



Minutes of a Meeting of **Borders NHS Board Audit Committee** held on Monday, 16th September 2019 @ 2 p.m. in the Board Room, Newstead.

Present: Mr M Dickson, Non Executive Director (Chair)
Dr S Mather, Non Executive Director
Mrs F Sandford, Non Executive Director

In Attendance: Ms K Brooks, Assistant Manager, Audit, Grant Thornton
Mrs J Brown, Director, Audit, Grant Thornton
Mrs B Everitt, Personal Assistant to Director of Finance (Minutes)
Mrs C Gillie, Director of Finance
Mrs K Hamilton, Chair
Mr A Haseeb, Senior Audit Manager, Audit Scotland
Mr R McCulloch-Graham, Chief Officer (Item 6.1)
Mrs L Pringle, Risk & Safety Co-Ordinator (Item 8.1)
Mr R Roberts, Chief Executive
Ms S Swan, Deputy Director of Finance

1. **Introduction, Apologies and Welcome**

Malcolm Dickson welcomed those present to the meeting. Apologies were noted from Gillian Woolman, Director, Audit Scotland.

2. **Declaration of Interest**

There were no declarations of interest.

3. **Minutes of Previous Meeting: 17th June 2019**

The minutes were approved as an accurate record.

Malcolm Dickson referred to item 6.3 (Internal Audit – Staff Recruitment) where Bob Salmond had committed to produce a local KPI report which the Grip and Control Steering Group would have oversight of. Carol advised that she had not seen this and would follow up.

4. **Matters Arising**

Action Tracker

The Committee noted the action tracker.

5. **Internal Audit**

5.1 *Draft Internal Audit Plan 2019/20 and Progress Report*

Malcolm Dickson reminded the Committee that they had seen the draft plan at the last meeting and were now receiving a revised plan for approval. Joanne Brown referred to appendix 1 of the report which provided detail on the updated proposed audits which had

been produced taking into account various elements, namely the strategic risks which the Board are facing, NHS Borders' overarching strategic objectives and priorities and NHS Borders' "audit universe". Joanne advised that she had met with the Chief Executive to discuss the risks which the organisation are currently facing. Joanne went on to take the Committee through the proposed plan highlighting any amendments made to the previous version seen. Ralph Roberts referred to the Governance audit and stressed the need for each Governance Committee to be clear on their responsibility to risk to ensure that there is a risk management process in place and this is working effectively. Stephen Mather queried where risk resided to allow assurance to be given to the Board as he felt that this should sit in one place and have overall responsibility. Stephen also felt that it should be for the Board to agree where this is.

Stephen stated that he could not disagree with anything in the plan but still felt it was very high level focussed and not delving down far enough. Joanne explained that the plan had been devised taking into account any risks which would stop the organisation from achieving its objectives. Joanne highlighted that there is a balance to try and get the best out of the number of days allocated whilst giving assurance to the organisation. Malcolm suggested that if there were any areas of concern these could be fed in through the Audit Committee. Joanne added that it was the intention to start planning for the 2020/21 audit plan in January and suggested it may be helpful to meet with Audit Committee members and any other key personnel for their input. Joanne also felt that there was merit in looking at a three year plan. Stephen referred to the audit universe as he felt this might be helpful to the Chairs of Governance Committees. Carol Gillie suggested circulating the plan, which includes the audit universe, around the Board for information and to flag a workshop will be taking place in January to start forming the 2020/21 audit plan. This was agreed. Malcolm referred to the contingency of 5 days. Joanne confirmed that this was only to give some flexibility and assured that only the number of days used would be charged.

5.2 *Internal Audit Charter*

Joanne Brown spoke to this item which provided clarification around the arrangements in place. This included the purpose, aim, standards, quality, role, scope and responsibilities of the Internal Audit function. It was noted that this is issued as good practice and is refreshed on an ongoing basis. Malcolm Dickson referred to the purpose and aim on page 2 and in particular the sentence "to support the Board achieve its strategic growth plans" as he did not feel growth was an appropriate word to use. It was agreed that this would be removed.

The Committee noted the Internal Audit Charter.

6. External Audit

6.1 *Audit Scotland Report: Health & Social Care Integration Update*

Rob McCulloch-Graham spoke to this item. Rob explained that the report had been published in November 2018 with a series of meetings having taken place since then. Rob highlighted the key features that required to be addressed if integration is to make a meaningful difference. Rob advised that the IJB Audit Committee had reviewed the report at its meeting in December 2018 where they had requested the action trackers be merged into a master document to provide an opportunity to scrutinise and challenge the performance against action plans. The development of a master action tracker is due to be discussed at the IJB in October 2019. Rob took the Committee through the actions required by all three parties within the partnership of the IJB, namely collaborative leadership and building relationships, integrated finances and financial planning, effective

strategic planning for improvement, agreed governance and accountability arrangements and meaningful and sustained engagement. To achieve these the joint meetings involving key personnel across the three organisations would be resurrected, the Strategic Commissioning Plan was due to be presented to the IJB on the 25th September 2019 and senior leaders and executive team members across SBC and NHS Borders continue to meet regularly to ensure integrated thinking and alignment. Rob confirmed that the governance arrangements were up to date as these had been put in place as part of “business as usual”. It was noted that a self evaluation had been completed by each partner organisation and an action plan has been created on the back of this. Stephen Mather advised that he attended meetings of IJB Chairs and Vice Chairs where issues around aligned budgets were discussed and it was noted that these will not be resolved in the near future as was the case for set aside budgets. Stephen highlighted that there is currently no support network in place for IJB members, however an annual conference is being currently being arranged.

The Committee noted the update.

6.2 *Audit Scotland Report: Planning for Outcomes*

Carol Gillie spoke this item. Carol reminded that all Audit Scotland reports go through the Clinical Executive Operational Group and this report was recommended to come to the Audit Committee for information and noting. Carol highlighted that there had been various reports and reviews with recommendations on how we achieve an outcomes based approach to budgets and budget scrutiny and this briefing set out the challenges of this approach and that this report could prove useful to support funding decisions in the future in NHS Borders.

The Committee noted the report.

7. **Fraud & Payment Verification**

7.1 *NFI Update*

Susan Swan spoke to this item which provided an update on the 2018/19 National Fraud Initiative (NFI) exercise including the outcome of investigations concluded to date. Susan explained that the required data sets of information from Payroll and Supplier payments had been submitted in October 2018. Following comparison across the wider public sector matches were returned in January 2019 to be reviewed for any instances of fraud. It was noted that 1,197 matches had been reviewed out of a total of 1,228 with 31 still in progress. The bulk of these were linked to payroll. Susan intended for all these to be completed and a report presented at the December meeting. Susan referred to the lessons learned where it was noted that one particular match had identified 2 areas of internal control which required improvement, namely rental of Board owned accommodation and monitoring of lease car contractual payments. Fiona Sandford felt it would have been helpful to know of the outcome of the investigations and if any gave cause for concern. Susan confirmed that none were linked to fraudulent activity but appreciated more information could have been provided. Stephen Mather felt that it would be helpful to include a scale of the issue as the report could be misleading that there is a bigger issue than there actually is. Ralph Roberts referred to the supplier duplicate payments and asked how we compare with other Boards. Susan advised that Audit Scotland produce a report at the end of the process which details the results from all Boards and provides this comparison. Carol Gillie reminded of previous discussion around the challenging workload involved and that other public bodies receive more of a return than NHS Boards.

The Committee noted the update.

8. **Risk Management**

8.1 *Update on Very High Risks*

Lettie Pringle spoke to this item. Lettie highlighted that since the last report presented to the Committee there had been 2 new very high risks added, 1 very high risk had been managed to a lower level and 2 very high risks had been fully mitigated. Lettie explained that this information is fed into the Clinical Executive Operational Group who have requested that the Risk Management Board be reinstated which would report to them. It was noted that the Risk Management Board would review operational risks. Stephen Mather reminded that they would receive information which Non Executive Directors would require to have sight of so it was important that this be reported to wherever the Board agrees risk should sit. Malcolm Dickson noted that there seemed to be a lack of response from risk owners. Lettie explained that risk owners should be reporting a gap analysis within action plans but this is not always the case. Malcolm asked if it would be helpful to feedback that the Audit Committee had reviewed the report and were concerned where a gap analysis had not been completed. Fiona Sandford agreed that it was concerning to see a high risk without a gap analysis. Malcolm suggested putting a process in place so that anyone who does not complete a gap analysis will be asked to attend the Audit Committee to provide an explanation. Carol Gillie agreed to take this forward with Lettie to put a system in place.

The Committee noted the update.

9. **Integration Joint Board**

The Committee noted the link to the IJB Audit Committee agenda and minutes.

10. **Items for Noting**

10.1 *Information Governance Minutes: 4th June 2019*

Malcolm Dickson noted that there had been a poor attendance with a large number of apologies at meeting held on 4th June 2019. Carol Gillie agreed to pick this up with the Medical Director to try and improve attendance at future meetings. Malcolm referred to item 4.2 on page 2 where it stated that the Committee had supported the introduction of charging solicitors for accessing patient's records. Malcolm asked if this has commenced. Susan agreed to check with the Senior Health Information Manager and would feed back.

The Committee noted the minutes of the Information Governance Committee.

10.2 *Audit Committee Checklist Findings*

Carol Gillie spoke to this item. Carol explained that the consolidated report had captured all responses and recommendations, if agreed, would be taken forward. Stephen Mather did not feel that the questions within the checklist were very clear and suggested that it might be helpful to sit down as a group to try and gain a better understanding. Joanne Brown suggested using the checklist from the Audit Committee handbook and agreed to source a copy for comparison. It was agreed that the checklist would be completed on an annual basis and would be sent out mid January for discussion in March.

The Committee noted the consolidated self assessment and the agreed actions that would be progressed.

11. **Any Other Competent Business**

11.1 *Authorised Signatories – Capital Resources*

Susan Swan spoke to this item which was requesting an update to section F (Reservation of Powers and Delegation of Authority) of the Board's Code of Corporate Governance (CoCG) to align the operational management arrangements to support delivery of the Capital Plan. Susan explained that this was due to an inconsistency between approval amounts for revenue and capital and this would ensure that the delegation for authority for the Board's capital resource would be aligned. This was recommended to go forward to the Board for approval within the next scheduled CoCG update. Ralph Roberts asked if it was compliant to do this on approval of the Audit Committee. Carol Gillie advised that the process was for the Audit Committee to agree this and make recommendation to the Board.

The Committee approved the updated section F (Reservation of powers and delegation of authority) of the Board's Code of Corporate Governance with the authorised signatory changes.

The Committee recommended to the Board the approval of the changes to delegated limits for capital as part of the next update on the Code of Corporate Governance.

12. **Date of Next Meeting**

Thursday, 12th December 2019 @ 2 p.m., Board Room, Newstead.

BE
20.09.19