

Minutes of a Meeting of **Borders NHS Board Audit Committee** held on Monday, 18<sup>th</sup> September 2017 at 2 p.m. in the Board Room, Newstead.

**Present:** Mr D Davidson (Chair)  
Mr M Dickson  
Mrs K Hamilton

**In Attendance:** Miss I Bishop, Board Secretary (Items 6.3 and 7.4)  
Mrs V Buchan, Senior Finance Manager  
Mr J Cowie, Interim Director of Workforce (Item 3)  
Mrs J Davidson, Chief Executive  
Mrs B Everitt, Personal Assistant to Director of Finance  
Mrs C Gillie, Director of Finance  
Mrs M Kerr, Director, PWC  
Mr J McLaren, Employee Director (Item 3)  
Mrs S MacDougall, Risk & Safety Manager  
Mr W Shaw, Head of Delivery Support (Item 3)  
Mr J Steen, Senior Auditor, Audit Scotland

1. **Introduction, Apologies and Welcome**

David Davidson welcomed those present to the meeting. Apologies were received from Stephen Mather, George Bell, Susan Swan, Anita McCloy, Gillian Woolman, Asif Haseeb and Claire Pearce.

2. **Declaration of Interest**

There were no declarations of interest.

3. **Minutes of Previous Meeting: 19<sup>th</sup> June 2017**

**The minutes were approved as an accurate record.**

David Davidson referred to the “Self Assessment on Effectiveness of the Audit Committee” and suggested this be re-circulated to members for completion who would then meet to discuss in more detail.

4. **Matters Arising**

*Action Tracker*

It was noted that the IRAG update and final IJB Annual Accounts for 2016/17 would now come to the December Audit Committee meeting. David Davidson took this opportunity to note his thanks to Paul McMenamin for all his input during his time as Interim Chief Financial Officer of the IJB.

**The Committee noted the action tracker.**

### *Update on Mandatory Training*

John McLaren introduced this report and highlighted that 70% of actions had been completed, with 10% yet to complete and 20% being superseded by further improvements. John explained that the “training identified for staff not being completed” remained an organisational priority, however the risk has been reduced due to the introduction of a revised core mandatory and statutory list which focuses on eLearning and improved reporting through a Central Booking System. John also referred to the regional work which would be piloted in the South East Region (Lothian, Fife and Borders) and anticipated that this would see benefits in the longer term. It was noted that work is also being undertaken across Scotland to give consistency, particular when a member of staff moves from one Board to another. John Cowie referred to the action to “identify appropriate measures and incorporate into the corporate governance framework” and stressed the need to encourage ownership and accountability across the organisation. Karen Hamilton noted that this topic has been discussed at length at other Committee meetings and was aware that a major issue is around the length of time for notice being given by those unable to attend training. John Cowie advised that it cannot be enforced that a member of staff is released for mandatory training, however it should be encouraged. John C added that the system is now geared to inform the Line Manager if a member of staff cancels with a note of the reason for this. John C was also aware that managers are trying to address problem areas where staff are not being released for training. It was noted that core clinical days are also being developed. David Davidson referred to item 3.2 and was extremely concerned that the number of staff updated for receiving adult life support training was below 50% compliance throughout NHS Borders. Jane Davidson highlighted that the clinical updates are the biggest risk areas and that she would like to see a further update brought back to the December Audit Committee to provide assurance. Jane noted her surprise around staff not being released for training as she had not been aware of this. Malcolm Dickson felt that the actions within the report will have an impact across the organisation and it was crucial to know exactly what these are with a deadline attached to each. Karen agreed with these comments. Margaret Kerr referred to graph 1 which showed compliance with core statutory and mandatory training and highlighted that the trend shows that it will be a considerable time before the target of 95% completion will be reached. Margaret added that the information recorded suggested different trends across the various areas of the organisation and felt that it would be worthwhile looking at this in more detail. Margaret stressed that timescales are key once critical training has been identified. Margaret highlighted the paragraph on page 4 advising that a recent review had investigated three key areas of education required to support clinical standards which stated that there had been no significant improvement in these areas. Margaret noted her concern around this as she did not feel that there was any conclusion. Jane assured that there is a plan in place, this had just not been set out clearly within the report. David reminded that the Board requires to be provided with assurance around the training needs of the organisation and that staff are being released to undertake this and he did not feel in a position to do this from the report presented today.

David asked that a further update be provided at the December meeting to provide the Audit Committee with assurance and suggested that the Chief Executive lead on this. Jane agreed to work with June Smyth as the Executive Lead and link in with John McLaren.

### **The Committee noted the update.**

### *Update on GP Leases*

Warwick Shaw introduced this report which provided an update on the current situation with GP leases and outlined the action plan to ensure appropriate leases are in place. David Davidson referred to the risks identified and asked if redecoration etc was covered within leases. Warwick confirmed that general maintenance, including redecoration, is included. Warwick advised that it is the intention to meet with a small group of GP's to try and resolve the issues encountered

and that he anticipated meeting the December deadline. Carol Gillie advised that they would liked to have been further forward at this point in time, however this is an issue across Scotland which no Board has yet concluded. Carol apologised for the slow progress but wished to take GP's along with them rather than deteriorate relationships and she was confident of reaching a conclusion in line with the timetable presented.

**The Committee noted the update and approved the action plan.**

## 5. **Fraud & Payment Verification**

### 5.1 *Countering Fraud Operational Group – Feedback*

Vivienne Buchan advised that the last meeting of the group had been dedicated to a presentation led by CFS on the Bribery Act 2010 on gifts and hospitality. It was noted that there had been a good turnout from staff from relevant areas as well as the members of the Countering Fraud Operational Group. The presentation would now be rolled out to the appropriate staff groups across the organisation. Viv advised that CFS had also attended the Board Development Session on the 7<sup>th</sup> September 2017 on this topic.

**The Committee noted the update.**

### 5.2 *NFI Update*

Vivienne Buchan reported that payroll matches are ongoing and that Susan Swan would bring a full report to the next meeting. Vivienne explained that the deadline of 31<sup>st</sup> August 2017 had slipped slightly, however there were no areas of concern to highlight at the present time. Carol Gillie enquired about the extended deadline. Vivienne advised that this is mid October.

**The Committee noted the update.**

## 6. **Governance & Assurance**

### 6.1 *Audit Follow Up Report*

Vivienne Buchan spoke to this item. Vivienne advised that the report had been revised following discussion at the June meeting and now provides more clarity on progress. Vivienne went on to take the Committee through the tables summarising the overall position for both Internal and External Audit recommendations. Vivienne highlighted the Internal Audit outstanding recommendations rated as high risk, namely “Training of Junior Doctor – Simulation Training Facilities” and “Mandatory Staff Training” which the Committee had received an update on earlier in the meeting. Vivienne advised that additional cost of teaching (ACT) funding should resolve the recommendations linked to the simulation training. Jane Davidson confirmed that the simulation training is taking place and went on to provide an update on an outstanding issue following the recommendations from the Deanery visit relating to WiFi for junior doctors. Jane was pleased to report that WiFi would be accessible across the hospital in the near future which would be a benefit to patients as well as staff.

Malcolm Dickson enquired if the auditors have sight of this report prior to the Audit Committee meeting. Carol Gillie advised that they do not and explained that the report is produced on the responses received from managers. Malcolm asked if Internal Audit could undertake this process. Carol explained that this is undertaken by Internal Audit in some Boards, however it was not felt to be a good resource of time so it was agreed that it would undertaken within the Finance Department. David Davidson added that a process had been developed whereby if there is a time lapse of three months after a deadline then

the manager responsible is asked to attend the Audit Committee to provide an update. Vivienne reminded that the purpose of the report is to give assurance that audit recommendations are being taken on board and delivered. Jane felt that the report was helpful but would benefit further from an assessment by the Finance Team. Jane referred to the situation around training as she would have expected that this would have been brought to the Committee's attention before now and highlighted that this is where an assessment would have proved useful. David Davidson reminded that the Audit Committee have raised concerns around training on numerous occasions and felt that the Board Executive Team should have been acting upon this. Carol felt that the comments received were useful and would be taken on board for future reports.

**The Committee noted the audit follow up report.**

6.2 *Debtors Write-Off Schedule*

Vivienne Buchan spoke to this item and was pleased to report that there had been no requests for bad debts to be written off to date as these are still being pursued. Vivienne advised that a recommendation within the 2016/17 Annual Report from External Audit was to review the process in relation to recovering income from road traffic accidents. Vivienne confirmed that this is being reviewed by the Annual Accounts Working Group and feedback will be provided to the Director of Finance. Vivienne assured that every effort is made to recover debt and highlighted the review undertaken to use an external debt recovery agency. It was noted that a contact has yet to be entered into, however this additional step would be used sensitively and there would be no 'door step' contact from the agency. David Davidson asked when work would commence with the agency. Carol Gillie advised that a tender exercise has yet to be undertaken. Jonny Steen advised that the issue around income from road traffic accidents had been picked up during the audits of a few other Boards and he was pleased to hear it would be picked up by the working group. Malcolm Dickson enquired if other Boards use a debt collection agency. Carol confirmed that some Boards do use this service. David enquired if patients, primarily dental, are asked for payment card details prior to treatment. Carol confirmed that this does not happen and reminded that the dental service have previously said that they are not happy to do this. Karen Hamilton referred to the figures recorded for overseas patients on page 2 and asked if this was due to a catch up. Carol confirmed that it was.

**The Committee noted the debtors write-off schedule.**

6.3 *Code of Corporate Governance - Update*

Iris Bishop spoke to this item. Iris took the Committee through the list of amendments made to each section and highlighted that Section C (Standards of Business Conduct for NHS Staff) had been revamped so it is easier for staff to understand around gifts and hospitality. David Davidson asked if staff are made aware of this at induction sessions. Iris confirmed that this is included. Margaret Kerr advised that she would review this section and let Iris have any comments outwith the meeting. Jonny Steen advised that External Audit would be looking at this closely during the audit planning stage which would be taking place in the next few weeks. Karen Hamilton asked if the document would be updated and issued. Carol advised that after today's discussion it would go to the October Board meeting for approval and would then be updated on the intranet and cascaded across the organisation. Carol reminded that this is a live document which requires to be refreshed on an annual basis. It was noted that it was the intention to try and get back on the cycle whereby this would go to the February Board meeting for approval.

**The Committee reviewed the updated Code of Corporate Governance and recommended that it goes forward to the Board for approval.**

6.4 *Update on Very High Risks*

Sheila MacDougall spoke to this item. Sheila explained that there had been some movement in terms of high risk with two being managed down and the one in relation to the Gamma Camera being completely removed. Sheila referred to the outstanding very high risk for Learning Disabilities relating to services for people with severe challenging behaviour (risk 835) and advised that Simon Burt was leading on this to find a long term resolution with NHS Lothian. Sheila referred to risk 739 and confirmed that this is being addressed by replacing the RIS software and that she would expect this to be taken off in due course. Sheila updated on risk 524 around the end of life for Windows XP and confirmed that PCs are being updated which should mitigate this risk down to being manageable. In regard to risk 363 around managing aggression and violence across the organisation it was noted that work has taken place, however this remains on the very high risk register.

Sheila referred to the two annual reports which had been circulated for information and advised that these are discussed by the Clinical Executive Operational Group. It was noted that departments with no risks are targeted and meetings take place with risk owners who have not completed risk assessments. Carol Gillie, on behalf of Stephen Mather, suggested that an executive summary containing the salient points would have been helpful. Sheila agreed to pick this up with Stephen.

**The Committee noted the update.**

7. **Internal Audit**

7.1 *Internal Audit Charter*

Margaret Kerr spoke to this item. Margaret explained that the Charter is brought to the Audit Committee as good practice and advised there were no fundamental changes from the last version seen by the Committee. Margaret highlighted that Internal Audit would not undertake specific fraud related work due to the Board's relationship with CFS.

**The Committee noted the Internal Audit Charter.**

7.2 *Internal Audit Plan Progress Report*

Margaret Kerr spoke to this item and confirmed that progress was on course against the plan for 2017/18.

**The Committee noted the progress report.**

7.3 *Internal Audit Report – Risk Management*

Margaret Kerr introduced this report which had an overall medium risk rating and brought the 2016/17 audit plan to a conclusion. Margaret advised that there were three medium and one advisory rated findings. It was noted that the advisory finding was not a specific risk, merely an area for management to discuss. Margaret highlighted the summary of findings detailed on page 4, namely non compliance around the review and approval of new risks, an annual review of existing risks on the register not being undertaken and non achievement of risk management performance KPI's. Margaret appreciated the improved process that had been implemented but felt that the recommendations would enhance the process. David Davidson referred to page 10 of the report and asked why a risk put forward for approval must be approved or rejected within 14 days. Sheila advised that it

was to make it the same timescales as approval for an adverse event which is based on a recommendation from Health Improvement Scotland. David also referred to page 13 and the Clinical Executive Operational Group's role in monitoring compliance with the risk management policy and performance against the agreed KPI's as he was concerned that there had been no significant improvement to date. Sheila explained that a deadline of December has been set for improvements to be made and that KPI's will be revised from next year. Karen Hamilton advised that the Staff Governance Committee, at the end of October, will be looking at risk from an occupational health and safety and management of aggression perspective to share ownership.

**The Committee noted the report.**

7.4 *Internal Audit Report – Review of Gifts & Hospitality*

Margaret Kerr introduced this report which had an overall medium risk rating. Margaret advised that there were two medium and one low rated findings. Margaret appreciated that the Board takes this seriously as this is evidenced within the policies and procedures in place, however the process could be improved by being more consistent. Margaret highlighted the medium rated findings, namely the inconsistencies which may result in inappropriate gifts and hospitality being accepted and with the exception of Procurement there are no other functions within NHS Borders who undertake an annual process for declaring gifts or hospitality despite several areas of the organisation having regular contact with external suppliers. David Davidson referred to page 11 where it was implied that gifts and hospitality may have been accepted which do not comply with the requirements laid out in the Code of Corporate Governance (CoCG). Carol Gillie advised that within the CoCG it states that the register should be reviewed annually and confirmed that the register is in place but is not reviewed on an annual basis so this will require to be undertaken going forward. Carol confirmed that the recommendations within the report had been taken on board and that the points fitted in with the work being undertaken on the Code of Corporate Governance. Carol felt that the audit had been rated at a higher risk than she would have expected. Margaret explained that it was borderline between a low and medium rating and assured that it was not a high risk for the Board.

**The Committee noted the report.**

**8. Integration Joint Board**

**The Committee noted the link providing access to the IJB Audit Committee papers for information.**

**9. External Audit**

9.1 *Audit Scotland Report: Annual Report and Accounts 2016/17*

9.2 *Audit Scotland Report: Audit Quality Annual Report 2016/17*

9.3 *Audit Scotland Report: Corporate Plan 2017/18 Update*

9.4 *Audit Scotland Report: Equality Outcomes 2017-19*

9.5 *Audit Scotland Report: Equality Outcomes and Mainstreaming 2015-17*

Carol Gillie advised that the reports for items 9.1 – 9.5 provided useful background information. Jonny Steen added that Gillian Woolman would be happy to take any questions on these reports outwith the meeting.

**The Committee noted the reports.**

9.6 *Audit Scotland Report: Principles for a Digital Future – Lessons Learned*

Carol Gillie spoke to this item and highlighted page 5 which summarised the issues identified in previous Audit Scotland reports. Carol felt this report was particularly relevant for NHS Borders considering the IM&T capital programme which was being taken forward. Carol advised that the Clinical Executive Operational Group had reviewed the report recommended that it comes to the Audit Committee for noting and the Director responsible for IM&T take forward the recommendations. David Davidson suggested that this be circulated to all Board members for information. This was agreed.

**The Committee noted the report.**

10. **Volunteer Expenses**

Karen Maitland spoke to this item. Karen explained that the board policy had not been enforced and there had been inconsistencies around the reimbursement of travel expenses with some volunteers being paid at the standard business mileage when the commuting rate should have been applied. Karen gave assurance that this has been rectified from 1<sup>st</sup> May 2017 and all volunteers had been issued with the new guidance. It was noted that there had been no negative impact resulting from this. Karen advised the Chair and Director of Finance had recommended that no over payments were recouped. Karen Hamilton referred to the statement within the report that “many volunteers do not claim expenses” as she was surprised at this. Karen advised that all volunteers are encouraged to claim, however many have access to free public transport.

**The Committee noted the report and the agreement given by the Chair and Director of Finance not to recover over payments made to volunteers in relation to this issue.**

11. **Items for Noting**

None.

13. **Any Other Competent Business**

None.

14. **Date of Next Meeting**

Monday, 11<sup>th</sup> December 2017 @ 2 p.m., Board Room, Newstead.

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29.09.17