



Minutes of a Meeting of **Borders NHS Board Audit Committee** held on Thursday, 12th December 2019 @ 2 p.m. in the Board Room, Newstead.

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

In Attendance: Ms I Bishop, Board Secretary (Item 7.4)
Mrs J Brown, Director, Audit, Grant Thornton
Mrs B Everitt, Personal Assistant to Director of Finance (Minutes)
Mr J Fraser, Audit Associate, Grant Thornton
Mrs C Gillie, Director of Finance
Mr A Haseeb, Senior Audit Manager, Audit Scotland
Mr G Ironside, Senior Health Information Manager (Items 6.3 and 7.2)
Mrs L Jones, Head of Quality & Clinical Governance (Item 7.3)
Mrs C Oliver, Communications Manager (Item 7.3)
Dr T Patterson, Joint Director of Public Health
Mrs L Pringle, Risk & Safety Co-Ordinator (Item 10.1)
Mr R Roberts, Chief Executive (Arrived at 2.30 p.m.)
Mrs J Smyth, Director of Strategic Change & Performance (Items 3 - 7.3)
Ms S Swan, Deputy Director of Finance
Mr T Taylor, Non Executive Director (Items 3 – 7.3)
Ms E Thomas-Tudo, Senior Audit Manager, Audit Scotland (Item 3)
Ms F Watson, Audit Manager, Audit Scotland (Item 3)
Mrs G Woolman, Director, Audit Scotland

1. **Introduction, Apologies and Welcome**

Malcolm Dickson welcomed those present to the meeting. Apologies were noted from Fiona Sandford, Non Executive Director, Karen Hamilton, Chair and Jonny Steen, Senior Auditor, Audit Scotland.

2. **Declaration of Interest**

Malcolm Dickson declared that his sister in law sat on the Board of Northumberland NHS Trust and should they be referred to at any point during the meeting he would leave the room.

3. **Audit Scotland Report: NHS in Scotland 2019**

An invite had been extended to Board Members for this item.

Fiona Watson and Eva Thomas-Tudo provided the Committee with a presentation on the NHS in Scotland 2019 report. Fiona introduced the presentation and handed over to Eva for the financial element which covered a summary of financial and performance issues within the report. Fiona referred to the sustainability and reform part of the report and advised that recommendations have been made to Scottish Government to evaluate projects to ascertain those which are successful and roll these out across Scotland. Fiona advised that for the success of integration there was an acknowledgement that there needed to be a change in workforce

planning. It was noted that there had been a relatively high turnover of senior appointments during the period looked at and that there was a requirement for a new plan to address the issues for reform and the transformation required going forward. Tim Patterson referred to the issues with recruitment and noted that there did not appear to be a national workforce strategy in place. Tim was concerned with the impact this would have on primary care. Tim also referred to waiting times as he was aware of a report expected on the work undertaken by Professor Harry Burns. Fiona confirmed that there was a new GP contract in place, however acknowledged that there was an extremely high level of leavers in this area. Eva explained the Health & Social Care Integration Strategy is due to be issued by Scottish Government. Eva also referred to examples she had seen within other Boards of staff recruiting from overseas due to the chronic shortage. Fiona confirmed that the emphasis is on reducing waiting times but had no further update on the report produced by Professor Burns. Tris Taylor enquired about the Audit Scotland report on Health & Social Care Integration and the limited success of integration to date. Fiona explained that relationships are key to the success around how Boards, Local Authorities and Integration Joint Boards work together. It was noted that there is a lack of clarity on what is required to make these changes work to ensure people are treated closer to home and it was hoped that the strategy would include what is currently working well. Malcolm Dickson felt that there was apprehension to invest in something which might not work so it was felt to be safer to stick with the smaller pilots. As a Board in special measures Malcolm sympathised with Executive colleagues who were both fire fighting and trying to move forward at the same time. Malcolm referred to exhibit 4 which listed all Boards and their proportion of total savings and noted that five out of the 6 at the bottom of the table were special Boards. Eva explained that this was due to these Boards achieving in percentage terms a high level of savings but less recurring savings. Malcolm commented that the system is driven by demand and if this can't be managed then there was a need to consider the level of resources required. Gillian Woolman referred to the comments made around workforce and advised that Audit Scotland, as the appointed External Auditor, had issued a Best Value report on Scottish Borders Council, in which there was reference to the Integrated Joint Board, and would be picking this up with them. It was also noted that Audit Scotland would be undertaking a further report on Health & Social Care Integration.

The Committee noted the presentation and update.

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

The minutes were approved as an accurate record.

5. **Matters Arising**

Action Tracker

The Committee noted the action tracker.

6. **Governance & Assurance**

6.1 *Audit Follow Up Report*

Jo Brown introduced this item and reminded that it had been agreed to bring the follow-up process within the Internal Audit work programme to take the pressure off the Finance Team. Jo explained that a data cleanse had been undertaken and reported that for both Internal and External Audit recommendations a total of 22 had been implemented and could be closed, 13 were ongoing with revised dates for implementation and 8 were not yet due. Jo confirmed that managers would be held to account and asked to attend the Audit Committee should they not meet the revised deadlines. Jo assured that the higher

risk recommendations had been implemented. Stephen Mather advised that he was content with the report but as the format was different to what had previously been received it would be unfair to make any criticism at this point, however he noted that there were typos and grammatical errors throughout the report and the use of acronyms was not helpful. Carol Gillie reminded that the responses would have been received direct from managers within NHS Borders and these understandably would not be changed by Grant Thornton. Carol felt that the report provided a good baseline for going forward and reiterated that they would hold managers to account if they did not meet the revised deadlines.

The Committee noted the report and were content with the status of each of the recommendations.

6.2 *Debtors Write-Off Schedule*

Susan Swan spoke to this item which provided an update position as at December 2019. Susan reported that no recommendations had been made to the Director of Finance to write off any debt to date for 2019/20. The success seen by using an external debt recovery agency was noted. Stephen Mather asked for an indication around what the cost versus the recovery amount by using the external debt recovery agency. Susan confirmed that 10% is paid to the agency on any amount that is recovered by them.

The Committee noted the report.

6.3 *Mid Year Update – Information Governance*

George Ironside provided the Committee with a mid year update. George reported that for the first six months the Information Governance Team had been developing and implementing processes and procedures to further drive compliance with the European General Data Protection Regulations (GDPR). George highlighted that following withdrawal of the £50 fee to access patient's records there has been a steady increase in the number of requests received. George advised that there had not been as much progress as he would have liked on the development of the NHS Borders' Records Management Plan. Malcolm Dickson referred to the Information Asset Register and noted that the completion rates had improved but were only showing 52% and asked what action was being taken to increase this. George advised that the Directors responsible for each department are asked to ensure that this is completed. June Smyth confirmed that she had sent reminders to individual Directors and offered the help of the Information Governance Team to support the process.

The Committee noted the update.

7. Internal Audit

7.1 *Internal Audit Progress Report*

Jo Brown introduced this item and highlighted that the three final reports were being presented at today's meeting. Jo advised that discussion with the Chief Officer on the IJB scope would be taking place the following week. It was noted that the audit scopes and timetables for 2020/21 would be agreed in time for the March Audit Committee. Malcolm Dickson referred to the Duty of Candour audit and reminded that everyone has a Duty of Candour and asked if the audit would include the Communications function. Jo advised that they would be picking up the key elements within the legislation. Tim Patterson reminded that this was very much a clinical statutory duty rather than an organisational duty.

The Committee noted the progress report.**7.2** *Internal Audit Report – GDPR and Information Governance*

Jo Brown introduced this item which noted that the audit had concluded that the processes provide a partial level of assurance in respect of GDPR and Information Governance controls with improvement required. Of the findings, one of these was rated as medium and two were low. Jo confirmed that there are good practices in place and good work has taken place. Jo referred to the areas which required improvement, namely the completion rate of the Information Governance training module which is currently 77% and requires to be increased in order to ensure staff are suitably trained in Information Governance and GDPR. It was noted that the recurring data breaches have not reduced by the methods used for raising staff awareness, namely pop ups and adverts on the Intranet. In regard to the Information Asset Register, following on from the review undertaken by PricewaterhouseCoopers, it had been found that in some areas the recommendations had not been actioned prior to the due date. Jo confirmed that she was content with the management responses and timescales agreed. George Ironside felt that the audit had been extremely helpful and the recommendations would ensure improvements around the issues raised. George confirmed that the report would be presented at the next Information Governance Committee meeting.

The Committee noted the report.**7.3** *Internal Audit Report – Public Involvement and Engagement*

Jamie Fraser introduced this item which noted that the audit had concluded that there was a partial level of assurance with improvement required. Of the findings, two of these were rated as medium and one was low. Jamie highlighted that although areas for improvement were noted, it was recognised that NHS Borders are aware of the importance of public involvement and engagement to give patients and the public an opportunity to say how best to deliver health services in the Borders. Jamie referred to the delay in updating the Public Involvement and Community Engagement Strategy as a result of the Financial Turnaround Programme. It was noted that evidence had been provided around engagement activities, however the process for documenting public and patient engagement required to be updated. Jamie referred to the management responses received and felt that the timescales agreed were appropriate. Tris Taylor felt that the report was quite damning and as Chair of the Public Governance Committee he had expected to have had input into the scope but this did not happen and he noted his disappointment with this. Tris also queried what expertise the personnel involved in the audit had in this field. Jo Brown agreed to speak with Kate Brooks around the scope and why Tris had not been involved in this. Jo explained that the audit had focussed on the governance and processes in place and they had used the findings to compare and contrast with other Board that they had audited. Tris felt that the report was not reliable and as such could not be used to inform as part of NHS Borders' decision making. Ralph Roberts accepted that the audit could only provide assurance on a particular aspect and for other areas may require input from other regulatory bodies. June Smyth confirmed that NHS Borders has a very good working relationship with the Scottish Health Council and that they meet on a regular basis giving an opportunity to raise any issues through their escalation process, however this was not the purpose of the audit. Laura Jones added that NHS Borders submit regular self assessments to the Scottish Health Council relating to public engagement for scrutiny and she would be happy to share these at a Public Governance Committee meeting if this would be helpful to shape the plan going forward. Laura referred to the finding around updating the process for documenting public and patient engagement and advised that there were examples of engaging with the public, however these had not been during the period looked at. Claire Oliver recognised that the service change document is outdated

and advised that the process will be refreshed to ensure alignment with the Scottish Health Council's most recent guidance. June added that there is a quality check process which involves the wider organisation, not just the Public Involvement Team. June felt that the timing of the audit was helpful as it coincided with the financial turnaround work and assured that the issues raised would be picked up going forward. Clare advised that she had recently attended the BGH Participation Group where she had reported that she would be attending today's Audit Committee for this item and hoped for an opportunity to work with them on the issues raised going forward.

The Committee noted the report.

7.4 *Internal Audit Report – Review of Board Supporting Committee's Governance*

Jo Brown introduced this item which noted that the audit had concluded that there was a partial level of assurance with improvement required. Of the findings, one of these was rated as high, four were medium and two were low. Jo recognised that work had taken place at the Board Development session on 7th November 2019 where there had been a review of all the Governance Committees. Malcolm Dickson referred to the high risk finding, namely clarification was required as to which Committee has the responsibility for risk management. Malcolm agreed that the escalation of risk did require to be clearer, however it had not yet been confirmed if individual risks would be escalated to the Audit Committee although the Committee would have oversight to ensure that the process is working. It was noted that the Board Development Session in November had agreed a new approach to risk management reporting was required. Proposals would be finalised before going to the Board for approval. Iris Bishop advised that a meeting of the Code of Corporate Governance Group would be taking place the following week and that she would be meeting with the Risk & Safety Co-Ordinator prior to this to discuss what changes were required due to the new arrangements in place around risk. Carol Gillie advised that an extraordinary meeting of the Audit Committee will be arranged mid February to review the updated Code of Corporate Governance before going to the Board in March for approval. Iris felt that it had been a helpful audit which had highlighted weaknesses allowing improvements to be made. Malcolm referred to the recommendation that the debtor's write-off schedule now go to the Finance & Resources Committee, which will become the Finance & Performance Committee, and queried if the Audit Committee would be a more appropriate Committee to receive this. Jo felt that from the content of the report received today, the Finance & Performance Committee would be more appropriate.

The Committee noted the update.

8. **External Audit**

8.1 *External Audit Annual Audit Plan 2019/20*

Gillian Woolman spoke to this item and went through the report bringing to the Committee's attention any items of significance. Gillian referred to page 3 which confirmed that the audit is carried out in accordance with the International Standards on Auditing and to exhibit 1 which detailed the areas of significant audit risk. Gillian stressed the challenges that lay ahead for the organisation to achieve financial balance. Gillian highlighted that the Financial Turnaround Programme was listed as risk 5 on page 5 and the final outcome of this programme would be revealed at the year end. Gillian referred to risk 6 relating to the Borders IJB arrangements which detailed a number of issues which were crucial to NHS Borders' financial planning. Gillian reminded the Committee that Audit Scotland were also the appointed auditor for Scottish Borders Council and the IJB. It was noted that there were a number of challenges around IM&T

detailed at risk 7 and Audit Scotland would be kept up-to-date on the progress of the Road to Digital programme and monitor the Board's continuing IT investment plans. Gillian advised that the provisional audit fee was detailed on page 6 and saw a slight increase, however the final communication was awaited. Gillian highlighted that the responsibilities of both NHS Borders and the Appointed Auditor were detailed on page 7. Exhibit 4 detailed the financial statements timetable which all parties are working to. It was noted that reliance would be placed on the work undertaken by Internal Audit and as part of the planning process an assessment had been carried out on the Internal Audit function to ensure that it operates in accordance with the main requirements of the Public Sector Internal Audit Standards. Initial findings confirmed that Grant Thornton had prepared their plan and scope of work in compliance with these standards. Gillian went over the four audit dimensions listed on page 11, namely financial sustainability, financial management, governance and transparency and value for money which would all be reviewed during the audit. Gillian referred to independence and objectivity on page 13 and confirmed that arrangements are in place to give assurance in these areas. Malcolm Dickson commented on the reference made to the external consultants looking at financial turnaround and advised that they had finished their contract on the 6th December 2019. Malcolm also advised that under the IJB arrangements section, the Chief Finance Officer has now been extended to 31 March 2020, not December 2019 as stated.

The Committee noted the report.

8.2 *Audit Scotland Report: Corporate Plan 2019/20 Update*

Carol Gillie spoke to this item. Carol referred to page 9 of the report where some of the reports listed had been referenced during today's meeting. Carol noted that it was a helpful oversight to see what is happening within Audit Scotland.

The Committee noted the report.

9. **Fraud & Payment Verification**

9.1 *Countering Fraud Operational Group – Update*

Susan Swan spoke to this item where it was noted that the last meeting held was a review session with Counter Fraud Services (CFS). Susan confirmed that she shares any intelligence reports received with the relevant groups across the organisation. It was noted that it was intended to hold the next meeting scheduled for March 2020.

The Committee noted the update.

9.2 *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 referred to the template which recorded a total of 1,228 matches having been received with all of these being investigated with the exception of 11 payroll to payroll matches. It was not anticipated that any of these would be fraudulent but they needed to be investigated and closed down. Stephen Mather referred to the duplicate payments to suppliers as the number of matches was extremely high and asked for some background on these and assurance that processes had been tightened. Susan explained that these were only potential for duplicate payments and were due to there being a similar supplier with more than one invoice. Susan confirmed that all of these had been investigated with only 20 actual duplicate payments. Ralph noted that these duplicate payments totalled £58k and asked for assurance that systems have now been tightened. Susan advised that the reporting process from NHS Lanarkshire has been adapted to undertake exceptional

reporting within Borders. Susan gave an example of GP payments which now uses a process where a reference number must be used to eliminate the risk of duplicate payments.

The Committee noted the update.

10. Risk Management

10.1 *Annual Risk Management Report*

Tim Patterson introduced this item and advised that it would be the last time the Committee would see the report in this format following the recent redesign process. Tim was pleased to report that there had been improvements made during the reporting period, however there was still concern around clinical risks as the percentage recorded appeared low. It was noted that the Risk Management Board would meet for the first time early in 2020 and this will report into the Clinical Executive Group. Tim referred to the organisational priorities section and went over the key actions within this. Tim confirmed that the updated Risk Management policy, which has taken into account the restructure of the Governance Committees, is being finalised and that he hoped to bring this to the Board in the near future for approval. Jo Brown advised that an Internal Audit review in risk management was planned and this would bring an opportunity to share knowledge from other Boards as well as testing processes. Lettie Pringle reminded of discussion at the last meeting around putting a process in place following concerns raised on some of the very high risks. Lettie was pleased to report that this had resulted in no-one being required to attend today's meeting.

The Committee noted the Annual Risk Management Report.

11. Integration Joint Board

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

12. Items for Noting

12.1 *Information Governance Minutes: 2nd September 2019*

The Committee noted the minutes of the Information Governance Committee.

12.2 *Tender Waiver for the Resilient Facility Capital Project*

Susan Swan spoke to this item and explained that as per the Code of Corporate Governance (CoCG) any waivers are required to be noted by the Audit Committee. Susan referred to the statement within the CoCG on page 267 stating that a tender process can be waived and this must be minuted at Borders NHS Board meeting and noted by the Audit Committee. Susan reminded that the Board had received a paper on the 3rd October 2019 requesting a waiver of a tender which the Board approved. Stephen Mather advised both he and Fiona Sandford sat on the Resilient Facility Group so had been involved in the process.

The Committee noted the tender waiver for the Resilient Facility Capital Project which was approved by NHS Borders Board on 3rd October 2019 and were satisfied that the criteria had been met.

13. **Any Other Competent Business**

NHS Scotland Overview Report 2020

Carol Gillie advised members of the Committee of an offer from Audit Scotland to meet should they wish to be involved in the scope for the 2020 report. Both Malcolm Dickson and Stephen Mather thought this would be beneficial. Brenda Everitt to arrange a meeting.

14. **Date of Next Meeting**

Monday, 23rd March 2020 @ 2 p.m., Board Room, Newstead.

An extraordinary meeting was subsequently arranged to review the Code of Corporate Governance on Monday, 17th February 2020 @ 2 p.m., Board Room, Newstead.

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16.12.19



Minutes of an Extra Ordinary Meeting of **Borders NHS Board Audit Committee** held on Monday, 17th February 2020 @ 2 p.m. in the Board Room, Newstead.

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

In Attendance: Ms I Bishop, Board Secretary
Mrs B Everitt, Personal Assistant to Director of Finance (Minutes)
Ms L Farrell, Public Sector Internal Audit Manager
Mrs C Gillie, Director of Finance
Mrs K Hamilton, Chair
Dr T Patterson, Joint Director of Public Health
Mrs L Pringle, Risk Manager (Item 3)
Mr J Steen, Senior Auditor, Audit Scotland

1. **Introduction, Apologies and Welcome**

Malcolm Dickson welcomed those present to the meeting. Apologies were noted from Mr S Mather, Non Executive Director, Mr R Roberts, Chief Executive, Mrs G Woolman, Director, Audit Scotland and Ms S Swan, Deputy Director of Finance.

2. **Declaration of Interest**

There were no declarations of interest.

3. **Risk Management Policy**

Malcolm Dickson referred to the cover paper for item 4 and highlighted that the Risk Management Policy was out of sync for review by the Audit Committee having already been presented to the Strategy & Performance Committee on 6th February 2020. Malcolm advised that this was due to go to the Risk Management Board on the 19th February 2020 for approval and then to the Clinical Executive on the 27th February 2020. Tim Patterson went on to highlight the main changes made to the policy, namely that the risk appetite for the organisation would be agreed by Borders NHS Board. The Risk Management Board will look specifically at operational risks reporting to the Clinical Executive. Tim confirmed that all the changes captured within the updated Code of Corporate Governance were in line with the management of risk. The Committee discussed the reporting structure detailed on appendix 7 and agreed that a further diagram be added to provide further clarity.

It was agreed that the updated Risk Management Policy should come back to the Audit Committee on the 23rd March 2020 for recommendation to go forward to Borders NHS Board for approval on 2nd April 2020. The updated policy would be circulated electronically to the Committee after the Clinical Executive on the 27th February 2020 to ensure there was sufficient time for review.

The Audit Committee commented on the draft Risk Management Policy and agreed that the updated policy be presented at the next meeting on 23rd March 2020 for recommendation to go forward to Borders NHS Board for approval on 2nd April 2020.

4. **Code of Corporate Governance Update**

The Audit Committee went through the updated Code of Corporate Governance (CoCG) section by section and noted/discussed the updates and made further suggested amendments. Malcolm Dickson referred to item 8 of Section A where it detailed the purpose and remit of the Finance & Performance Committee which is to be established and queried the name of this group as he recalled at the Board Development Session in November it had been intimated this would be named the Resources & Performance Committee. Following discussion it was agreed that the Resources & Performance Committee would be put forward in the updated CoCG to the Board for approval. Tim Patterson referred to the proposed Committee structure and highlighted the need to be mindful to try and avoid duplication in the reports presented to each Committee and Borders NHS Board. Tim also referred to the Whistleblowing Non Executive Director and enquired which Governance Committees it would be appropriate for them to be a member of. Karen Hamilton advised that this was yet to be agreed and that a meeting was due to take place on the 28th February to discuss this. It was noted that there was not currently a Vice Chair for the Endowment Fund Board of Trustees and Karen agreed to pick this up with the Non Executive Directors to appoint one.

Carol Gillie reminded that this was a live document and correct at a point in time. It was noted that the Code of Corporate Governance Steering group would now be meeting on a quarterly basis.

Iris Bishop agreed to make the necessary amendments and update the covering paper with the further changes for going forward to Borders NHS Board for approval on 2nd April 2020.

The Audit Committee agreed that the updated Code of Corporate Governance should be put forward to Borders NHS Board on 2nd April 2020 for approval.

5. **Any Other Competent Business**

None.

6. **Date of Next Meeting**

Monday, 23rd March 2020 @ 2 p.m., Board Room, Newstead.

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21.02.20