

Minutes of a Meeting of **Borders NHS Board Audit Committee** held on Monday, 11th December 2017 at 2 p.m. in the Board Room, Newstead.

Present: Mr D Davidson (Chair)
Mr M Dickson
Mrs K Hamilton
Dr S Mather

In Attendance: Mr G Bell, Audit Manager, PWC
Mrs J Davidson, Chief Executive
Mrs B Everitt, Personal Assistant to Director of Finance
Mrs C Gillie, Director of Finance
Mr A Haseeb, Senior Audit Manager, Audit Scotland
Mrs M Kerr, Director, PWC
Dr J Montgomery, Director of Medical Education (Item 9.1)
Mrs C Pearce, Director of Nursing, Midwifery and Acute Services
Mrs J Smyth, Director of Strategic Change and Performance (Item 4)
Mr J Steen, Senior Auditor, Audit Scotland
Mrs J Stephen, Head of IM&T (Item 6.3)
Ms S Swan, Deputy Director of Finance

1. **Introduction, Apologies and Welcome**

David Davidson welcomed those present to the meeting.

2. **Declaration of Interest**

There were no declarations of interest.

3. **Minutes of Previous Meeting: 19th September 2017**

The minutes were approved as an accurate record.

4. **Matters Arising**

Action Tracker

The Committee noted the action tracker.

Update on Mandatory Training

June Smyth spoke to this item which was a follow-up to the report the Committee received in September. June referred to the graph on page 3 which indicated a slight variation in compliance since January 2017 and went over the key points to note. June explained that classroom training for fire safety had only recently come on stream hence the low stats recorded. It was noted that implementation of the Central Booking System (CBS) Scorecard, which is currently being rolled out, will ensure all staff have a learning plan which is pre-populated with core learning. Line Managers will have access to a RAG status of compliance which will enhance understanding of the training needs for staff and their compliance

reporting. It was noted that to enhance the Back to Basics programme Nursing and Midwifery are being prioritised for the initial roll-out of the new CBS Scorecard as they fall in the highest risk areas. June advised that the dashboard information from January onwards will provide a better understanding across the organisation. Jane Davidson stressed that Managers have responsibility in ensuring that staff undertake training and it will be easier to get an overall picture from the dashboard results. Jane advised that it was the intention to provide a further update at the next meeting to highlight where there are still concerns and how risk has been reduced.

David Davidson referred to page 5 and was pleased to see that the situation around staff being released for training seemed to be improving. June advised that it was but explained that there would still be issues as we start to experience bad weather, however this would be worked into the plan. David asked for clarification on the Virtual Induction Passport that has been developed for doctors in training not being linked into the Scottish online appraisal and revalidation resource. Claire Pearce explained that once this is completed it transfers with the member of staff from one Board to another, it is just the appraisal system that is not linked to the national scheme. It was noted that the passport will be available to more groups of staff from April 2018. Malcolm Dickson felt that this was progressing in the right direction and was pleased to see more engagement with staff. Malcolm enquired about the statement that it takes approximately 5 hours per staff member every two years to complete training. June confirmed that this is for core eLearning which should take approximately 5 hours every two years. Margaret Kerr stressed that it was essential for team leaders to be on board as they are key to this ongoing process. David asked for an indication of where Borders benchmarked across Scotland. Margaret explained that what is classed as mandatory is not straight forward and there is ambiguity around this which other Boards are experiencing issues with. Claire advised that there is work ongoing with NHS Fife to have a regional approach to mandatory training. Stephen Mather emphasised the need to get a list of core training that is both relevant and manageable to encourage staff to undertake this.

The Committee noted the update report and that a follow-up would be brought to the January 2018 meeting.

5. **Fraud & Payment Verification**

5.1 *Countering Fraud Operational Group – Feedback*

Susan Swan spoke to this item and reminded the Committee that the group had been put in place to deal with fraud issues across the organisation on behalf of the Audit Committee. It was noted that the group is made up with the heads of service of the key areas that Susan is in contact with on a regular basis. Susan explained that the report included an update on the key issues and took the Committee through these. Susan assured that the group continued to progress the fraud agenda across the organisation. David Davidson suggested an induction on this group be arranged for Malcolm Dickson. Susan agreed to pick this up with Malcolm.

The Committee noted the update.

5.2 *NFI Update*

Susan Swan spoke to this report. Susan explained that matches are received in January and are risk assessed. Susan advised that investigations have been completed with the exception of 19 which relate to Payroll to Payroll whereby there is an issue relating to sickness absence for a member staff who is also employed by another Board. Although these are rated as medium risk Susan advised that it did not look like any of the checks made to date looked fraudulent. Susan referred to section 4 and highlighted that due to

the delay in receiving the payroll matches, and the need for these to be reviewed by other Boards, it was estimated that full sign off of payroll matches to the Cabinet Office database would be completed by 31st January 2018. David Davidson referred to matches titled “Payroll to Companies House” and asked for clarification on this. Susan explained that some employees are also Company Directors so there must be stringency to ensure there is a separation of duties if there be a link between NHS Borders and the company they are a Director of. It was noted that a more comprehensive register of interests is included within the revised Code of Corporate Governance to ensure that no member of staff is able to authorise anything on a standalone basis. Carol Gillie added that there have been limited findings across NHS Scotland which is positive but little benefit attained.

The Committee noted the update report.

6. **Internal Audit**

6.1 *Internal Audit Plan Progress Report*

George Bell spoke to this item and confirmed that progress is on course against the plan for 2017/18. George reported that two final audit reports have been issued and were on the agenda for today’s meeting. Two draft reports, namely Clinical Governance and Business Continuity, were currently with managers for comment and the draft Terms of Reference for the Health and Social Care Integration Risk Management audit had been issued to managers for comment. Margaret Kerr added that it was the intention to bring the two reports currently in draft to the extraordinary Audit Committee meeting in January.

The Committee noted the progress report.

6.2 *Internal Audit Report – Budget Management and Financial Reporting*

George Bell introduced this report which had an overall low risk rating. George advised that there had been one medium rated finding, one low rated finding and one advisory rated finding. George referred to slide 4 which provided a summary of the review undertaken and the findings. George reported that overall a satisfactory framework was in place, however the three issues found would enhance the current system. These were noted as there being no auditable evidence for the review of budget profiles prior to being uploaded to the eFinancials application (medium risk), no formal induction or training being in place for budget holders (low) and there are no periodic reviews of the Scheme of Delegation aimed at removing inactive or redundant cost centres (advisory). George highlighted management comments which agreed that the recommendations would further strengthen the controls and processes currently in place. David Davidson noted concern around the medium risk finding regarding auditable evidence. George explained that there was tangible evidence that the process had been reviewed and was comfortable that this is taking place, there was just no auditable evidence. Carol Gillie advised that a system is being put in place to address this and gave assurance that these checks are being undertaken. Carol referred to the timescale of 31st March 2019 for the low risk finding and explained that this is to ensure there is sufficient time to put together a comprehensive training package for budget holders. It was noted that progress would be reported through the follow-up report.

The Committee noted the report.

6.3 *Internal Audit Report – Cyber Security*

Margaret Kerr introduced this report which followed a maturity review rather than the standard audit. Margaret explained that they had worked closely with management to understand the target that is hoped to be achieved as this differs across organisations. Margaret referred to the scope of the audit which had been to assess cyber security control maturity across six domains (Priorities, Risks, Connections, Technology, People and Crisis) using the PWC cyber assessment methodology. It was noted that a series of workshops with key IM&T staff had taken place to determine key actions. Margaret highlighted that when benchmarked against other Boards NHS Borders' current maturity is lagging behind, however this could be down to a variety of reasons, such as Borders being one of the smallest territorial Boards or the use of XP which is an outdated platform and no longer updated by the provider. Margaret drew the Committee's attention to the "Key Actions" which summarised what had been agreed by IM&T management during the review. Stephen Mather referred to the IM&T Road to Digital plan which had been approved by the Board the previous week and questioned how much had now been superseded by this. Malcolm Dickson felt that it was useful to undertake an audit of this kind to highlight any weaknesses which can be improved upon. Jane Davison asked Internal Audit how much had been taken into account from the findings of the audit undertaken the previous year. Margaret explained that the audit is designed to be a snapshot at a point in time and confirmed that it had taken into account the aspirations from the previous review. Jane enquired if the report also addressed the issues arising. Jackie Stephen felt that it did as the report detailed areas for improvement and confirmed that some of these would be dealt with through the IM&T Road to Digital investment plan. David Davidson asked for clarification on what was required to be undertaken for audit purposes. Margaret advised that the actions are set out within the report and that she would expect a follow-up audit to be undertaken at a suitable point in time to see if targets have been achieved. Jane felt that the Board should be sighted on anything within this report that they were not already aware of and agreed to do so should there be anything relevant. Jackie confirmed that all purchases will be complete by the end of March 2018 and actions completed by the end of June 2018. Susan Swan reminded that the IM&T Road to Digital plan is a four year plan and approval had only been given for year one. June Smyth suggested that the Committee be provided with an update at the March meeting. This was agreed.

The Committee noted the report and agreed that they would receive an update at the March meeting.

7. **Integration Joint Board**

7.1 *IJB Annual Accounts 2016/17 - Final*

Carol Gillie advised that the Committee had previously had sight of the draft IJB Annual Accounts for 2016/17 and the final version were now being presented for noting.

The Committee noted the final IJB Annual Accounts for 2016/17.

7.2 *IRAG Update*

Carol Gillie spoke to this item and advised that there had been an error in the figures being transposed under item 2.1 and that it should read 53 (77%) key provisions had been fully implemented. Carol reported that this is a further update to the last report received at the April 2017 meeting and went over the progress that had been made. Carol highlighted that the high risk regarding the update to partners' corporate

governance documentation has now been completed through the revised Code of Corporate Governance.

The Committee noted the update report.

8. **External Audit**

8.1 *External Audit Annual Audit Plan 2017/18*

Asif Haseeb introduced this item and advised that it was Audit Scotland's second year of a five year appointment. Jonny Steen went on to take the Committee through the report. Jonny referred to the key audit risks identified on page 4 and highlighted that each risk had a note of what audit work would be carried out against it. Jonny referred to the third audit risk and highlighted that the Board faces a challenge to break-even which the Committee would be aware of from the Board reports presented by the Director of Finance. Jonny explained that the fourth risk was in regard to accounting for IJB transactions and that this was the second year to include these. The differing sign off dates were recognised and it was recommended for the Finance Teams to have a timetable in place to accommodate these. Jonny referred to page 6 detailing the reporting arrangements which noted a deadline of 30th June 2018 for submitting the Annual Accounts to Scottish Government. The Audit Committee on the 14th June 2018 would receive a copy of the Annual Report and Accounts and the Annual Accounts would then go to the Board meeting on 28th June 2018 for formal approval. Jonny advised that the year-end audit would be carried out during May and June 2018 which was expected to take four weeks to complete. Gillian Woolman would once again be the Engagement Lead from Audit Scotland. It was noted that recent changes with the IJB Management Team were detailed on page 10 and that a paper would be going to the next IJB meeting outlining proposals for appointing to the Chief Financial Officer post. Jonny advised that reliance is placed on Internal Audit and that a review was underway by the NHS Greater Glasgow & Clyde External Audit team to ensure compliance by PricewaterhouseCoopers. Jonny advised that the audit is based on four audit dimensions, namely financial sustainability, financial management, governance and transparency and value for money. It was noted that the Board's financial performance, including the previous two years for comparison purposes, was detailed under exhibit 6. Jonny reminded that the Director of Finance had presented a Recovery Plan paper to the Board on 26th October 2017 and the actions from this to address the overspend were detailed under paragraph 44. Jonny referred to the appendix which summarised two recent Audit Scotland reports, namely NHS Workforce Planning and NHS in Scotland 2017, which would be discussed in more detail at the extraordinary Audit Committee meeting on 30th January 2018.

David Davidson referred to paragraph 48 which stated "Three new Non-Executive members joined the Board in the summer of 2017" and advised that two had joined in the summary with the third due to join on 1st April 2018. The report would be updated to reflect this. David asked Carol Gillie if she was content with the report. Carol confirmed that she was with only minor issues to finalise.

The Committee noted the 2017/18 Annual Audit Plan.

9. Governance & Assurance

9.1 *Audit Follow Up Report*

Susan Swan spoke to this item. Susan reported that there were 7 External Audit recommendations, 3 of which were overdue and 15 Internal Audit recommendations, 9 of which were overdue, outstanding as at 30th September 2017. Susan highlighted that there were two requests for attendance at today's meeting to provide an update and revised timescales due to recommendations not being fully implemented within the three months deadline.

The Committee noted the audit follow up report.

Update on Utilisation Report Recommendations

Claire Pearce spoke to this item. Claire referred to the first overdue recommendation regarding formal accuracy checking over source data quality and processing. Claire confirmed that a new process is being put in place to ensure that data checks are undertaken by the service before being validated. Claire advised that for the second outstanding recommendation regarding an implementation plan being produced for the Sapphire update and ITU bed booking diary, this would be taken forward as part of IM&T's Road to Digital plan and was being worked into the Business Case. Carol Gillie suggested that realistic deadlines be set for implementing these actions and reminded the Committee that progress would be reported through the audit follow-up report.

The Committee noted the update.

Update on Training of Junior Medical Staff Report Recommendations

Jane Montgomery spoke to this report which provided an update on the three outstanding recommendations. Jane confirmed that simulation training for Foundation Doctors has moved forward, however it was noted that requirements are increasing which will mean more simulation training and the space to undertake this. It was noted that a second room within the Education Centre will be used for training and that this is currently being converted. Jane advised that it is the intention to recoup some of the ACT funding to pay for a technician to run the simulation equipment. In regard to administrative staffing it was noted that no further progress had been made as they are still trying to ascertain how much funding is available for this. For the remaining outstanding recommendation Jane advised that the Quality Management Group of NHS Education had undertaken a follow-up visit and confirmed they were pleased with the progress being made around improving the induction process. Jane added that feedback received after each induction session is positive.

The Committee noted the update.

9.2 *Debtors Write-Off Schedule*

Susan Swan spoke to this item and was pleased to report that there had been no requests for bad debts to be written off for the period to 30th November 2017. Susan apologised that the paragraph under "Background" should have been worded using the past tense. Susan referred to Road Traffic Accident income recovery and advised that following discussion with External Audit an additional provision in line with guidance has now been included in the Board's year-end financial planning. It was noted that the increase to the provisions totals ensured 23% of income is provided for as per the guidance issued by Scottish Government. Susan advised that any Doubtful Debts had exhausted all follow-up routes and would be passed to a Debt Recovery Agency. Susan assured

that there would be no doorstep recovery and this would only be in writing. It was noted that the agencies had been narrowed down to two and a paper would be prepared to allow the Director of Finance to make an informed decision.

The Committee noted the debtors write-off schedule.

9.3 *Mid Year Update – Information Governance*

George Ironside spoke to this item. George reported that the main focus had been assessing the implications of the European General Data Protection Regulations to ensure NHS Borders is compliant by May 2018. It was noted that it was still not clear what the impact would be and that it could be a challenge for Medical Records due to tighter response times. George confirmed that progress has been made with the action plan to deliver the Records Management Plan as well as completing an Internal Audit Cyber Security Audit in conjunction with other IM&T colleagues. It was noted that Freedom of Information (FoI) requests continue to increase. David Davidson enquired how long on average it takes to deal with an FoI request. George did not have an exact figure but confirmed that this was relatively high. Carol Gillie added that a huge amount of resource from departments go into completing these requests.

The Committee noted the update report.

10. **Annual Accounts 2017/18**

10.1 *Mid Year Accounts 2017/18*

Susan Swan spoke to this item. Susan provided the Committee with the background to this exercise which is undertaken in preparation of the year-end Annual Accounts. Susan advised that the Finance team work closely with the External Audit team and have ongoing discussions to ensure everyone is fully briefed.

The Committee noted the Mid Year Accounts for 2017/18.

11. **Items for Noting**

11.1 *Information Governance Committee Minutes: 14th September 2017 (Draft)*

No issues were raised.

The Committee noted draft Information Governance Committee minutes.

12. **Any Other Competent Business**

None.

13. **Date of Next Meeting**

Tuesday, 30th January 2018 @ 11.30 a.m., Committee Room, BGH (Extraordinary)

Wednesday, 21st March 2018 @ 2 p.m., Board Room, Newstead