



Minutes of a Virtual Meeting of **Borders NHS Board Audit Committee** held on Monday, 23<sup>rd</sup> March 2020, via email due to COVID 19.

**Present:** Mr M Dickson, Non Executive Director  
Mr S Mather, Non Executive Director  
Mrs F Sandford, Non Executive Director

**In Attendance:** Mrs J Brown, Partner, Audit, Grant Thornton  
Mrs C Gillie, Director of Finance  
Mrs K Hamilton, Chair  
Dr T Patterson, Joint Director of Public Health  
Mr R Roberts, Chief Executive  
Mr J Steen, Senior Auditor, Audit Scotland  
Ms S Swan, Deputy Director of Finance

1. **Introduction, Apologies and Welcome**

No apologies had been received.

All members of the Committee were emailed on the 17<sup>th</sup> March 2020 asking for any comments/approval on the items on the agenda which required approval as well as any further comments on the papers that were for noting. All comments/responses were collated and circulated around the Committee on 25<sup>th</sup> March 2020. A copy of these is attached at Appendix 1.

2. **Declaration of Interest**

There were no declarations of interest.

3. **Minutes of Previous Meetings: 12<sup>th</sup> December 2019 and 17<sup>th</sup> February 2020 (Extraordinary)**

**The minutes were approved as an accurate record with the proviso that the month be changed to December on the minutes from the meeting held on 12<sup>th</sup> December 2019.**

4. **Matters Arising**

*Action Tracker*

**The Committee noted the action trackers.**

## 5. Governance & Assurance

### 5.1 *Audit Committee Terms of Reference*

**The Audit Committee approved the Terms of Reference with the addition that the Committee review work undertaken by the Countering Fraud Operational Group and review the NFI exercise.**

### 5.2 *Audit Committee Work Plan 2020/21*

**The Committee approved the Audit Committee Work Plan for 2020/21 with the amendment of the members' private meetings with Internal Audit and External Audit taking place in June 2020.**

### 5.3 *Audit Follow-Up Report*

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

## 6. Internal Audit

### 6.1 *Internal Audit Progress Report*

Jonny Steen highlighted that the Internal Audit work under "Financial Controls" covered budget monitoring and reporting for 2019/20 only and differs to External Audit's financial controls work set out in the interim report.

**The Committee noted the progress report.**

### 6.2 *Internal Audit Report – Risk Management*

Due to the concerns raised in the report the Director of Public Health, as lead for Risk, was asked to provide the Committee with an update report in 6 months time.

Joanne Brown agreed to source other Board risk registers and share with the Committee the number of clinical risks they capture, alongside key clinical themes identified (which are not currently in the NHS Borders' register). This would allow NHS Borders the opportunity to re-look at the clinical risks captured for any potential omissions.

**The Committee noted the report which was rated as providing assurance with improvement required.**

**The Committee noted that the Director of Public Health would provide an update report in 6 months.**

### 6.3 *Internal Audit Report – Budget Setting Arrangements*

**The Committee noted the report which was rated as providing assurance with improvement required.**

### 6.4 *Internal Audit Report – Blueprint for Good Governance*

**The Committee noted the report which was rated as providing assurance with improvement required.**

### 6.5 *Internal Audit Report – Duty of Candour*

Brenda Everitt to send the report to Nicky Berry to take to the Clinical Governance Committee for discussion.

**The Committee noted the report which was rated as providing assurance with improvement required.**

## 7. External Audit

### 7.1 *External Audit Interim Management Report 2019/20*

Malcolm Dickson highlighted that page 8 of the report listed the challenges facing NHS Borders in relation to equality and diversity. Audit Scotland had stated at paragraph 15 that it would provide an update alongside management responses in its Annual Audit Report. To ensure that this is not lost the Director of Finance to discuss with External Audit as part of the final accounts process.

## 8. Fraud & Payment Verification

### 8.1 *Countering Fraud Operational Group – Update*

**The Committee noted the update from the Countering Fraud Operational Group.**

### 8.2 *NFI Update*

**The Committee noted the NFI update.**

## 9. Risk Management

### 9.1 *Update on Very High Risks*

**The Committee noted the update report on the Very High Risks.**

### 9.2 *Risk Management Policy*

Malcolm Dickson welcomed the revised policy and some of the fuller explanation on governance which made clear the intent to ensure that the appropriate Committees get sight of and take ownership of relevant risks. Nevertheless, Malcolm still had concerns that the complex wiring diagram at Appendix 7 may contribute to confusion over individual responsibilities with the result that some work may be duplicated and some may fall between stools. Furthermore, the description of the Audit Committee's role on page 27 did not seem correct, namely "act as the governance body overseeing risk management reporting to the NHS Borders Health Board", as that would mean the Committee taking on the impossible task of overseeing all risk management reporting to the Board, which had previously agreed would not be the case. Malcolm suggested that the wording should be "act as the governance body aiming to give assurance to NHS Borders Board that there is an appropriate risk management system in place and that it is being implemented properly". Malcolm highlighted that he had raised all of these matters over recent months with little change noticeable. Rather than holding up dissemination of the policy Malcolm asked for an undertaking from management that these issues will be addressed within the next twelve months, or later if operational pressure had not abated by then.

**The Committee approved the dissemination of the Risk Management Policy to NHS Borders.**

10. **Integration Joint Board**

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

11. **Annual Accounts 2019/20**

11.1 *Annual Accounts Timetable 2019/20*

**The Committee noted the timetable for production of the 2019/20 Annual Accounts.**

12. **Items for Noting**

12.1 *Information Governance Minutes: 2<sup>nd</sup> December 2019 (Draft)*

**The Committee noted the draft minutes of the Information Governance Committee.**

12.2 *Tender Waiver: Boiler Control and Burner Replacements*

**The Committee noted the report presented to NHS Borders Board on 5<sup>th</sup> March 2020.**

**The Committee noted the approval given to a tender waive of process by the Board Vice Chair, Chief Executive and Director of Finance for the prioritised package of works at BGH main boilerhouse.**

13. **Any Other Competent Business**

13.1 *Internal Audit Service*

**The Committee approved entering into a market testing exercise for Internal Audit services jointly with NHS Lothian with a view to entering into a contractual arrangement with effect from 1<sup>st</sup> July 2020 for a 4 year period.**

14. **Date of Next Meeting**

Monday, 15<sup>th</sup> June 2020 @ 2 p.m., Board Room, Newstead.

BE  
27.3.20

Virtual Audit Committee – 23<sup>rd</sup> March 2020

NO	ITEM	COMMENT	RESPONSE
3	Minutes – 12 <sup>th</sup> December 2019 <b>FOR APPROVAL</b>		
	Karen Hamilton	<i>NO COMMENT - NOT IN ATTENANCE</i>	
	Stephen Mather	<i>APPROVED</i>	
	Malcolm Dickson	<i>APPROVED</i>	
	Fiona Sandford	<i>NOT PRESENT</i>	
	Audit Scotland	<i>IS THE DATE CORRECT ON MINUTES (SEPT)?</i>	<i>Date to be amended to be 12<sup>th</sup> December 2019.</i>
3	Minutes – 17 <sup>th</sup> February 2020 <b>FOR APPROVAL</b>		
	Karen Hamilton	<i>APPROVED</i>	
	Stephen Mather	<i>NOT PRESENT</i>	
	Malcolm Dickson	<i>APPROVED</i>	
	Fiona Sandford	<i>APPROVED</i>	
	Audit Scotland	<i>NO COMMENT</i>	
5.1	AC Terms of Reference <b>FOR APPROVAL</b>		
	Karen Hamilton	<i>APPROVED</i>	
	Stephen Mather	<i>APPROVED</i>	
	Malcolm Dickson	<i>APPROVED</i>	
	Fiona Sandford	<i>APPROVED</i>	
	Audit Scotland	<i>THE TOR MAKES GENERAL REFERENCE TO REVIEW FRAUD ARRANGEMENTS BUT IS IT WORTH NOTING THE COMMITTEE REVIEW WORK DONE BY THE COUNTER FRAUD OPERATIONAL GROUP AND REVIEW NFI ACTIVITY? COULD ADD TO LAST BULLET ON P.4.</i>	<i>Last bullet point on page 4 amended to read as follows.</i>  <i>The Committee shall review the arrangements that the Board has in place for the prevention and detection of fraud, and will receive regular reports on the business activities progressed by the Countering Fraud Operational Group.</i>

				<i>The amended ToR has been sent to the Board Secretary for inclusion in the Board's Code of Corporate Governance.</i>
5.2	AC Workplan 2020/21 <b>FOR APPROVAL</b>			
		Karen Hamilton	<i>APPROVED</i>	
		Stephen Mather	<i>APPROVED</i>	
		Malcolm Dickson	<i>APPROVED</i>	
		Fiona Sandford	<i>APPROVED</i>	
		Audit Scotland	<i>EXTERNAL AUDIT SECTION LOOKS FINE THANKS. ONE QUERY UNDER THIS SECTION – THERE IS A NOTE FOR AUDIT COMMITTEE MEMBERS' MEETING" IN MARCH. IF THIS IS IN REFERENCE TO OUR PRIVATE MEETING WITH THE NON EXECs, WE USUALLY DO THIS AT THE JUNE MEETING I.E. AT THE END OF OUR AUDIT.</i>	<i>The workplan has been amended to note the Members' meetings with both Internal and External Auditors will take place in June 2021.</i>
5.3	Audit Follow Up Report <b>FOR NOTING</b>			
		Audit Scotland	<i>WE DON'T NORMALLY SEE REFERENCE TO OUR EXTERNAL AUDIT RECOMMENDATIONS IN AN INTERNAL AUDIT REPORT – UNLESS THIS APPROACH HAS BEEN AGREED WITH NHSB? WOULD BE GRATEFUL IF GRANT THORNTON DISCUSSED ANY REFERENCE TO OUR RECOMMENDATIONS FOR ANY FUTURE REPORTS LIKE THIS TO MAKE SURE THE STATUS OF EACH POINT IS CORRECT E.G. OUR 2017/18 RECOMMENDATIONS (2) LISTED AS 'NOT YET DUE'; NOT SURE THIS IS CORRECT. PLEASE ALSO NOTE WE FOLLOW UP OUR OWN RECOMMENDATIONS AND REPORT PROGRESS IN OUR ANNUAL AUDIT REPORT.</i>	<i>The Board's Audit Follow Up process for both Internal and External audit recommendations is being managed as part of the Internal Audit Contract and as such the report produced by Grant Thornton, for completeness covers implementation and progress updates against all External and Internal Audit Recommendations throughout each financial year. A revised implementation date for the recommendation relating to the Clinical Governance Strategy being approved at the March 2020 Clinical Governance Committee.</i>
6.1	Internal Audit Plan Progress Report <b>FOR NOTING</b>			

		Audit Scotland	APPRECIATE MONDAY WILL BE A VIRTUAL MEETING, BUT MIGHT BE WORTH CLARIFYING TO MEMBERS THE INTERNAL AUDIT WORK UNDER 'FINANCIAL CONTROLS' COVERED BUDGET MONITORING AND REPORTING FOR 2019/20 ONLY AND DIFFERS TO OUR FINANCIAL CONTROLS WORK SET OUT IN OUR INTERIM REPORT. JUST TO HIGHLIGHT NO DUPLICATION OF EFFORT.	<b>The Committee to note the different scope for both the Internal Audit Review and the External Audit Interim Work.</b>
6.2	Internal Audit Report – Risk Management			
			<b>FOR COMMENT</b>	
		Karen Hamilton	GENERAL COMMENT: I RECALL THIS HAS BEEN AN ONGOING PROBLEM WITH A VARIETY OF SHORT TERM MEASURES TO MITIGATE RISK, ADDRESS COMPLIANCE WITH DATIX, SIGN OFF RISKS AT MANAGEMENT LEVEL, IMPROVE TRAINING ETC AND AM SADDENED THAT THIS REPORT DOES NOT SHOW A GREAT DEAL OF IMPROVEMENT. I AM HOWEVER HOPEFUL THAT WITH AN UPDATED STRATEGY AND A CHANGE OF FOCUS THIS WILL IMPROVE. AT THE TIME OF COMMENTING IN EARLY COVID 19 DAYS I APPRECIATE THE LIMITATIONS IMPOSED ON US WHICH MAY SLIP TARGET DATES AND AS AN ORGANISATION I FEAR WE MUST ACCEPT THIS BUT NOT WITH COMPLACENCY.	<b>This Audit Recommendations will be managed through the Audit follow up process. As this seems to be an ongoing area of concern I would propose that the lead for Risk, the Director of Public Health, is requested to bring a follow up report to the Audit Committee in 6 months.</b>  <b><u>ACTION:</u> For the Director of Public Health</b>
		Stephen Mather	RATHER A DAMNING AUDIT REPORT. ARE WE NOT BEING DESCRIMINATING ENOUGH AND, THEREFORE, RECORDING TOO MANY RISKS, THUS OVERLOADING THE CAPACITY OF THE RISK MANAGEMENT SYSTEMS? IF NOT, THEN RISK MANAGEMENT NEEDS MORE CAPACITY.	
		Malcolm Dickson	THE FOLLOWING COMMENTS ARE INTENDED FOR MANAGEMENT RATHER THAN GRANT THORNTON, ALBEIT THEY MAY BE ABLE TO HELP WITH THE FIRST.  FINDING 1 ON PAGE 6 INCLUDES THE WORRYING OBSERVATION THAT THE PROPORTION OF	<b><u>ACTION:</u> Joanne to provide any relevant comparators as additional</b>

			<p>CLINICAL RISKS WITHIN THE RISK REGISTER WAS RELATIVELY SMALL FOR A HEALTH BOARD. I SUGGEST WE ASK GRANT THORNTON FOR A COUPLE OF COMPARISONS, INCLUDING BRIEF DESCRIPTORS OF THE RISKS, AND THEN SEEK CLINICAL GOVERNANCE COMMITTEE'S VIEW ON HOW WE MIGHT ADDRESS THIS CONCERN.</p> <p>FINDING 3 ON PAGE 10 MAKES THE LOGICAL STATEMENT "THERE IS A NEED FOR A MORE CONSISTENT, EMBEDDED PROGRAMME OF TRAINING THAT TAKES PLACE ON A FREQUENT BASIS FOR RISK OWNERS". THIS GETS TO THE NUB OF THE PROBLEM THAT RISK MANAGEMENT IS NOT SEEN AS A PRIORITY, A SITUATION WHICH HAS BEEN REPORTED TO THE AUDIT COMMITTEE PREVIOUSLY. THE MANAGEMENT ACTION ON THE FOLLOWING PAGE IS THAT THE TRAINING PROGRAMME IS "TO BE REVIEWED IN LINE WITH AVAILABLE RESOURCE". CLEARLY THE PRESENT CIRCUMSTANCES DO NOT COMMEND EXPENDING ADDITIONAL RESOURCE ON THIS BUT I WOULD EXPECT THERE TO BE A COMMITMENT TO IMPROVE TRAINING AT A LATER DATE AND CONSIDER MAKING IT MANDATORY FOR RISK OWNERS.</p>	<p><b>context to the report content for Finding 1 and the recommendation made.</b></p> <p><b><u>ANSWER:</u> I will look at other Board risk registers and share with the Committee the number of clinical risks they capture, alongside key clinical themes identified (which are not currently in the NHS Borders' register). This will allow NHS Borders the opportunity to re-look at the clinical risks captured for any potential omissions.</b></p> <p><b>The Audit Committee will receive updates on the implementation of this recommendation in the future quarterly Audit Follow Up reports and it will therefore be visible the focus and outcomes of the intended training uptake compared to actual uptake.</b></p>
		Fiona Sandford	AGREE WITH KAREN'S COMMENTS.	
		Audit Scotland	WE NOTE NHSB HAVE MUCH TO DO HERE. DO YOU THINK THE RISKS YOU HAVE FOUND HERE ARE DUE TO LACK OF RESOURCES AND/OR DIVERTED ATTENTION TO THE FINANCIAL TURNAROUND PROGRAMME? HOWEVER,	<p><b><u>ACTION:</u> Joanne to provide response to AS comment.</b></p> <p><b><u>ANSWER:</u> I think risk management has been under-resourced in the</b></p>





			SAYING THAT, SOME OF THE RECOMMENDATIONS REFER TO A LACK OF PROGRESS FOR A FEW YEARS NOW.	<i>past and not seen as a critical/key area for the organisation. That is starting to change but what is needed here is wider cultural change to ensure risk management is given sufficient priority, better links to decision making and overall more enhanced reporting of risk – to support the exec team and the Board members follow up and take action. I think the Board are behind others in this area, but positive work in last 6 months which needs to be continued, with some momentum recognising Covid-19 will impact on this in the short term.</i>
6.3	Internal Audit Report – Budget Setting Arrangements			
		Karen Hamilton	FINDING 1 SUGGESTS MINUTE TAKER, MANAGEMENT ACTION INDICATES STRENGTHEN DOCUMENTATION - IS THIS ACCEPTABLE? FINDING 2 - FLEXIBILITY FOR BUDGET HOLDERS IS CRITICAL IF WE ARE TO ACHIEVE TURNAROUND AND SHOULD BE EXPEDITED. FINDING 3 AND 4 NO COMMENT	<i>Management View is the combined impact of implementing the recommendations made by Internal Audit following this review will strengthen the controls around budgetary management.</i>  <i>Managed budget flexibility and revisiting core financial controls is part of the ongoing remit of the Grip and Control Workstream of Financial Turnaround Programme. A reduced flexibility, as reported from budget managers, is a visible sign of the organisation taking seriously the move to financial balance and is a necessary component for the organisation as it moves to restructure decision making by services to ensure the delivery of safe, high quality and affordable</i>

				<b>services.</b>
		Stephen Mather	A GOOD AUDIT REPORT. HAS TURNAROUND AFFECTED ANY OF THE CONCLUSIONS?	<b>See comment above.</b>
		Malcolm Dickson	THIS IS A USEFUL POINTER TO ONE OF THE WAYS WE MIGHT PROVIDE MORE FLEXIBILITY TO BUDGET-HOLDERS, PARTICULARLY RELEVANT FOR TURNAROUND.	
		Fiona Sandford	AGREE WITH MALCOM	
		Audit Scotland	FINDINGS NOTED. THE FIRST POINT IS CONSISTENT WITH A RECOMMENDATION WE RAISED LAST YEAR AND FROM FOLLOW UP THIS YEAR, WE NOTED SOME IMPROVEMENT IN TERMS OF THE COMPLETENESS OF BUDGET MEETING DOCUMENTATION BUT STILL WORK TO BE DONE IN THIS AREA.	
6.4	Internal Audit Report – Blueprint for Good Governance			
			<b>FOR COMMENT</b>	
		Karen Hamilton	COMMENDED ON ACTIONS TO MITIGATE RISK	
		Stephen Mather	NO QUESTIONS	
		Malcolm Dickson	CONTENT WITH REPORT AND ACTION PLAN	
		Fiona Sandford	CONTENT	
6.5	Internal Audit Report – Duty of Candour			
			<b>FOR COMMENT</b>	
		Karen Hamilton	FINDING 1 - NO COMMENT FINDINGS 2 AND 3 - GOOD TO SEE SIGNIFICANT ACTIONS COMPLETE FINDING 4 - NO COMMENT	
		Stephen Mather	GOOD AUDIT BUT FINDING 2 SHOWS THE NON-SEQUITORS WHICH OCCUR WHEN TRYING TO FOLLOW THE PROCESS	
		Malcolm Dickson	CONTENT WITH REPORT AND ACTION PLAN. CAN WE ENSURE THAT CLINICAL GOVERNANCE COMMITTEE IS AFFORDED THE OPPORTUNITY TO CONSIDER THIS REPORT PLEASE?	<b><u>ACTION:</u> Brenda to send this report to Nicky to be discussed at Clinical Governance.</b>
		Fiona Sandford	NOTED	
6.6	Draft Internal Audit Plan 2020/21			
			<b>FOR APPROVAL</b>	

		Karen Hamilton	APPROVED	
		Stephen Mather	APPROVED	
		Malcolm Dickson	MEMBERS WILL RECALL THAT WE HAVE HAD THE OPPORTUNITY TO INFLUENCE THE CONTENT OF THIS AUDIT PLAN. APPROVE.	
		Fiona Sandford	APPROVED	
		Audit Scotland	<p>JUST TO UNDERSTAND YOUR APPROACH TO REVIEWING FINANCIAL CONTROLS YOU NOTE YOUR APPROACH IS TO ASSESS THESE OVER A 3 YEAR CYCLICAL PERIOD I.E. IN YOUR PROGRESS REPORT YOU NOTE 'WE WILL AIM TO FOCUS ON CORE FINANCIAL CONTROLS IN PLACE (COVERING ALL KEY CONTROLS OVER THE 3-YEAR PERIOD)'. FOR 2019/20 WE WOULD PROPOSE TO LOOK AT THE BOARD'S BUDGET'. BUT IN THE 20/21 PLAN IS THERE ANY COVERAGE PLANNED IN THIS AREA?</p> <p>TO NOTE – WE MENTIONED TO KATE BROOKS WHEN REFERRING TO PRIOR YEAR INTERNAL AUDIT COVERAGE IN THE FIRST APPENDIX, PWC DID NOT COVER 'PAYROLL' CONTROLS IN ITS ENTIRETY IN 2018/19. I THINK THE FOCUS WAS MORE ON RECRUITMENT/VACANCY CONTROL. YOU MAY WISH TO NOTE THE PAYROLL REVIEW WE HAVE DONE THIS YEAR IN OUR INTERIM REPORT.</p> <p>COULD WE CHECK WITH YOU WHAT WORK IS PLANNED IN 2020/21 AROUND IT/CYBER RISK? WE SEE THESE AS IMPORTANT ISSUES FOR NHSB AND THERE IS MUCH PLANNED IN THEIR ROAD TO DIGITAL PROGRAMME; NOT SURE IF THIS HAS BEEN DISCUSSED AS AN OPTION WITH MEMBERS?</p>	<p><b>ACTION:</b> Joanne to respond to the questions raised and update.</p> <p><b>ANSWER:</b> We will review the external audit interim work on payroll and consider where payroll sits within the 3 year planned rotational review of financial controls. Where gaps in payroll and/or payroll weakness this could be a focus area for 2020/21. We plan to discuss the 2020/21 IA plan with the new DOF when he starts, and in particular approach to financial controls and areas of risk.</p> <p>In terms of Cyber and IT risks, agree these are key risks and this was discussed as a potential area of inclusion in the audit plan. We are aware at an NHS Scotland wide level an ongoing independent assessment of cyber controls and were keen not to duplicate this work. We await the findings from this work and this will then shape any specific work we undertake in 2020/21.</p>
7.1	External Audit Interim Management Report 2019/20			
			<b>FOR NOTING</b>	
		Malcolm Dickson	AS ALWAYS THIS IS A USEFUL MID-YEAR REPORT. ON PAGE 8 THERE IS A BULLET-	To ensure this comment is not lost this will be recorded as an action

			POINTED LIST OF CHALLENGES FACING NHSB IN RELATION TO EQUALITY AND DIVERSITY AND AUDIT SCOTLAND STATES AT PARA 15 THAT IT WILL PROVIDE AN UPDATE ALONGSIDE MANAGEMENT RESPONSES IN ITS ANNUAL AUDIT REPORT ON THE BOARD. WE SHOULD NOTE THIS IN OUR RECORD OF THIS VIRTUAL MEETING.	<b><u>ACTION:</u> Director of Finance to discuss with External Audit as part of the final accounts process.</b>
9.2	Risk Management Policy			
	<b>AUTHORISE FOR DISEMINATION TO NHS BORDERS</b>			
		Karen Hamilton	APPROVED - NO FURTHER COMMENTS ON DOCUMENT ALREADY REVIEWED.	
		Stephen Mather	AGREE TO AUTHORISE	
		Malcolm Dickson	I WELCOME THE REVISED POLICY AND SOME OF THE FULLER EXPLANATION ON GOVERNANCE WHICH MAKES CLEARER THE INTENT TO ENSURE THAT THE APPROPRIATE COMMITTEES GET SIGHT OF AND TAKE OWNERSHIP OF RELEVANT RISKS. NEVERTHELESS, I AM STILL CONCERNED THAT THE COMPLEX WIRING DIAGRAM AT APPENDIX 7 MAY CONTRIBUTE TO CONFUSION OVER INDIVIDUAL RESPONSIBILITIES WITH THE RESULT THAT SOME WORK MAY BE DUPLICATED AND SOME MAY FALL BETWEEN STOOLS. FURTHERMORE, THE DESCRIPTION OF THE AUDIT COMMITTEE'S ROLE (PAGE 27, PARA 21.2) CANNOT BE CORRECT "ACT AS THE GOVERNANCE BODY OVERSEEING RISK MANAGEMENT REPORTING TO THE NHS BORDERS HEALTH BOARD". THAT WOULD MEAN THE COMMITTEE TAKING ON THE IMPOSSIBLE TASK OF OVERSEEING ALL RISK MANAGEMENT REPORTING TO THE BOARD, SOMETHING I THOUGHT WE'D DECIDED SHOULD NOT BE THE CASE. THE WORDING SHOULD SURELY BE SOMETHING LIKE: "ACT AS THE GOVERNANCE BODY AIMING TO GIVE ASSURANCE TO THE NHS BORDERS BOARD THAT THERE IS AN APPROPRIATE RISK MANAGEMENT SYSTEM IN PLACE AND THAT IT IS	<b><u>ACTION:</u> Lettie to respond to Malcolm's comments and agree to update the policy in the next iteration.</b>  <b><u>ANSWER:</u> The Risk Management policy has been adjusted to reflect Malcolm's comments regarding the Audit Committee's function and noted in the adjustments of the document. This was an oversight and it is applicable to change now to reflect what is being documented under the Audit Committee section (section 22.2).</b>  <b>In regards to appendix 7, this chart has been developed by Iris Bishop and has historically been the 'go to' document for governance structures. I have attached 2 further charts breaking down assurance roles for groups for operational and strategic risk. If useful we can attach these to support the diagram in appendix 7. Alternatively I can get together with Iris and review the</b>

			<p><i>BEING IMPLEMENTED PROPERLY". I HAVE RAISED ALL OF THESE MATTERS OVER RECENT MONTHS WITH LITTLE CHANGE NOTICEABLE.</i></p> <p><i>HOWEVER, I WOULD NOT WISH TO HOLD UP DISSEMINATING THE WHOLE POLICY AT A TIME WHEN OPERATIONAL PRESSURES ARE UNPRECEDENTED AND LIKELY TO INCREASE, SO I WILL AGREE TO APPROVE THE POLICY IF THERE IS SOME UNDERTAKING FROM MANAGEMENT THAT THESE ISSUES WILL BE ADDRESSED WITHIN THE NEXT TWELVE MONTHS, OR LATER IF OPERATIONAL PRESSURE HAS NOT ABATED BY THEN, AND THIS IS RECORDED ON THE ACTION TRACKER.</i></p>	<p><b>current diagram. If you could let me know which option is preferred.</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">             STRATEGIC RISK.docx         </div> <div style="text-align: center;">             OPERATIONAL RISK.docx         </div> </div>
		Fiona Sandford	CONTENT	
		Audit Scotland	NO COMMENT – REVIEWED AND DISCUSSED AT LAST AUDIT COMMITTEE	
13.1	Internal Audit Service			
			<b>FOR APPROVAL</b>	
		Karen Hamilton	APPROVED	
		Stephen Mather	APPROVED	
		Malcolm Dickson	APPROVED	
		Fiona Sandford	APPROVED	

#### **FAO OF GRANT THORNTON – FROM AUDIT SCOTLAND**

- General point – has all internal audit work being completed by Grant Thornton i.e. not joint arrangement with NHS Lothian?

**RESPONSE:** All work this year has been completed by Grant Thornton staff. However, Jo Brown and Laura Farrell are the Chief Internal Auditor and Audit Manager respectively for the NHS Lothian Internal Audit contract. This ensures synergy with NHS Lothian IA planning and shared learning. NHS Lothian are recruiting permanently into their in-house IA team, 2 individuals and once this happens there will be greater opportunity for a member of the NHS Lothian in-house team to complete Borders assignments.

#### **FAO OF AUDIT COMMITTEE MEMBERS AND NHSB OFFICERS FROM AUDIT SCOTLAND**

- **7.1 Our external audit interim report**
  - To note – paragraph 7 summarises a wide ranging review of financial controls, completed by 3 members of our audit team over a 2 week period. This then leads onto Exhibit 1 which is essentially an exception report of the areas we have reviewed.
  - We are satisfied with the management responses provided and will follow up progress of these points in due course.

- Our equalities summary in para 12-14 was completed by our colleague Douglas Black, Audit Manager from our Performance Audit and Best Value business group during January and February 2020. We have captured the findings in this interim report to ensure these are timely, and we will provide a follow up in our Annual Audit Report.
- **8.2 NFI Update** – we reviewed the progress of NFI data matches as at the end of February 2020 as part of our interim audit. The findings in this NFI update paper are consistent with our review. We noted good progress and recording of investigation work for this latest exercise. We will conclude on our NFI review in our Annual Audit Report.
- **11.1 Annual Accounts Timetable 2019/20** – we welcome this paper. The year-end audit timings and how this will be delivered will be discussed further with the finance team, due to the impact of COVID-19. Please see Gillian's email setting out Audit Scotland's communication to key stakeholders.