

NHS Greater Glasgow and Clyde

A (M) 19/01 Minutes: 1-11

**Minutes of the Audit and Risk Committee meeting
held in JB Russell House
on Tuesday, 12th March 2019**

PRESENT

Mr A Macleod (Chair)	Mr S Carr
Mr R Finnie	Ms J Forbes
Dr D Lyons	Cllr J McColl

IN ATTENDANCE

Ms J Grant	Chief Executive (from minute 5)
Mr M White	Director of Finance
Mr T Steele	Director of Estates and Facilities (for minute 7)
Mr M Gillman	Financial Governance Manager
Mr J Cornett	Audit Scotland
Ms L Maconachie	Audit Scotland
Ms L Yule	Audit Scotland
Mr C Brown	Scott-Moncrieff
Ms R Weir	Scott-Moncrieff

Action by

1. Welcome and Apologies

Mr Macleod welcomed Mr John Cornett, Audit Director, Audit Scotland, who is the new lead on the NHSGGC external audit.

Mr Macleod also advised those present that the agenda would be re-ordered to allow for “matters arising” being delayed until the Chief Executive and the Director of Estates and Facilities were able to join the meeting.

Apologies for absence were intimated on behalf of Mr J Matthews and Ms A Monaghan.

Noted

2. Declarations of Interest

There were no declarations of interest advised.

3. Minutes

The minutes of the meeting on 11 December 2018 (A (M) 18/05) were approved as a correct record of the meeting.

Approved

The note from the meeting of the Audit Committee Executive Group on 27 February 2019 and the minutes of the Risk Management Steering Group (RMSG) meeting on 26 February 2019 were noted.

Noted

4. Internal Audit Reports

Mr Brown updated members on the progress to date towards completing the planned audits for the year – four reviews had been completed during the quarter and were being reported to this meeting, two reviews were at the final stage for agreement and field work was in progress in respect of another four reviews.

In response to a question from Mr Macleod, Mr Brown advised the Committee that the biggest constraint on completing reports was getting access to the management team, in that the more significant an issue arising there is greater input required from senior management.

Mr White commented that internal audit reports require a great deal of discussion between management and the internal auditors to ensure that reports are representative of the correct situation. Mr Brown expressed his agreement with Mr White's comments, and advised members that he had no concerns around completing the audit work and his ability to give the year end audit assurance.

Following a question from Mr Carr about management team capacity, given the volume and intensity of its work, Mr White undertook to raise this with the Corporate Management Team.

Mr Brown then proceeded to give the meeting some detail around their findings in respect of the reviews completed during the quarter.

Strategic Planning Alignment

Scott -Moncrieff identified some of the key issues for the MFT team to consider as they roll out this next phase of implementation. These included:

- developing mechanisms for communicating pertinent information throughout the health board;
- deciding on the level and nature of involvement of oversight groups including the NHSGGC board;
- developing monitoring and reporting mechanisms to identify and mitigate deviations from plan;
- filling the now vacant Head of Transformational Strategy post by an appropriately skilled individual.

Financial Improvement Programme - *minor improvement required*

Scott -Moncrieff identified areas of good practice within the overall implementation of the Financial Improvement Programme (FIP) delivered by the Project Management Office (PMO). They found there to be a well-developed process for identifying and managing savings and a high level of scrutiny over performance.

However, they also noted ways in which the project management arrangements for monitoring FIP projects could be improved; the PMO has also identified this and begun implementing improvements.

Mr Brown commented also that the NHSGGC FIP was the best developed of any NHS programme of this type that Scott-Moncrieff had seen.

**Director of
Finance**

Mr White noted that the challenge was to maintain the FIP's momentum moving forward into the next financial year.

Other Leave - minor improvement required

Mr Brown highlighted that Scott-Moncrieff reviewed and tested the effectiveness of, and staff compliance with the NHSGGC processes surrounding all leave other than annual leave. In their opinion these are generally effective, with improvements required for 'Special Leave' to ensure staff follow an agreed process for requesting leave and obtaining approval in advance, including exceptions being appropriately justified, approved and recorded on the system.

They also reviewed the reporting and monitoring of the use of leave, including an assessment against budgetary impact, taking cognisance of the 'Financial Improvement Plan' (FIP) and noted a number of opportunities for improvement across the health board. If special leave is not monitored it could lead to staff taking unauthorised leave or result in leave not being appropriately recorded for reporting purposes. Scott-Moncrieff suggested improvements to ensure NHSGGC are able to report on and assess other leave and identify any issues which need to be followed up until completion.

Governance Statement Readiness – effective

Mr Brown confirmed that the Board has effective processes in place to ensure that the preparation of the Governance Statement is supported by assurances obtained from across the organisation. Directors use guidance as set out in the Scottish Public Finance Manual to inform completion of their certificates.

Mr Finnie noted he was reassured by the findings in respect of the Governance Statement Readiness, but enquired why this was required to be repeated annually. Mr Brown advised that now that they had established that there was an effective process in place, they would most likely remove this from the 2019-20 plan.

Internal Audit Plan 2019-20

Mr Brown advised members that he was meeting with all executive directors, but was also seeking the views of members of the Audit and Risk Committee. After meeting all executive leads, the intention was to then meet with the Chairman and the Chief Executive, as it is good practice to understand what their assurance needs are, as well as those of the Audit and Risk Committee.

There followed some discussions around the plan, and Mr Macleod requested that if any members had any matters they wished to be considered for inclusion in the plan they should inform Mr Gillman.

Financial
Governance
Manager

5. Audit Scotland – management report

Ms Maconachie presented the Audit Scotland management report, 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.

Their 2018/19 testing covered key controls in a number of areas including bank reconciliations, authorisation of journals, change of supplier bank details and IT access controls. Additionally, our testing covered budget monitoring and control and feeder system reconciliations.

No significant key control weaknesses were identified from their interim audit work. This will enable them to take planned assurance for our audit of the 2018/19 financial statements.

Ms Maconachie also highlighted the upcoming reports to be published by the Performance

Audit and Best Value group would be NHS in Scotland 2019, NHS Workforce 2 – Community Based Workforce and Enabling Digital Government.

Mr Carr asked how the actions from previous reports were taken forward, and Ms Grant advised that CMT considers actions contained in Audit Scotland’s national reports. There was also some discussion around IJB integration, and Ms Grant noted that NHSGGC has met with the Scottish Government to carry out scenario planning.

Noted

6. Matters Arising/Rolling Action List

Mr Gillman updated the committee on the status of ongoing actions. He advised members that there were three matters on the schedule two of which were being covered at the meeting.

Noted

7. Audit actions list

Mr Gillman summarised for members the progress made towards completing actions arising from audit recommendations, and noted that two actions outstanding and would be addressed by the Director of Estates and Facilities.

Clearance of the three Health and Safety actions would be achieved when the revised Incident Management Policy is implemented; the policy scheduled for consideration at the H&S Forum in March, and that the items relating to gifts and hospitality has been delayed in order that national guidance, due to be published during the summer, can be incorporated into the NHSGGC codes of conduct. In respect of the matter relating to risk management, Estates and Facilities staff have begun to carry out an exercise to “cleanse” the risk register – this is expected to be completed by the end of April.

Mr Macleod then invited Mr Steele to provide an update on the work that had been carried out in respect of the implementation of a revised Pre-Planned Maintenance (PPM) scheduling system. Mr Steele advised the Committee that a short life working group had been formed to produce a number of PPM templates, 21 in total, which would cover the high risk and critical assets in the key areas of the Board’s estate and equipment; he informed members that the migration to the revised system would be complete by the end of March 2019. Mr Macleod commented that this was an ambitious timescale, but Mr Steele noted that there had been considerable input from Estates staff towards implementing the system.

Mr Macleod asked about the wider matters connected to repairs and maintenance, and Ms Grant advised that there will be issues emerging from the HIS reports, and that we are already working on these.

In response to a question from Mr Carr as to whether maintenance had not been carried out in critical areas as a result of not having the digital platform in place, Mr Steele replied that the Cowlairs situation and the water issues were not due to a failure of planned maintenance. Mr Steele noted that digitising work would, however, improve efficiency and productivity.

Mr Macleod noted that he welcomed the proposed improvements and thanked Mr Steele for his input.

Noted

8. Referring matters to other governance committees

Mr Gillman asked for the Committee's approval for the formalisation of the process by which the Audit and Risk Committee gains assurance that the risks recorded on the Corporate Risk Register are being managed appropriately. Remits of Board standing committees to be amended to include the responsibility to consider relevant Corporate Risks to ensure management are taking suitable actions, where needed, to mitigate the risks. It was agreed that relevant standing committees provide an annual report to the Audit and Risk Committee highlighting that they are assured risks are being managed.

Mr Finnie suggested it would be useful to give all board members, particularly those with little exposure to risk registers an insight into the risk register process. Mr White agreed to provide some information for board members.

Director of Finance

The Head of Board Administration and Corporate Governance would be asked to incorporate the approved process into revised standing committee remits.

Head of Board Administration and Corporate Governance

Approved

9. Update to capital approval process

Mr White outlined to members the proposal to strengthen the capital approval process which would require approval from the Corporate Management Team for non IM&T capital schemes between £1m and £3m and for IM&T schemes between £1m and £2m prior to Finance & Planning Committee approval being sought.

Approved

10. 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.

He highlighted for the committee the training that had been delivered during the previous quarter; Mr Macleod referred to the cybersecurity training for podiatry staff and asked why specifically podiatry. Mr Gillman advised that he would obtain an answer from the Fraud Liaison Officer for the next meeting.

Financial Governance Manager

Noted

11. Dates of Future Meetings

The following dates were noted for future meetings:

- Tuesday 4th June 2019, 1:00pm
- Tuesday 18th June 2019, 9:30am
- Tuesday 10th September 2019, 9:30am
- Tuesday 10th December 2019, 9:30am

The meeting ended at 11:50am