

<b>NHS Greater Glasgow &amp; Clyde</b>	<b>Paper No. 21/74</b>
<b>Paper Title</b>	<b>Standing Committee Chairs Board Report</b>
<b>Meeting:</b>	<b>Board Meeting</b>
<b>Date of Meeting:</b>	<b>26 October 2021</b>
<b>Purpose of Paper:</b>	<b>For Assurance</b>
<b>Classification:</b>	<b>Board Official</b>
<b>Name of Reporting Committee</b>	<b>Audit &amp; Risk Committee</b>
<b>Date of Reporting Committee</b>	<b>14 September 2021</b>
<b>Committee Chairperson</b>	<b>Ms Margaret Kerr</b>

### **1. Purpose of Paper:**

The purpose of this paper is to inform the NHS Board on key items of discussion at **NHS GGC Audit & Risk Committee**.

### **2. Recommendation:**

The Board is asked to note the key items of discussion at the recent meeting of the **Audit & Risk Committee** on **14 September 2021** as set out below and seek further assurance as required.

### **3. Key Items of Discussion noting purpose; Assurance/Approval/Awareness.**

#### **3.1 Annual Review of Corporate Governance**

- For Assurance
- The Audit & Risk Committee received the Annual Review of Corporate Governance presented by the Corporate Service Manager for

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Governance. The Committee were asked to endorse the following combined governance framework; Code of Conduct for members of NHSGGC, the NHS Board Standing Orders including Decisions reserved for the NHS Board, the Standing Financial Instructions, Scheme of Delegation, and the Standing Committees Terms of Reference.

- The Audit and Risk Committee noted the work undertaken to review the governance framework across NHSGGC to ensure an annual update; noted that further alteration may be required as part of the work underway to develop the Board's approach to Active Governance and defining an Assurance Framework, and to develop an Information Assurance System; and endorsed the key elements of the governance framework for onward approval by the NHSGGC Board.

### **3.2 Standing Governance Committee Annual Reports**

- For Assurance
- The Audit & Risk Committee were presented with the Standing Governance Committee Annual Reports presented by the Corporate Service Manager for Governance. The Committee noted that throughout 2020/21, NHSGGC had focused significant effort on the organisational response to the COVID-19 pandemic and subsequently, amended governance arrangements were in place which included the temporary suspension of Committee's and the establishment of an Interim Board.
- The Audit and Risk Committee were content to endorse the Annual Reports submitted from the Board Standing Governance Committee Chairs.

### **3.3 Endowments Funds Auditors Report**

- For Approval
- The Audit & Risk Committee were presented with the Endowments Funds Auditors Report presented by Mr M Gill, BDO. The auditor's report provided a summary of the results of completing the planned audit approach for the year end 31 March 2021, specific audit findings and areas requiring further discussion. The Committee noted that no significant issues had been identified over the recognition of income or during the testing of investments and that overall there were no identified inappropriate journals or evidence of bias or management override of control procedures during the audit.
- The Audit & Risk Committee were content to endorse the Endowments Funds Auditors Report.

### **3.4 Draft Endowment Fund Accounts for the year end 31 March 2021**

- For Approval
- The Audit & Risk Committee were presented with the Draft Endowments Fund Accounts for the Year End 31 March 2021 presented by Ms L Aird, Assistant Director of Finance. The Committee noted that the income for the year was £13.5M, which represented an increase of £3.5M compared with the prior year. The main change came from an increase in charitable activities of approximately £4.1M. Total expenditure from

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unrestricted funds amounted to £1.8M, compared with £2.5M in the prior year. The reduction in expenditure was mainly due to higher spend in the prior year in the categories of building and property maintenance. The year-end market value of the investment portfolio administered by Newton was £98.9M compared with £84.1M in the prior year. The year to 31 March 2021 seen significant improvements in stock markets globally more than wiping out the deterioration in the prior year at the onset of the COVID19 pandemic.

- The Audit & Risk Committee were content to endorse the draft endowment fund accounts for year end 31 March 2021 and recommend that the accounts were adopted by the Board of Trustees of the Endowments Fund.

### **3.5 NHSGGC Annual Report and Accounts**

- For Approval
- The Audit & Risk Committee considered the paper Annual Report and Consolidated Accounts 2020-21 presented by Mr M White, Director of Finance. The Committee noted that there was a total of £240,000 surplus for the year against the core revenue resource limit. Additional costs of £176m had been incurred by the Board, used for dealing with the direct impacts of the COVID-19 outbreak. HSCP's also had additional costs of £92m, however, the full £268m was funded by the Scottish Government. The Committee noted thanks to those involved in preparation of the comprehensive report, and noted this was a significant piece of work for both the External Auditors and Finance Team.
- The Audit & Risk Committee were content to approve the NHSGGC Annual Report and Accounts and recommend that the accounts were adopted by the NHS Board.

### **3.6 External Audit - NHSGGC Annual Report 2020/21**

- For Assurance
- The Audit & Risk Committee considered the paper NHSGGC Annual Audit Report 2020/21 presented by Mr J Cornett, Audit Scotland. Mr Cornett advised that Audit Scotland's work has provided an unqualified opinion on the accounts. The report highlighted the adjustments made on the accounts and the Committee noted that the report had provided assurance that the accounts had been prepared to a high standard.
- Following consideration of both the NHSGGC Annual Audit & Accounts and external audit paper NHSGGC Annual Audit Report 2020/21, the Committee recommended, subject to the minor changes flagged and further typographical corrections, that:
  - The Annual Report and Accounts be adopted by the NHS Board;
  - The Chief Executive sign the Performance Report and Accountability Report;
  - The Chief Executive and the Director of Finance sign the Balance Sheet; and
  - The Statement of Accounts be submitted to the Scottish Government Health Directorates.

### **3.7 Financial Statements 2020-21 – Statement of Assurance And Review Of Systems Of Internal Control**

- For Approval
- The Audit & Risk Committee considered the paper Statement of Assurance and Review of System of Internal Control presented by Ms L Aird, Assistant Director of Finance. The paper included four recommendations, those being: that the Committee note the summary of System of Internal Control; approve the paper for submission to the NHS Board; approve the Governance Statement; and note the agreed position at the previous meeting that the Chair has notified the Health and Social Care Assurance Board that there were no significant issues of fraud.
- The Audit & Risk Committee were content to approve the recommendation for the Director of Finance and the Accountable Officer to sign the Governance Statement and the relevant parts of the Financial Statement for submission to the Scottish Government.

### **3.8 Internal Audit Plan 2021/22**

- For Approval
- The Audit & Risk Committee considered the paper Internal Audit Annual Plan 2021/22 presented by Mr C Brown, Azets. The Committee noted that Azets had received approval to commence the first tranche of reviews and requested feedback from management and ARC members on the rest of the plan. All feedback had since been collated and the plan was discussed with the Chief Executive and Director of Finance; who shared the proposals with the Corporate Directors; and produced this refreshed iteration of the plan for approval by the ARC. The Committee asked that the plan provided clearer link between internal audit planned work and the Board's corporate risks.
- The Audit & Risk Committee were content to approve the Internal Audit Plan for 2021/22 subject to the minor amendment highlighted.

### **3.9 Risk Management Strategy, Risk Register Policy & Risk Appetite Statement**

- For Approval
- The Audit & Risk Committee considered the paper Risk Management Strategy, Risk Register Policy & Risk Appetite Statement presented by Mr M White, Director of Finance. The Committee noted the final changes to the Risk Register Policy and Guidance, and the Risk management Strategy following previous comment from the ARC in June 2021. The Committee also noted the Risk Appetite Statement presented for awareness following a number of changes since it was last presented to the Board in July 2021. The Committee were assured that a short life working group had been established to ensure all feedback had been correctly conveyed, interpreted and reflected in the updated Statement. The Committee also took assurance that interviews had been scheduled for the appointment of a Chief Risk Officer.

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- The Audit & Risk Committee were content to approve the Risk Management Strategy and Risk Register Policy, and were content to note the update to the Risk Appetite Statement.

### **3.10 Corporate Risk Register**

- For Approval
- The Audit & Risk Committee considered the paper Corporate Risk Register presented by Mr M White, Director of Finance. The Committee noted that the Corporate Risk Register had been reviewed and updated with a number of risks added, removed and de-escalated. Following discussion regarding approval of the Corporate Risk Register, it was agreed that the Audit & Risk Committee could not approve the document but challenge and gain assurance from it.
- The Committee were content to note the update to the Corporate Risk Register and took assurance that an appropriate system of risk review was in place with the subcommittees.

## **4. Issues for referral to other Standing Committees or escalation to the NHS Board:**

The revised Corporate Risks will be referred to the appropriately identified Standing Committee for confirmation/ownership.

## **5. Date of Next Meeting:**

14 December 2021 at 09.30am.