

Audit and Risk Committee

Minutes of the Audit and Risk Committee meeting held at 9:30 am on Monday 26th April 2021 via MS Teams.

Present:

Mr M. Connor, (Chair) Non-Executive Board Member; Ms K. Kasper, Non-Executive Board Member; Mr J. McGinty, Non-Executive Board Member and Mr P. Murray, Non-Executive Board Member.

In Attendance:

Ms J. Bennett, Associate Director for Quality Improvement & Safety; Ms K. Brooks, Grant-Thornton; Mr C. Brown, Azets; Ms J. Brown, Chief Internal Auditor; Mr C. Campbell, Chief Executive, Mr J. Crombie, Deputy Chief Executive; Mrs S. Goldsmith, Director of Finance; Mr C. Marriott, Deputy Director of Finance; Ms O. Notman, Head of Financial Services; Mr J. Old, Financial Controller; Mr A. Payne, Head of Corporate Governance and Miss L. Baird, Committee Administrator.

There were no apologies for absence

The Chair reminded members that they should declare any financial and non-financial interests they had in the items of business for consideration, identifying the relevant agenda item and the nature of their interest. There were no declarations of interest.

Welcome and Introductions

The Chair welcomed the members to the April 2021 meeting of the Audit and Risk Committee

1. Minutes of the previous meeting held on 22nd February 2021

- 1.1 The minutes of the meeting held on 22nd February 2021 was accepted as an accurate record.

2. Running Action Note

- 2.1 The committee noted the actions marked complete and those that were not due for consideration detailed within the report.
- 2.2 The committee accepted the running action note.

3. Corporate Risk Register

- 3.1 Ms Bennett presented the previously circulated paper.
- 3.2 Members advised that next steps would focus on ownership of the risks under review. This would include a review of the risk description; what action plans were in place to mitigate the risk and confirmation of controls around management and assurance reporting.
- 3.3 Members noted that an internal audit looking at the acute and health and social care risks had been commissioned. The audit would consider whether there was a

robustness around the escalation process from an operational level into the Corporate Risk Register.

- 3.4 The Chair thanked Ms Bennett for her informative paper. The Chair was pleased to see that the recommendations to the Board had been approved. He also welcomed the proposed bi-monthly review of the report by the Corporate Management Team going forward.
- 3.5 The committee discussed the timely discharge of patients and impact on flow that resulted from the unknown factors around the second wave of the pandemic. Ms Bennett advised that the report back to the Board would describe the positive steps made against delayed discharges and reflect in the Corporate Risk Register both the high and lows during that period.
- 3.6 Mr Murray drew the committee's attention to risk 3211 – Access to Treatment. He questioned what aspects of the remobilisation plans had provided the Healthcare Governance Committee with limited assurance given the growing volume of long waits. Ms Bennett explained that the committee had recognised that access to treatment was out with their control however, they were comfortable that the processes around clinical prioritisation ensured that those with the greatest need were being put forward for treatment.
- 3.7 Mr Campbell explained that discussions around the review of risk and the Corporate Risk Register had focused on the impact on the NHS Board rather than the integration joint boards (IJBs). Mr Campbell would have a discussion with Mr Murray out with the meeting to identify how the respective risk registers of the IJBs could be linked to the Corporate Risk Register.
- 3.8 Ms Bennett provided an overview of her work with Ms Kasper around a future session on risk and the proposed programme. She noted that a formal programme would be circulated to the non-executives when available.
- 3.9 Members thanked Ms Bennett and her team for their extensive work on the review of risk across the organisation and the assurance that it provides the Committee and the Board.
- 3.10 The committee noted the April 2021 Board approved the Corporate Management Team recommendations for individual risks on the Corporate Risk Register.
- 3.11 The committee noted the scope of the internal audit of risk management in 2021.

4. Internal Audit Progress Report – April 2021

- 4.1 Ms Brown presented the report. She reported that since the February meeting two reports had been finalised. The remaining five reports and the annual audit opinion would be presented to the June Audit and Risk Committee.
- 4.2 The committee noted that the internal audit team were working with the Corporate Management Team to develop the 2021/2022 Internal Audit Plan. In advance of the June meeting Ms Brown was seeking the Committee's views on the proposed Q1 audits for the 2021/22 plan detailed within the report.

- 4.3 The committee discussed the work with the chairs of the IJB audit committees and the best use of resources in terms of assurance. Ms Brown advised members that going forward arrangements would remain the same in West Lothian with joined up assurance through the operational risk register. A revised proposal that would see the Internal Audit Team support one piece of work for each of the IJBs was being developed. Overall there was a broad agreement for each of the IJBs going forward.
- 4.4 The committee agreed to approve the 2021/22 Q1 audits of violence and aggression, property transactions, whistleblowing and water safety.
- 4.5 The committee discussed the timing of the whistleblowing audit considering that the systems to implement the new national standard were in the early stages of development. Ms Brown assured the committee that the internal audit team would take on an advisory role. Her team would work with management on the design process, identifying gaps and progress against the guidance. Ms Brown continues to work with Ms Butler to refine the scope of the audit.
- 4.6 The Committee accepted the report.

5. Waiting Times – Compliance with Data on TrakCare (March 2021)

- 5.1 Ms Brown presented the Waiting Times – Compliance with Data on TrakCare (March 2021). She explained that the audit had achieved all green ratings.
- 5.2 The committee were assured that although there had been a period of uncertainty around waiting times, there was clear adherence to Scottish Government Guidance and continued checks on the underlying data.
- 5.3 The committee accepted the report.

6. Internal Audit Report: Follow Up of Management Actions (April 2021)

- 6.1 Ms Brooks presented the Internal Audit Report: Follow-up of management Actions (April 2021). She noted the good progress reflected within the report and actions that were closed off.
- 6.2 Ms Brooks had discussed the GP Sustainability Audit with the Director of Primary Care Transformation and come to agreement that the audit would be put on hold until the New Director of Primary Care Transformation was in post. This would ensure that the audit provides the best assurance to the committee and new Director.
- 6.3 The Committee accepted the report.

7. Counter Fraud Activity

- 7.1 Mr Old presented the report. He reported that CFS held four Microsoft Teams events and shared two alerts with all relevant parties. Since the February meeting there were six active referrals and eight operations in progress.

- 7.2 Work to re-establish the Counter Fraud Action Group was in progress. The group would focus on recommendations from CFS, follow-up of those recommendations, developing better communications and training.
- 7.3 The committee accepted the report as a briefing on the current status of counter fraud activity.
- 7.4 The committee agreed that the report provides a moderate level of assurance that all cases of suspected fraud are accounted for and appropriate action is taken.

8. Update on Service Audit Activity during 2020/21

- 8.1 Mr Marriott presented the previously circulated update on Service Audit Activity during 2020/21 from Caroline Lowe. The letter outlined the specific concerns and highlighted the commitment to work with new auditors, KPMG to provide assurance on actions carried out in year to enable NHS Lothian's plan's to be finalised.
- 8.2 Ms Lowe would meet with NHS Lothian on 3rd June 2021 and it was expected that NSS would provide a qualified opinion depending on how the audits conclude. The Committee recognised the importance of the NSS audits in underpinning NHS Lothian's audit and accounts.
- 8.3 Mr Brown noted concerns about the timing of the opinion from NSS and how close the deadline was to the close out meeting. Mr Marriott would discuss the concerns of the external auditor with Ms Lowe, requesting early notification on material risk and report back to Mr Brown.

CM

- 8.4 The committee noted the update on Service Audit Activity during 2020/21 and the information therein.

9. Accounting Policies

- 9.1 Ms Notman presented the previously circulated accounting policies. She explained that the report was the annual report that invites the committee to review and approve the accounting policies that would support the preparation of the annual accounts.
- 9.2 It was noted that NHS Board had been instructed by the NHS Scotland Technical Accounting Group to use the 2019/20 Annual Accounting and Capital Accounting Manual to complete the 2020/21 accounts. No new manual would be released for the period of 2020/21. Key updates to the 2020/21 accounts were detailed on a separate appendix.
- 9.3 The committee noted that the timeline for the completion of the annual accounts had been extended to 30th September 2021 however NHS Lothian would continue to work to its original timelines.
- 9.4 Ms Notman reported that IRF16 the revised standard for lease accounting had been deferred further by one year and would now come into effect from financial year 2022/23.

- 9.5 The committee reviewed and approved the accounting policies, confirming that they were appropriate for the Board at the present time for the purpose of giving a true and fair view.

10. Progress on RHCYP/ DCN Audit Actions

- 10.1 Ms Goldsmith presented the report. She explained that the agreed deadline for the implementation of the management response was December 2020 and she acknowledged that the timescale had not been met. This was due to the extent of the work involved in addressing the recommendations.
- 10.2 The committee noted the exercise that would bring a document outlining progress against the recommendation, bringing a clear way forward with key milestones. This will clearly outline the process to be followed, highlighting and identified how each recommendation sits against national guidance and strategic direction.
- 10.3 Mr Marriott explained that NHS Assure was in its infancy and NHS Lothian would need to see how it links into its own internal processes. The committee agreed that a fuller discussion with examples to be worked though should be brought back to a future meeting of the Audit and Risk Committee. The Chair would take advice from Ms Goldsmith and Mr Payne on the timeline for the report.

MC/SG/AP

- 10.4 The committee discussed whether there was added value in including an option to not proceed in diagram 1 of the report. Mr Marriott advised that although it was not explicit within the report there was the option for progress against recommendations to be halted by NHS Lothian and Scottish Government.
- 10.5 Mr Murray questioned whether the green agenda should be referenced under the compelling case for change section on page 10 of the report. Mr Marriott agreed to give this feedback to the authors.

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- 10.6 The committee discussed whether risk management compliance in respect of the Senior Responsible Office should be included within the report. Mr Payne explained that the Finance and Resources Committee terms of reference now includes seeking assurance regarding the Senior Responsible Officers. He advised that the Scheme of Delegation which the Board approved on 7 April includes additional controls relating to the Senior Responsible Officer.
- 10.7 Mr Payne advised that the Scheme also transfers the authority to approve initial agreements to the Planning, Performance & Development Committee.
- 10.8 The committee accepted the report as a source of moderate assurance that management have started to take appropriate action on the recommendations and that some progress has been made.
- 10.9 The committee accepted that due to resource constraints the full completion of the management actions will not be completed until December 2021.
- 10.10 The committee noted that the development of the NHS Assure may have an influence on the development of the framework.

11. Results of the Members Survey

11.1 Mr Payne presented the results of the members survey. He invited members to provide direction in respect of their individual training needs and of areas where they would like further information. Members would approach Mr Payne individually.

11.2 The committee accepted the report.

12. Audit Scotland: Covid 19 Guide for Audit & Risk Committees

12.1 Mr Payne presented the Audit Scotland: Covid Guide for the Audit and Risk Committee.

12.2 Mr Brown advised that he had not had the opportunity to go through the checklist in detail. He welcomed the work NHS Lothian had done to develop the checklist and would go through it in detail as part of the audit.

12.3 The committee discussed the effects of the answers to the checklist impact on other committees and how this flows through to the Board. Whether the necessary changes would have a long term impact as the consequence of a short term challenge and whether these were the correct solutions or if they would be reconsidered post Covid.

12.4 The committee agreed that that there should be a development session on the Audit Scotland: Covid 19 guidance for the Audit and Risk Committee. Mr Marriott confirmed that he would organise a session out with the normal cycle of meetings. He proposed that the session would be a 2 in1 session that would improve the skill set and understanding around the Audit Scotland: Covid 19 Guide for the Audit and Risk Committee and give Board members a wider understanding of the financial aspect. The session would be primarily for the Audit and Risk Committee Members, but it would be opened up to other Non-executive who expressed an interest in the session.

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12.5 The committee accepted the report.

13. Any Other Competent Business

13.1 The Committee agreed that there was no other competent business.

14. Reflection on the Meeting

14.1 Mr Connor commented that the meeting was much shorter and streamlined under the revised structure. He would work with Mr Payne to devise a form of words to capture the committee's discussion around how the answers in the checklist impact on other committee and flow to the Board to bring it to the Board's attention.

MC/AP

15. Date of Next Meeting

15.1 The next meeting of the Audit and Risk Committee is scheduled for Monday 21 June 2021 at 9.30 a.m. via MS Teams.

Chair signed minutes 21-06-2021