



Minutes of a Meeting of **Borders NHS Board Audit Committee** held on Monday, 15th June 2020 @ 2 p.m. in the Lecture Theatre, Education Centre / MS Teams.

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

In Attendance: Mr A Bone, Director of Finance
 Mrs J Brown, Director, Audit, Grant Thornton
 Mrs B Everitt, Personal Assistant to Director of Finance (Minutes)
 Ms L Farrell, Audit Manager, Grant Thornton
 Mrs K Hamilton, Chair
 Mr A Haseeb, Senior Audit Manager, Audit Scotland
 Mr R Roberts, Chief Executive
 Mrs J Smyth, Director of Strategic Change & Performance (Item 5.2)
 Ms S Swan, Deputy Director of Finance, Head of Finance
 Mrs G Woolman, Director, Audit Scotland

1. **Introduction, Apologies and Welcome**

Malcolm Dickson welcomed those present to the meeting. Apologies were received from Jonny Steen, Senior Auditor, Audit Scotland and Dr Tim Patterson, Joint Director of Public Health.

2. **Declaration of Interest**

There were no declarations of interest.

3. **Minutes of Previous Meeting: 23rd March 2020**

Malcolm Dickson referred to the comments made by Audit Scotland at item 5.3 in regard to the Audit Follow Up Report. Susan Swan reminded that it had been previously agreed that Grant Thornton would support the full audit follow up process which involved following up all recommendations, including those from External Audit as this fulfils the Committee's need for a regular update on actions identified. Gillian Woolman added that Audit Scotland would still retain responsibility for providing a follow up on their own recommendations and confirmed that she was content with the process in place.

The question and answer section to be checked for any typos prior to the minutes being put forward to the Board.

The minutes were approved as an accurate record.

4. **Matters Arising**

Action Tracker

Malcolm Dickson referred to item 6.2 on the tracker regarding risk registers from other Boards being sourced to compare the number of clinical risks captured and thanked Grant Thornton for

this information. The Committee discussed whether this information should be shared with the Clinical Governance Committee. Ralph Roberts suggested that Laura Jones and Lcttie Pringle review the examples provided and undertake a gap analysis to ascertain what is missing allowing them to raise with the relevant Committees.

The committee agreed that current circumstances (i.e. Covid-19) may require an extension to the original timescales for completion of actions related to the Risk Management Internal Audit report (due September). The Director of Finance and Chief Executive to discuss with the Director of Public Health if the original timelines for recommendations are achievable and agree revised timelines if required.

The Committee noted the action tracker.

5. Internal Audit

5.1 *Internal Audit Progress Report*

Jo Brown spoke to this item. Jo reported that the 2019/20 Internal Audit Plan had been delivered with exception of the Health & Social Care Integration audit which had been postponed due to the Covid 19 pandemic. Fiona Sandford understood why this audit had been deferred but felt it was a critical part of the agenda and would like to see it picked up as early as possible as part of the 2020/21 plan. Karen Hamilton agreed with this comment. Jo agreed to contact the Chief Officer to discuss if the scope was still appropriate and agree a timing to undertake the audit. Ralph Roberts felt that it was timely for this piece of work, particularly with the lessons learned during the Covid 19 pandemic. Andrew Bone stressed the need to be clear on the remit to get assurance that the scope is from an NHS Borders' perspective and their role within the partnership.

The Committee noted the progress report.

5.2 *Internal Audit Report – Engagement and Ongoing Transformation*

Laura Farrell introduced this item which noted that the audit had concluded that the processes provide a significant level of assurance with some improvement required. Laura confirmed that there had been good progress with Financial Turnaround across the organisation to drive forward improvements. Laura referred to finding 1 regarding the Financial Turnaround Programme governance documentation which required to be updated to take account of all the Steering Groups and Committees involved. The roles and responsibilities for the Business Units and workstreams also required to be formally documented within the Terms of Reference. Finding 2 noted that the Committees and Steering Groups should ensure that action trackers are kept up to date and progress against all actions recorded. It was noted that there was an action tracker for the Steering Group but this had not been updated after each meeting. Finding 3 highlighted that a new Communications and Engagement Plan should be developed as part of the Financial Turnaround Programme for 2020/21 with an improvement in the engagement of Business Units within the programme. Laura confirmed that the Director of Strategic Change & Performance had advised that it is the intention to create an overarching Communications and Engagement Plan as well as creating individual plans for each of the Business Units and programmes of work. Stephen Mather noted his surprise at the low level of recommendations within the report. Laura explained that due to the current limitations it had not been possible to go and meet with the workstream leads so it had been agreed to undertake the audit with only a few contacts within the team. Laura confirmed that no real concerns had arisen other than the work being halted due to the Covid 19 pandemic. Stephen enquired if it would be helpful to revisit this in 12 months' time to retain focus on the Turnaround Programme. Following discussion it was agreed that this would be

beneficial, however the scope of the audit would require to be reviewed. June Smyth explained that the audit undertaken was not the one that had been planned as this had been postponed due to disruption due to Covid-19 and the consequential delay in implementing planned revisions to programme governance arrangements. June stressed that if a further audit was undertaken in 12 months there would require to be absolute clarity on the scope. Ralph Roberts agreed with this comment as it was highly likely that the scope would be different to the one used for this audit.

The Committee noted the report.

5.3 *Internal Audit Annual Report 2019/20*

Jo Brown spoke to this item. Jo explained that the report captured and summarised all the work undertaken during 2019/20 and provided an opinion on this. Jo referred to the opinion provided which noted that reasonable assurance can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Jo highlighted the two recommendations classified as high risk, both of which were in relation to Risk Management arrangements, and expected these to be referred to within the Governance Statement. Andrew Bone confirmed that feedback on these would be sought and agreed that this issue would be included within the Governance Statement as part of the annual accounts process.

The Committee noted the report.

5.4 *2020/21 Internal Audit Plan Update*

Jo Brown spoke to this item. Jo reminded the Committee that they had approved the plan at its meeting in March, however was conscious that due to the Covid 19 pandemic priorities have since changed. The report provided an update on how this has impacted on Grant Thornton with people working remotely for the majority of audits. Jo appreciated that the plan may require to be amended and had added annotations to the plan previously seen by the Committee for consideration. Areas which other NHS clients had asked to be looked at had also been detailed in case it would be of any benefit to look at any of these within NHS Borders, namely Governance, Covid Financial Controls and Changes in Internal Control. Andrew Bone agreed that it would be sensible to consider these. Andrew also felt that some of the audits within the plan may need to be reprioritised due to the current situation as timings may no longer be appropriate. Stephen Mather stressed the need to be careful not to over audit and felt that there was a plan which would have been undertaken in normal circumstances and this should be followed. Stephen felt the suggestions were helpful but did not see the need to look at these over the original plan. Fiona Sandford agreed with Stephen that there was a danger of over auditing. Jo explained that it was not the intention to undertake these as alternative audits but to keep to the original plan, it was more about reprioritising and changing timings if the original ones were no longer appropriate. Following discussion it was agreed to integrate these suggestions into the audits already within the plan.

The Committee noted the update and agreed that the original plan should be followed. Due to the next Audit Committee not taking place until September, delegated 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.

6. External Audit

6.1 *Impact of Covid 19 on Public Audit in Scotland*

Gillian Woolman spoke to this item which was a report circulated at the beginning of May and provided an overview on the impact which Covid 19 has had on public audit in Scotland. It was noted that an updated briefing paper was due to be issued imminently. Gillian explained the impact this has had on Audit Scotland, with audits now being undertaken remotely. Gillian assured that contact between Audit Scotland and the Finance Team was ongoing and that work had been reprioritised to accommodate the delay in the year end audit. Additional resources would also be brought in to ensure the audit is delivered within the timescales. Gillian highlighted the phased approach that would be undertaken which detailed the actions that would be undertaken in the short, medium and longer term. Gillian went on to provide an update on the status of audits across Scotland. Asif Haseeb provided confirmation that regular meetings have been taking place between the Audit Team and the Finance Team over the last two months with the interim audit having been completed earlier in the year. It was noted that the agreed revised timescale would see the year end audit commencing in August, with final approval of the Annual Accounts by the Board towards the end of September.

The Committee noted the report.

6.2 *Annual Audit Update*

This item was covered under item 6.1.

7. Fraud & Payment Verification

7.1 *NFI Update & Risk Assessment*

Susan Swan spoke to this item which provided an update on the 2018/19 NFI exercise, including the outcome of investigations and the draft timetable for the 2020/21 exercise. Susan was pleased to report that there was no fraud detected on the matches received. Susan referred to the timetable for the 2020/21 exercise and highlighted that the draft data specifications for each data set had been reviewed and no issues found. It was noted that the timeline for the data being uploaded was between 9th October and 1st December 2020. Susan confirmed that this exercise will be reviewed by External Audit and the Committee will continue to receive quarterly updates. Malcolm Dickson appreciated the amount of work associated with this and not much gain for NHS Borders but hoped that it would act as a deterrent. Susan explained that NHS Borders' participation has 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.

The Committee noted the report.

8. Integration Joint Board

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

9. Annual Accounts 2019/20

9.1 *Annual Accounts 2019/20 – Revised Timetable*

Susan Swan spoke to this item which provided an update on the revised timeline for production of the Annual Accounts for 2019/20. It was noted that the approved extension from Scottish Government was being utilised, with the deadline for submission now

being 30th September 2020. Susan confirmed that she continued to be in discussion with Audit Scotland who have been very supportive. Susan highlighted that the Board meeting is timetabled for 3rd September 2020 so it would be necessary to have an extraordinary meeting towards the end of September for a single item agenda to approve the accounts. Malcolm Dickson enquired if a briefing for Executive and Non Executive Directors would be arranged. Susan confirmed that this would be arranged in due course. Stephen Mather enquired if the 30th September was realistic due to the immense work involved with Covid 19. Susan advised that Scottish Government were taking a further review at the end of June and if there was a requirement for a further extension then each Board's Director of Finance would individually have to put forward a case, however it was still the intention within Borders to achieve the 30th September deadline. Andrew Bone stressed that the revised timetable is realistic and that contingency arrangements are in place to ensure its delivery, subject to any further exceptional circumstances (e.g. significant disruption to normal business arising from a "2nd wave").

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

10. **Items for Noting**

None.

11. **Any Other Competent Business**

None.

12. **Date of Next Meeting**

Monday, 14th September 2020 @ 2 p.m., Board Room, Newstead.

BE
19.06.20