

Minutes of a Meeting of **Borders NHS Board Audit Committee** held on Tuesday, 11th December 2018 @ 2 p.m. in the Board Room, Newstead.

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

In Attendance: Mr G Bell, Audit Manager, PWC (Left meeting at 4 p.m.)
Mr Robin Brydon, Safety Adviser (Item 10.1)
Mr G Clinkscale, Head of Clinical Governance & Quality (Item 6.3)
Mrs E Cockburn, General Manager (Unscheduled Care) (Item 6.2)
Mrs B Everitt, Personal Assistant to Director of Finance (Minutes)
Mrs C Gillie, Director of Finance
Mr A Haseeb, Senior Audit Manager, Audit Scotland
Mr G Ironside, Senior Health Information Manager (Item 5.3)
Mrs M Kerr, Director, PWC (Left meeting at 3.40 p.m.)
Mrs S MacDougall, Risk & Safety Manager
Mr J Steen, Senior Auditor, Audit Scotland
Ms S Swan, Deputy Director of Finance
Mrs G Woolman, Assistant Director, Audit Scotland

1. **Introduction, Apologies and Welcome**

Malcolm Dickson welcomed those present to the meeting. Apologies had been received from Tim Patterson and Jane Davidson.

2. **Declaration of Interest**

There were no declarations of interest.

3. **Minutes of Previous Meeting: 26th September 2018**

Minor amendments were requested.

The minutes were approved as an accurate record with the proviso that the amendments discussed are made.

4. **Matters Arising**

Malcolm Dickson referred to the second item on page 2 of the minutes which made reference to the finalised reports following the two external reviews. Malcolm was aware that the report from the Director of Finance at NHS Lanarkshire had been circulated but could not recall having seen the other and asked if it would be possible to have sight of this. Carol Gillie advised that this had been requested and had to be cleared by the Director of Finance at Scottish Government. Carol agreed to raise this again at the meeting the following day. Malcolm also felt that it would be helpful to have sight of the timetable Scottish Government are working to. Karen Hamilton

asked for an update on the recommendations arising from the Internal Audit on the process for donations made to the Margaret Kerr Unit. Susan Swan advised that these are being taken forward with the General Manager (Unscheduled Care) and his team and the report, with updates on the recommendations, will be presented to the Endowment Fund Board of Trustees meeting in January. Gareth Clinkscale gave assurance that the new process is being followed and cash donations are no longer accepted.

Action Tracker

The Committee noted the action tracker.

5. **Governance & Assurance**

5.1 *Audit Follow Up Report*

Susan Swan spoke to this item. Susan advised that the report included an update on the status of recommendations from both Internal and External Audit. Stephen Mather commented that he found the format of the report difficult to understand, particularly the tables. Following discussion Susan agreed to look at how this can be reported to make it more meaningful in future. Asif Haseeb offered assistance to look at this with Susan and the team. Carol Gillie highlighted that the key message being reported is that recommendations are moving forward. Gillian Woolman added that it is good to see this report as it provides a live progress update and gives assurance to the Committee. Malcolm Dickson referred to the first item on page 2 relating to Non Executive member's training and development as he noted that within the 'Audit Scotland: NHS in Scotland 2018' report it stated that Board members require to have an appropriate level of knowledge, skills and expertise to undertake their role effectively. Malcolm advised that he was due to attend SBC and another Board's Audit Committee meetings for an insight into how they conduct their meetings.

The Committee noted the report.

5.2 *Debtors Write-Off Schedule*

Susan Swan spoke to this item and explained the report provides details of the level of doubtful debt which is in the latter stages of debt recovery as well as information from previous years to provide a comparison. Susan advised that a recommendation to write off debtors to the value of £48,302.08 had been made to the Director of Finance as they span back a number of years and the debt recovery agency has confirmed it is unable to recover these monies. This would be discussed in detail with the Director of Finance and if in agreement she would use her delegated authority to write off this debt. Susan reminded the Committee that the current contract with the external debt recovery agency did not include doorstep calling, however the agency have suggested building a further service into the contract, to issue court orders and wages arrestments to individuals as this would further improve the recovery of debts. The Audit Committee supported this additional service being provided. Stephen Mather enquired if the debtors information relating to English and Welsh Health Authorities was correct. Susan confirmed that it was and further information is awaited from Scottish Government in regard to this.

The Committee noted the report.

5.3 *Mid Year Update – Information Governance*

George Ironside spoke to this item and was pleased to report that the actions relating to GDPR were now 98% complete. It was noted that due to this being such a labour intensive task there was currently an estimated £14k cost pressure. Stephen Mather asked

if this would be reimbursed from Scottish Government. George confirmed that there had been no indication of this. Carol Gillie added that Scottish Government have been made fully aware of the pressures faced but there is nothing forthcoming. George updated on the Data Protection Officer for GP practices where it has since been confirmed this role will be supplied by the Health Board and funding will be made available. George went on to explain that the Information Governance work plan is currently being reviewed, due to a significant gap in resources, to see what elements can be reprioritised or deferred. Malcolm Dickson enquired if there were any opportunities for regional working. George advised that there were some common areas and this would continue to be explored, particularly around the increased demands of GDPR. George also provided an update on the internal phishing exercises undertaken where it was noted that for the most recent phishing email the number of recipients who went on to enter data had dropped to 1%.

The Committee noted the update.

6. Internal Audit

6.1 *Internal Audit Plan Progress Report*

George Bell confirmed that progress is on course against the plan for 2018/19 and highlighted the two final reports that were on today's agenda. George gave a status update on the three remaining audits where the reports were due to come to the March Audit Committee meeting.

The Committee noted the progress report.

6.2 *Internal Audit Report – Complaints Handling*

George Bell introduced this item and advised that the report had an overall low risk rating. George referred to the executive summary where it was noted that comprehensive complaint handling processes and procedures were found to be in place and complied with. It was noted that several areas of good practice were identified with effective reporting and follow-up. George referred to the one low risk rated recommendation, namely there is no formal process for recording or approving the classification of complaints when discussion is required between the complaint handling team to assign a stage if they do not obviously fall into stage 1 or stage 2 categories. Elaine Cockburn welcomed the review and was pleased with the emerging report. Elaine advised that internal work has been undertaken to make the process more robust in regard to the recommendation and this had been actioned on the 5th November 2018. Malcolm Dickson suggested that Clinical Governance consider how to monitor trends and then act on them, reporting to the Clinical Governance Committee. Stephen Mather noted that this was an excellent report and the Complaints Team should be congratulated given this new system had only recently been implemented and asked Elaine to relay this back to staff on behalf of the Audit Committee.

The Committee noted the report.

6.3 *Internal Audit Report – Unscheduled Care – Emergency Patient Flow Management*

George Bell introduced this item and advised that the report had an overall medium risk rating. George confirmed that there are policies and procedures in place and that these are followed, however staff with access to TrakCare have the ability to make amendments to any fields, including registration and discharge date. George highlighted that no evidence had been identified of staff attempting to make inappropriate changes. George referred to the high risk recommendation relating to staff with access to TrakCare being able to amend fields which could lead to inaccurate breach data being reported and there being no

controls in place to ensure the validity of such changes. It was noted that management have agreed that a daily breach timing report from TrakCare will be reviewed by the clinical management team at the daily breach review meeting to identify and approve cases where a breach needs to be amended to a non breach. The system will then be updated with the rationale for changing a discharge time and approved by the Clinical Nurse Manager or deputy with evidence being retained. Period audits would also be undertaken on samples of historic changes in order to ensure controls are being applied on a continual basis. Gareth Clinkscale confirmed that this would provide an extra level of assurance. Gareth also reported on feedback from medical colleagues which concluded that they do not update notes and that they have now been asked if this can be actioned going forward. Stephen Mather felt that this was a useful report which highlights potential issues and was pleased to hear there was no evidence of inappropriate use of the system. Gareth went on to provide the Committee with an update on patient flow which has seen increased weekend discharges. Malcolm Dickson congratulated the staff involved in this work.

The Committee noted the report.

6.4 *Internal Audit Arrangements*

Internal Audit were not present for this item

Carol Gillie advised that the current contract with PricewaterhouseCoopers (PWC) was due to come to an end in March 2019. It was noted that, including the slightly different arrangement in the beginning, they had provided an Internal Audit services for almost five years. Carol confirmed that there are ongoing discussions with colleagues at the East Region Directors of Finance meeting as she was aware the Audit Committee were keen for an East Region solution. Carol advised that there had not been as much progress on this as she had hoped and proposed doing a paper detailing the available options for virtual approval by Audit Committee members. Stephen Mather asked if the Committee were receiving good reports that were fit for purpose as he felt they were. Karen Hamilton referred to the recent escalation to level 4. Carol felt that there may be challenge for not tendering to get value for money, however questioned if it would be worthwhile diverting resources for the sum of money that would be achieved. Karen appreciated this and highlighted the good working relationship and continuity should the contract with PWC be extended. Fiona Sandford agreed that the quality of reports from PWC is excellent, however felt NHS Borders may be held to account by not undertaking a tendering exercise to ensure we are getting value for money. Following discussion Carol agreed to circulate a paper detailing the various options for the next 12 months for virtual agreement by Audit Committee members. Gillian Woolman added that there may be opportunities for other joining up arrangements as she was aware some Boards also had contracts ending on the 31st March 2019.

The Committee noted the update

7. **External Audit**

7.1 *External Audit Annual Audit Plan 2018/19*

Gillian Woolman spoke to this item and advised that she had met with the Chief Executive the previous week to go through the annual plan in detail. Gillian referred to the risk and planned work on page 4 and drew the Committee's attention to exhibit 1 where it was noted that the risks detailed at items 1 and 2 were standard and the remaining risks were more specific to NHS Borders. Gillian went on to take the Committee through these. The timescales for expected audit outputs were detailed on page 7 along with the responsibilities of NHS Borders and the Appointed Auditor. Gillian referred to the

timetable for completion of the Annual Accounts which confirmed a final submission date of 28 June 2019. Gillian advised that they work closely with Internal Audit to capture areas where reliance can be placed. It was noted that an annual assessment is undertaken on the Internal Audit function to ensure it operates in accordance with the Public Sector Internal Audit Standards. Gillian highlighted the audit dimensions detailed on page 11 which provided detail on the nature of the work that will be undertaken to provide assurance. The financial pressures NHS Borders are facing were listed on page 12 and the two external reviews undertaken were detailed on page 13. In regard to the bullet point regarding additional scrutiny, Gillian was confident that discussions are ongoing with Scottish Government. Gillian referred to the best value section on page 14 where it noted that this year's audit will focus on the Board's arrangements for demonstrating best value in 'Effective Partnerships' which will reflect on arrangements with key partners such as the Borders IJB and Scottish Borders Council. It was noted that the final two sections on page 15 provided assurance that there were no conflicts of interest. Malcolm Dickson felt that the most pressing issue is brokerage and noted that this is mentioned within the plan. Malcolm added that Non Executive Directors can receive mixed messages and would appreciate an indication around the level of scrutiny there will be. Gillian explained that Statutory reports, also known as Section 22 reports, are an additional paper to the accounts laid before the Scottish Parliament which draws their attention to key areas of concern. It was noted that these reports are very brief and it is for the Scottish Parliament's Audit Committee to decide if they wish anyone from the Board to attend for questioning. Carol Gillie confirmed that she had received verbal agreement that NHS Borders will receive brokerage this year, however we do not currently have a balanced financial plan. It was also noted that due to being on the ladder of escalation the flexibility to underspend/overspend by up to 1% of the annual resource budgets was not applicable to NHS Borders. Again only verbal confirmation had been received regarding this. Carol confirmed that a paper providing clarification on a Section 22 report would be going to the Finance & Resources Committee the following week. Malcolm Dickson enquired about item 4 on page 5 regarding accounting for IJB set aside. Gillian advised that there will be an opportunity for interim arrangements to be put in place and that they would stay up-to-date and sighted on this. Stephen Mather, as Chair of the Borders IJB, advised that there has been dialogue with Scottish Government who have intimated they will be working on this in the new financial year. Malcolm highlighted the section on IM&T on page 10 and in particular reference to co-located data centres as this was not an ideal situation. It was noted that this had been raised at the Strategy & Performance Committee the previous week and assurance had been given from the Head of IM&T that they will be looking for a second location in January. Malcolm also highlighted paragraph 49 which made reference to the EU Withdrawal Working Group as he felt it might be beneficial for the Audit Committee to receive an update at the March meeting if appropriate. Carol was aware that returns have been submitted to Scottish Government and it may be useful for the Committee to have sight of these meantime.

The Committee noted the External Audit Annual Plan for 2018/19.

7.2 Audit Scotland Report: NHS in Scotland 2018

Malcolm Dickson felt that there was some assurance from this report and highlighted that for performance NHS Borders were significantly better than other mainland Boards. The report also highlighted issues which would need to be addressed. Carol Gillie advised that Audit Scotland have offered to come and speak to Boards about the report if this would be helpful. Malcolm agreed to discuss this further with the Chair and other Non Executive Directors.

The Committee noted the report.

8. Integration Joint Board

The Committee noted the link to the IJB Audit Committee papers.

9. Fraud & Payment Verification

9.1 *Countering Fraud Operational Group - Feedback*

Susan Swan spoke to this item. It was noted that the update presented had been circulated around the Countering Fraud Operational Group, which has good representation across the organisation as well as from CFS and SBC, to raise awareness and to detect and defer fraud. Susan highlighted the interview techniques workshop which would be taking place later in the week, facilitated by CFS.

Malcolm Dickson noted that the last two meetings had been cancelled due to the number of apologies and stressed that this did not give a reflection on the work undertaken by the Fraud Liaison Officer. Malcolm suggested that the importance of this meeting be relayed on behalf of the Audit Committee. Susan explained that there was also capacity issues within the Finance Department and gave assurance that there is ongoing dialogue in this area.

The Committee noted the update.

9.2 *NFI Update*

Susan Swan spoke to this item where it was noted that the timetable for the 2018/19 exercise was on track and any recommended matches would be notified on the 31st January 2019. A report on these would be presented to the March Audit Committee meeting. Susan advised the 2016/17 outcomes report has been received and this would be circulated around the Committee for information.

The Committee noted the update.

10. Risk Management

10.1 *Annual Risk Management Report*

Sheila MacDougall spoke to this item. Sheila reminded of the update provided at the last meeting which should have been supported by the Risk Management and Health & Safety Annual Reports for 2017/18 and apologised for these not being submitted. From a risk management perspective Sheila gave assurance that a risk management framework is in place. Sheila advised that due to capacity issues within the team there has been agreement that staff will have input around risks within their own areas, however appreciated that risk owners have competing priorities and as these change this may not be seen as a priority. Sheila advised that there may be an opportunity to undertake a remodelling exercise of the department in 2019/20 which could help support risk owners. It was noted that a succession paper was due to go to the Board Executive Team in the near future. Karen Hamilton stressed the need to ensure that ownership is not taken away from risk owners. Malcolm Dickson reminded that risk management is scheduled to come forward to a Board Development Session where he expected this would be touched upon. Malcolm emphasised the need for the Board to be engaged with the risk appetite for the organisation. Sheila advised that the Risk Management Policy was currently out for consultation and this included the risk appetite. This would go to the Clinical Executive Operational Group and the Board Executive Team for review prior to final sign off. Sheila acknowledged that within the appetite there must be some opportunity risk as this can be of benefit to the organisation. Robin Brydon referred to the Health & Safety

Annual Report which highlighted that health and safety procedures are not consistently being applied which can leave the Board vulnerable. Sheila added that shared registers are being looked into to narrow down and capture risk relating to health and safety. Robin referred to the improvement plan which complements the Health & Safety Annual Report as this will ultimately drive compliance higher. Malcolm Dickson noted that there was a decrease in RIDDOR reports and asked how we know if any events are going unreported. Robin explained that the Health & Safety Team are the RIDDOR reporting officers to ensure consistency. Sheila gave assurance that every incident is checked by one of the Health & Safety Team as well as liaison with Occupational Health and Payroll to ensure nothing is missed. Stephen Mather highlighted reference to foul and infected linen within the Risk Management Annual Report as he was not aware of this being raised at the Clinical Governance Committee. Sheila confirmed that this is reported through the Infection Control Committee. It was noted that there is now a tolerance rating in place and anything above this is reported to the Infection Control Committee. Margaret Kerr referred to the HSE inspections to ensure there was clarity on the escalation process. Sheila gave assurance that there is a process in place. Malcolm reminded officers that the Audit Committee could be advised of any areas of serious concern outwith the normal reporting timetable.

The Committee noted the report.

11. **Annual Accounts 2018/19**

11.1 *Mid Year Accounts 2018/19*

Susan Swan spoke to this item. Susan explained that the report provided the Committee with details of the process undertaken for producing the 2018/19 annual accounts. Susan went on to take the Committee through the report and highlighted that the Annual Accounts Sub Group, with representatives from each area of the Finance Department, have started meeting on a fortnightly basis. Fiona Sandford noted that there were some significant variations against cash and cash equivalents between 2017/18 and 2018/19. Susan confirmed that this was not an area of concern as it was primarily due to timing differences.

The Committee noted the mid year accounts for 2018/19.

12. **Items for Noting**

12.1 *Information Governance Committee Minutes: 25th October 2018 (Draft)*

No issues were raised.

The Committee noted the draft Information Governance Committee minutes.

13. **Any Other Competent Business**

None.

14. **Date of Next Meeting**

Wednesday, 20th March 2019 @ 2 p.m., Board Room, Newstead.