


HIGHLAND NHS BOARD	Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 www.nhshighland.scot.nhs.uk	
MINUTE of MEETING of the NHS Board Audit Committee Board Room, Assynt House	8 September 2020 2.00pm	

Present: Mr Alasdair Christie, NHS Board Non-Executive (In the Chair)
 Mr Alexander Anderson, NHS Board Non-Executive
 Mrs Ann Clark, NHS Board Non-Executive

Also Present: Ms Sarah Compton-Bishop, NHS Board Non-Executive

In Attendance: Ms Jo Brown, Grant Thornton
 Mrs Ruth Daly, Board Secretary
 Mr David Eardley, Scott Moncrieff
 Mr David Garden, Director of Finance
 Eric Green, Head of Estates (Item 4.2.1)
 Miss Stephanie Hume, Scott-Moncrieff
 Ms Anna McInally, Board Services Assistant
 Ms Barbara Milne, Technical Accountant and Fraud Liaison Officer
 (from 2:20pm)
 George Morrison, Deputy Chief Officer, Argyll and Bute.

1 WELCOME, APOLOGIES AND DECLARATION OF INTERESTS

Members were asked to consider whether they had an interest to declare in relation to any item on the Agenda for this meeting. The following declarations were made:

Mr A Christie advised that being an elected member of the Highland Council he had applied the test outlined in paragraphs 5.3 and 5.4 of the Code of conduct and concluded that this interest did not preclude his involvement in the meeting.

The Committee **Noted** that the meeting would be audio recorded for administrative purposes and that the recording would be deleted once the Minutes had been completed.

2 MINUTES AND ACTION PLAN OF MEETING HELD ON 17 JUNE 2020

The minute and action plan of the meeting held on 17 June 2020 were **Approved**.

With regards to the action plan, two actions remained opened:

- Laboratories Service Redesign Management Actions – David Garden agreed to follow up and close down the action.
- Internal and External Audit Training – Alasdair Christie requested training be completed by year end.

The Committee:

- **Approved** the Minute of the meeting held on 17 June 2020.
- **Noted** the rolling action plan.

3 MATTERS ARISING

There were no matters arising.

4 INTERNAL AUDIT

4.1 Internal Audit Summary Report

David Eardley provided an update on the internal audit plan. It was confirmed there would be an audit of the Board's Risk Management and Assurance Framework. The fieldwork for the audit would begin in December and would report to the March meeting. It was advised the Financial Ledger and Income and Receivables internal audit had been delayed but would be completed for the December meeting of the Committee. The delay had been the result of capacity issues arising from COVID-19 and year end. The matter had been resolved and meetings had been arranged. Moreover, the Service Redesign Audit had been delayed due to difficulties in arranging meetings with key contacts but this had been resolved.

It was brought to the attention of the Committee, Scott Moncreiff would be rebranded as Azets and future Audit Reports would bear the new branding.

In response questions by Ann Clark, it was confirmed the internal audit plan for 2020/21 would remain fluid to enable adjustments should priorities change as a result of COVID-19 and additional contingency time had been factored into the plan. For example, there had been preliminary discussions between Pam Dudek, Deputy Chief Executive and Internal Audit regarding support for the Remobilisation Plan. It was agreed David Garden and David Eardley would discuss and review the Internal Plan outwith the meeting.

Ms Clark highlighted the COVID-19: Guide for Audit and Risk Committees Report published by Audit Scotland to the Committee and the issues outlined in the report. It was agreed management would review the Audit Scotland Report and would consider whether any adjustments to planned or standard audits were required in light of COVID-19.

It was confirmed there would be an additional meeting of the Audit Committee.

The Committee Noted the Internal Audit.

4.2 Individual Reports for Consideration

4.2.1 Property Transaction Monitoring Report

Stephanie Hume advised the full report was presented as it would be submitted to the Property Department of the Scottish Government as required. It was confirmed two transactions were reviewed as part of the sample because there were only two transactions in 2019/20 that met the requirements. There were a number of areas of good practice and, as such, the transactions were awarded an A Rating ("Transactions have been properly conducted") which was the highest rating possible in line with the Property Transactions Handbook but three Grade 2 Improvement Actions were identified through the audit.

The first Improvement Action related to the options appraisal and approval process. Both transactions followed a different approval process to what was expected for transactions. Standard practice would require the Board to undertake an options appraisal to ensure best value for money but in both cases; the leases were approved by the Chief Officer and were then retrospectively approved by the Director of Finance and the Asset Management Group. The audit report recommended a clear approval process for time sensitive situations. The second Improvement Action related to partially completed or inaccurately completed pro formas and certification documents. The Report suggested ensuring documentation is completed as expected and in a timely manner. The third Improvement Action related to the submission of the Property Transaction Report to the Scottish Government. During the audit, it came to light the return for 2018/19 had not been submitted to Government. The report recommended the submission to Government be diarised by management to ensure submission.

David Garden confirmed the timescales for implementation were appropriate.

The Committee Noted the Internal Audit Annual Report.

5 MANAGEMENT FOLLOW UP REPORT

David Garden advised there were twenty-one outstanding audit actions from period of 2019/20 and seven actions were outstanding from prior periods, with regards to the twenty-one outstanding actions of 2019/20, only one had missed the deadline for completion and five had missed the completion deadline for 2018/19.

A full report would be provided for the additional meeting of the Committee.

The Committee Noted the Management Follow Up Report.

6 EXTERNAL AUDIT

6.1 Final Audit Report 2019/20

The draft report had been discussed in June but there had been immaterial amendments following the Audit Committee and the meeting of the Board. The Final Audit Report for 2019/20 was circulated for information.

There was a discussion regarding the postponement of NHS Highland’s attendance at the Public Audit and Post-legislative Scrutiny Committee (PAPLS) for the Audit of 2018/19. NHS Highland had been scheduled to attend in April 2020, but it was postponed due to COVID-19. Moreover, there was a discussion regarding the potential for another Section 22 Notice for 2019/2020.

It was agreed Alasdair Christie, Ann Clark, Boyd Robertson and David Garden would meet outwith the meeting to discuss the Audit of 2018/19 and a potential PAPLS submission.

The Committee Noted the Final Audit 2019/2020 Report.

7 COUNTER FRAUD UPDATE

Barbara Milne advised Counter Fraud Services (CFS) had been significantly impacted due COVID-19 and, as such, the manner advice, awareness and guidance was provided to Boards had changed. CFS was working with NHS National Education for Scotland to develop

a suite of online learning, primarily for clinical staff and the meantime, CFS hoped to provide training through MS Teams.

Ms Milne advised there had been increased levels of cybercrime during the pandemic and it would be beneficial to undertake a series of social media posts to raise awareness amongst staff.

There was a discussion regarding payroll matches. It was confirmed in the last quarter there were no investigations undertaken on payroll matches. This type of investigation was used to identify a range of frauds, including, staff claiming for sessions not worked or working for elsewhere whilst absent from NHS Highland. Stephanie Hume advised the recent payroll audit would have identified inaccuracies, such as, duplicates and agreed to send the analytics used as part of the audit to David Garden. It was agreed David Garden would look at the issue outwith the meeting and advise the Committee as appropriate.

It was confirmed there were four outstanding counter fraud investigations.

The Committee Noted the Report and agreed the update regarding payroll matches.

8 CORPORATE GOVERNANCE

8.1 Committee Terms of Reference

The Audit Committee Terms of Reference were circulated for review and it was agreed no amendments were required.

The Committee Approved the Terms of Reference.

9 RISK MANAGEMENT

9.1 Risk Management and Board Assurance Framework Progress

Mirian Morrison advised NHS Highland had adopted a Board Assurance Framework. There were fifteen risks on the Framework and Ms Morrison and Louise MacInnes, Risk Manager, were in the process of providing sessions to the governance committees outlining their role in monitoring the risks. It was confirmed work was underway to develop the operational risk registers.

Going forward the format of the Board Assurance Framework would be revised to ensure the deterioration or improvement of a risk was immediately visible.

The Committee Noted the Report.

10 AUDIT SCOTLAND

The link to the Audit Scotland website circulated for information.

11 ANY OTHER COMPETENT BUSINESS

There was no other competent business.

12 DATE OF NEXT MEETING

It was agreed a special meeting would be held at the end of October.

The date of the additional meeting of the Audit Committee would be confirmed.

The meeting closed at 15:05pm

