request made at the previous meeting, this paper provided the committee with detail around what actions NHSGCC was taking in respect of the applicable recommendations made by Audit Scotland in their national report. Mr Macleod noted that this gave him assurance that the recommendations were being acted upon, and were being taken forward.

**Audit actions list**

Mr Gillman presented a paper to update members on the progress being made in completing agreed actions arising from internal audit reports. He drew members’ attention to the summary schedule. This showed that of the eight actions that had been reported to the previous committee meeting as “still in progress”, seven were now cleared, and of five actions where the target date had been reached since the last meeting, three had been completed. Mr Gillman referred members to the detailed listing of actions, and in particular that the action to explore the introduction of a single tracking system for the three

decontamination units was now regarded as being cleared. Ms Kane described that CMT was monitoring the position, and that controls were in place to mitigate the risk of having different systems. Mr Macleod was reassured that there now appeared to be a working solution in this area.

Mr Macleod considered that progress had been made in clearing audit actions, but noted that these were subject to confirmation by PwC. Ms Kerr said that PwC were working with management to ensure that actions were cleared.

PwC

### **Noted**

## **5. Internal Audit Reports**

Ms Kerr highlighted for members the programme of reviews that were planned to be carried out in the final few months of the year, and which would be reported to the Audit and Risk Committee meeting on 5th June 2018.

She drew members' attention in particular to the changes to the original audit plan that were being proposed. She advised that the Medical Director requested that the Scottish medical training requirements review be delayed and not undertaken during 2017/18. The rationale being that there is currently no agreed national framework in place to compare the Board's arrangements against. Accordingly, PwC sought Audit and Risk Committee approval to postpone this review and remove from the 2017/18 internal audit plan. Ms Kerr then outlined to the meeting an additional review being proposed; at the request Mr White, Internal Audit were asked to undertake a review focusing on the financial planning process for 2018/19. PwC sought Audit and Risk Committee approval to undertake this review. Ms Grant stated that she considered it was sensible to postpone the Scottish medical training review. Mr Brown asked if the risk of not undertaking this review had been identified. Ms Grant replied that medical trainees are monitored and we have assurance that the training is appropriate. In response to a question from Ms Forbes as to whether we are in compliance with mandatory training requirements, Ms Grant advised that mandatory training is overseen by the Staff Governance Committee and is distinct from medical training requirements. Mr Macleod asked that a report from the Medical Director and the Director of Human Resources and Organisational Development be brought to the next meeting.

**Medical Director  
and Director of  
HR**

Mr White advised that he had requested that a review of financial planning be carried out, in order to confirm that we are using the correct methodology. Members discussed the proposal, and Mr Macleod enquired whether the review could be completed in time for the April meeting of the Finance and Planning Committee. Mr Wilson confirmed that PwC would be able to meet the reporting schedule.

Following these discussions, Mr Macleod confirmed that the Scottish medical training review could be deferred and that the Financial Planning review should be undertaken.

Ms Collin then summarised the three reports which had been concluded during the period, and which were all graded as low risk.

### **Key financial controls: payroll**

Ms Collin described for members the scope of the review and the findings they were reporting. The overall objective of this review was to determine how effectively control processes are being applied and to allow the external auditors (Audit Scotland) to gain the necessary comfort over these financial processes. Controls were reviewed in the following areas: Policies and Procedures; Payroll Standing Data, Time Recording; Payroll Processing; Employee Expenses and General Ledger. PwC also followed up on outstanding actions raised in previous years. No new findings had been identified during this year's review.

### **Clinical and care governance**

Ms Collin described for members the scope of the review and the findings they were reporting. The overall objective of this review was to determine the effectiveness of clinical governance system which underpins healthcare delivery within NHSGGC ensuring that care

is safe and effective. The Board has governance arrangements in place which support the management and reporting of clinical governance matters at appropriate levels of the organisation. The Clinical and Care Governance Committee was established in January 2017 to bring together oversight of existing clinical and care governance arrangements across the whole Board, including the six Health and Social Care Partnerships. The Clinical and Care Governance Committee provides Board wide review and scrutiny of matters previously dealt with at the Acute Services and the IJB Committees. The Clinical and Care Governance Committee has a key role in ensuring that appropriate clinical governance arrangements are in place and that significant matters in this area are identified and addressed.

The result of the review was positive; PwC concluded that overall governance arrangements had been strengthened with the establishment of the Clinical and Care Governance Committee and there was evidence of the Committee scrutinising the information it receives. They did, however, note two low risk findings which, when addressed, could be further enhance arrangements. It was noted that the recommendations are already being taken forward to improve the procedural support to the Committee.

### **Public screening programmes**

Ms Collin reported on the review of public screening programmes. The national cervical screening programme was introduced in Scotland with the overall objective of increasing screening uptake levels and reducing the instances of cervical cancer.

Across Scotland, for the year ended 31 March 2017, the average uptake rate for cervical screening across all ages was 73.4%. The age range with the poorest performance was the under 25 group. NHSGGC had the lowest uptake level of all Board areas in Scotland and was below the national average at 70%. PwC noted that NHSGGC has recognised, on its Corporate Risk Register, a high risk relating to the breakdown of failsafe mechanisms for all public health screening programmes, including cervical screening. A number of key controls have been identified to mitigate this risk. The breakdown of failsafe mechanisms has been assessed as a high risk the Corporate Risk Register. This review focussed only on cervical screening and found weaknesses in the evidence of the operating effectiveness of a key control. While this was recorded as high risk on the Corporate Risk Register, PwC's findings and overall report risk rating is low. This reflects that the weakness they have identified, while key to screening controls, was likely to have a low impact on the Board's ability to meet its objectives.

Members discussed the report, and in particular, the distinction between the risk register showing a high risk and the review being low risk. Mr Brown considered that the report should be further discussed by the Public Health Committee. Ms Grant agreed, and would discuss with the Director of Public Health.

**Director of Public  
Health**

### **Noted**

#### **6. Audit Scotland – management letter**

Ms Maconachie presented the Audit Scotland management letter, and advised members that Audit Scotland's Code of Audit Practice requires them to assess the systems of internal control within NHS Greater Glasgow and Clyde. During the year they tested the following key systems: payroll, general ledger, trade payables, trade receivables and cash and banking. On the basis of audit work undertaken, Audit Scotland concluded that appropriate and effective internal controls were in place for those key financial systems they reviewed.

### **Noted**

#### **7. Procurement Strategy**

Mr Beattie gave a presentation to the committee describing the key points from the Board's Procurement strategy, and after which he took questions from members.

In response to a question from Mr Matthews about how the procurement strategy reflected our public health strategy, Mr Beattie advised that as a large spender in Glasgow and the West of Scotland, we do encourage local businesses to compete, and that the Quick Quote system enables businesses to quote online for our business. Mr Macleod asked if there was a trend towards small or medium businesses; Mr Beattie answered that the nature of our business determines that around 50% of our spend is with large businesses (equipment, pharmaceuticals etc). Dr Lyons asked if there was a weighting formula to take into account cost v local benefit, and if we procure food locally. Mr Beattie advised that there are several mandatory requirements in the procurement process to include social and corporate responsibilities. In respect of food procurement, we use national contracts which are “lotted” so that local suppliers are used; for example, we buy our meat from West of Scotland businesses.

Mr Brown commended Mr Beattie for his presentation, commenting that the impact on the local economy and, therefore, the health of local people is important to the Board. He asked what the process was for having the strategy approved, and suggested that, in future, it should be approved by the Finance and Planning Committee, and then taken to the NHS Board.

**Head of  
Procurement**

Mr Macleod enquired what the contact with local authorities entailed. Mr Beattie explained that procurement held regular meetings with local authorities on a number of matters, including care home contracts, exploring common areas. Mr Macleod thanked Mr Beattie for a thorough and comprehensive presentation.

**Noted**

**8. Review of Audit and Risk Committee Remit**

Mr Forrester requested that the Audit and Risk Committee review its remit as part of the annual review process to ensure the remit remains fit for purpose. Following a postponements of the process as a result of local government elections, the current remit was approved by the NHS Board at its meeting on 15th August 2017. It was now intended to return to reviewing remits in April of each year.

There followed a discussion about the remit. Mr Finnie enquired about his membership of the committee; if the Chair of the NHS Board is excluded from membership of the Audit and Risk Committee, should the Vice Chair of the NHS Board be similarly excluded. Mr Forrester proposed that this matter should be considered as part of a longer term review of the Board’s governance process. Dr Lyons asked whether the remit should allow the committee to co-opt people with specialist skills as and when required. Mr Forrester advised that co-opting would normally be when a committee member was unavailable for a period of time.

Members agreed that Mr Forrester update the remit, and include it within the Review of Corporate Governance being taken to the NHS Board in April.

**Interim Head of  
Administration**

**Approved**

**9. Referring matters to other governance committees**

Mr Gillman highlighted the purpose of this paper – to ensure that actions resulting from audit report recommendations and the Corporate Risk Register are being appropriately monitored, as appropriate, by other board committees.

Ms Grant observed that there was a need to be careful not to duplicate work if reporting to two committees. She did point out that any significant risks are dealt with immediately.

It was agreed that Mr Gillman and Mr Forrester develop a process to take this matter forward.

**Interim Head of  
Administration  
and Financial  
Governance  
Manager**

**Approved**

**10. Review of Financial Governance**

Mr Gillman advised members that the timing of this review of the Standing Financial Instructions, Scheme of Delegation and Fraud Policy was aligned to the annual review process described at minute 8 above. He noted that, as the last review was in August 2017, there were only minor changes required at this time, and highlighted that the key changes were in relation to the committee approval process, the Caldicott Guardian and data protection regulations. Mr Gillman also noted that the updated documents would be included in the Review of Corporate Governance paper being taken to the NHS Board in April.

**Interim Head of Administration**

Approved

**11. Fraud Report**

Mr Gillman took members through the key points from Fraud Liaison Officer's report, which requested that the committee note the current fraud cases and the progress in the current round of the National Fraud Initiative.

Mr Macleod asked about the paternal leave issue highlighted by the National Fraud Initiative, and Ms Forbes asked what, in case ref 107 the discrepancy in evidence was. Mr Gillman undertook to provide further information on these questions.

**Financial Governance Manager**

Noted

**12. Tender for Internal Audit Service**

Mr Gillman asked members to approve the process for tendering for the provision of an internal audit service. He described that his objective was to continue to procure as a group, but with NHSGGC maintaining control over the process. After discussions with procurement colleagues it had been decided that the tender would be offered in lots – one lot for NHSGGC and one lot for NHSA&A, NWTC and NHS24, with bidders being able to bid for either or both lots. The intention was to achieve value for money and a quality service.

The process would involve each board scoring bids individually, followed by an interview panel comprising representation from all four boards.

Noted

**13. Dates of Future Meetings**

The following dates were noted for future meetings:

- Tuesday 5th June 2018, 1:00pm
- Tuesday 19th June 2018, 9:30am
- Tuesday 11th September 2018, 9:30am
- Tuesday 11th December 2018, 9:30am

The meeting ended at 1:00pm