

Borders NHS Board



Meeting Date: 2 July 2020

Approved by:	Malcolm Dickson, Chair, Audit Committee
Author:	Andrew Bone, Director of Finance
AUDIT COMMITTEE UPDATE	
Purpose of Report:	
<p>The purpose of this report is to brief the Board on any key issues within the Committee's remit, in order to provide assurance to the Board that these matters have been identified and are being addressed.</p>	
Recommendations:	
<p>The Board is asked to note the update from the Audit Committee meeting held on 15th June 2020.</p>	
Approval Pathways:	
<p>This report has been prepared for the Board.</p>	
Executive Summary:	
<p>The Audit Committee would like to highlight the following to the Board:</p> <ul style="list-style-type: none"> • Risk Management Internal Audit Report – the Director of Finance and Chief Executive to discuss with the Director of Public Health if the original timelines for recommendations are achievable. • Audit Follow Up Process – clarification provided that Internal Audit will continue to undertake an audit follow up process. This fulfils the Committee's need for regular update on actions identified, including both Internal and External Audit recommendations. The External Audit team will retain responsibility for providing a professional view on the actions arising from their own reports on a bi-annual cycle (March, June) and through the Interim and Final External Audit reports. • Internal Audit Plan Progress Update – the Health & Social Care Integration audit was noted as the only audit outstanding from the 2019/20 Internal Audit Plan. This had been deferred until 2020/21 as per agreement with the Director of Finance. The Committee emphasised the importance of this audit being undertaken but appreciated that the scope may require to be revisited. • Engaging and Ongoing Transformation Internal Audit Report – the Committee agreed that it would be beneficial for a further audit to be undertaken in 12 months to retain focus on the programme of Turnaround. It was recognised that the scope of this audit would be reviewed following clarification of any governance changes and/or lessons learned from the Covid 19 pandemic. 	

- The Committee received the annual audit opinion from Internal Audit and the following was noted:

“Our overall opinion for the period 1 April 2019 to 31 March 2020 is that based on the scope of reviews undertaken and the sample tests completed during the period, that reasonable assurance can be given on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.

Of the 8 reviews performed in 2019/20, we issued 1 ‘Significant Assurance’ and 7 ‘Partial Assurance’ reports. We raised 29 recommendations across our 2019/20 reviews. Of these recommendations, 2 were classified as high risk and both were in relation to Risk Management arrangements within NHS Borders. Actions are in progress to address the weaknesses identified during the reviews. Due to the nature of the high risk findings, we consider that these merit attention in the governance statement.”

The table at Page 7 summarises the individual assessments arising from audit assignments, contained within the risk-based audit plan, that have been reported throughout the year and our conclusion on the level of assurance provided.”

The opinions from our individual assignments represent operational areas which require improvement in NHS Borders going forward, some of which are significant to the governance statement. We would expect the issues identified relating to Risk Management to appear in the Governance Statement.

During the year good progress has been made in reviewing and following up outstanding internal audit recommendations and number of recommendations have now been confirmed as having been completed.

The concerns raised in relation to Risk Management were accepted including the recommendation that these are to be recognised within the governance statement.

- Internal Audit Plan 2020/21 – due to Covid 19 three potential areas for audit were being suggested (Governance, Covid Financial Controls and Changes in Internal Control). It was agreed that these would be woven into the existing audits within the plan. Due to the next Audit Committee not taking place until September, delegation was given to Executive Directors to liaise with Internal Audit around the timing and exact scope of audits as some may require to be re-prioritised due to current circumstances (i.e. covid19).
- Annual Audit Update – the flexibility provided by Audit Scotland was recognised and welcomed by the Committee.
- Annual Accounts 2019/20 – the Committee had a good discussion on the three month delay to 30th September 2020, and whether the revised timescale was achievable. Assurance was given by Audit Scotland and the Director of Finance that everything was being done to achieve this target date and that mitigating actions are in place to address risks identified.
- National Fraud Initiative – the Committee noted that NHS Borders would be participating in the 2020/21 exercise. Although no fraud had been detected following the 2019/20 exercise, NHS Borders’ participation had allowed other public sector organisations to recoup money lost due to fraud. Lessons had also been learnt around Primary Care verification and the process for capturing duplicate payments has since improved as a result of this work.
- Due the significant disruption of Covid 19 the current appointment with Audit Scotland as the Board’s External Auditor has been extended by one year, taking this to 2021/22. *(This was not discussed at the Audit Committee meeting as members were aware but is included for the Board’s information).*

Strategic Context	Not applicable
Patient Safety/Clinical Impact	Not applicable

Staffing/Workforce	Not applicable
Finance/Resources	Not applicable
Risk Implications	Identified above
Equality and Diversity	Not applicable
Consultation	Not applicable
Glossary	Not applicable