

NOT PROTECTIVELY MARKED

Public Board meeting

November 2018

Item 20

THIS PAPER IS FOR NOTING

**AUDIT COMMITTEE – MINUTES OF 14 JUNE 2018 AND VERBAL REPORT
25 OCTOBER 2018**

Lead Director Author	Eddie Frizzell, Chair of Audit Committee -
Action required	The Board is asked to note the minutes and verbal update.
Key points	<p>In compliance with the Service's Standing Orders, the approved Committee minutes are submitted to the Board for information and consideration of any recommendations that have been made by the Committee.</p> <p>The minutes of the Audit Committee meeting held on 14 June 2018 were approved by the Committee on 25 October 2018.</p> <p>A verbal report of the meeting on 25 October 2018 will be provided by the Chair of the Committee.</p>
Timing	A verbal report will be provided from the most recent meeting. Minutes are presented to the Board following approval by the Committee.

MINUTES OF AUDIT COMMITTEE

10.00 A.M. ON THURSDAY 14TH JUNE 2018

MR19, NHQ, GYLE SQUARE, EDINBURGH

Present: Eddie Frizzell, Non-Executive Director (Chair)
Esther Robertson, Non-Executive Director
Cecil Meiklejohn, Non-Executive Director

In Attendance: Pauline Howie, Chief Executive
Julie Carter, Interim Director of Finance and Logistics
Maria McFeat, Assistant Director of Finance
Melanie Barnes, Head of Capital and Costing/Fraud Liaison Officer
Tom Steele, Chair
Paul Bassett, Director, National Operations
Pat O'Connor, Director of Care Quality and Strategic Development
Chris Brown, Scott-Moncrieff
Joanne Brown, Grant Thornton
Gillian McBirnie, PA to Director of Finance & Logistics (Minutes)

Apologies: Irene Oldfather, Non-Executive Director
Katy Barclay, Information Governance Manager
Sarah Stevenson, Risk Manager

WELCOME AND INTRODUCTIONS

Eddie Frizzell welcomed everyone to the meeting and introduced Tom Steele, Chair to his first meeting of the Committee. Apologies were noted from Irene Oldfather, Katy Barclay and Sarah Stevenson.

ITEM 1 MINUTES OF MEETING HELD ON 16 APRIL 2018

It was agreed to amend wording of the last paragraph under Item 11.

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The minutes were approved subject to the above amendment.

Action: Committee Secretary to amend minute

ITEM 2 MATTERS ARISING

The Committee noted the ongoing actions and completion dates and approved the removal of 5 actions.

- 2017-06-14 Staged evaluation of OHCA strategy, supported by SG. Outcome of evaluation will be reported to Clinical Governance and the Board. Action closed.
- 2017-06-14 Cleric PTS application. Paul Bassett reported that the Service was currently awaiting a date from the provider Cleric. Revised date of August 2018 agreed.
- 2017-12-13 LiP training numbers – Pat O'Connor confirmed there was a robust monitoring system in place which detailed gaps in training. Monthly updates were provided to regional directors. Action closed.
- 2018-04-18 Records Management. Julie Carter advised following a joint meeting of SAS/GJNH it had been agreed to proceed with a Band 5 temporary post. Job description was with Katy Barclay for review with an anticipated start date of July/August. GJNH were slightly ahead and it was anticipated elements could be incorporated from GJNH resulting in an earlier completion date and reduced cost.

Action: Committee Secretary to update matters arising paper

ITEM 3 DECLARATION OF INTEREST

Esther Robertson declared her position of Chair, NHS24 and Paul Bassett declared his appointment as Director with the Scottish Charity Air Ambulance (SCAA).

ITEM 4 INTERNAL AUDIT

a) Controlled Medicines

Chris Brown introduced the report which had been carried out following the identification of significant discrepancies around recording of stock and varying processes as part of a divisional review in 2013. He was pleased to present a clean report which identified 2 improvement actions which, if addressed, would strengthen the Service's control framework. A new system had been implemented to manage access to controlled medicines and members were pleased to see robust processes were now in place and were assured management had accepted the recommendations contained within the report.

Julie Carter advised that an efficiency review of medicine pouches had been carried out and would be presented to the Best Value Group.

Chris Brown expressed his thanks to the team for the quick turnaround.

The Committee noted the report with approval.

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b) Final Audit Plan

Chris Brown introduced the annual audit plan which had been finalised following comments at the April meeting. He confirmed that a contingency of 12 days had been allocated. Review dates had been revised to better align with Committee dates and updated accordingly at Appendix 3. It was noted that the aim would be to programme discussion of the draft plan to enable it to be agreed closer to the beginning of the Audit Year in 2019.

The Committee approved the plan.

c) Progress Report

Two reports had been completed in the period April to June 2018: Controlled Medicines and Follow-up quarter 1. Planning had commenced for quarter 2 reports on Finance Structure, Sickness Absence and Follow-up Quarter 2 and would be presented to the October Committee.

The Committee noted the report.

d) Follow-up Q1

Internal Audit was pleased to report that 11 of the 20 outstanding actions had been closed. There were no high risk recommendations outstanding with the number of passed due date recommendations now reduced to 5. A total of 4 recommendations had agreed revised target dates. The Committee reviewed the overdue actions and noted the good progress in reducing these. No significant issues were noted.

Internal Audit also updated on the progress of the web based follow-up system with meetings with the finance team having taken place. It is planned to have this in place for the next Audit Committee meeting.

The report was noted with approval.

Item 5 THIRD PARTY AUDIT REPORTS

Julie Carter referred to the reports provided on behalf of NHS Scotland; financial ledger services, national IT services contract and practitioner services and placed assurance upon the reliability of the reports.

The Committee noted the reports and accepted the assurance provided.

Item 6 ENDOWMENT FUND ACCOUNTS 2017/18

Julie Carter presented the draft Endowment Fund Accounts for 2017/18 and was pleased to note an unqualified audit opinion.

She informed members that a letter of representation and assurance, as per Paul Gray's letter, would be presented to the Trustees' meeting on 27 June 2018. She also informed the Audit Committee that the Charity external auditor would be attending the June Trustees meeting.

The Committee noted the accounts.

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Item 7 DRAFT ANNUAL ACCOUNTS 2017/18

Julie Carter presented the Draft Annual Accounts which had been prepared in line with the accounting manual and template and included performance report, governance report, remuneration report and financial statements. She stated that there were no fundamental changes to the draft accounts envisaged before presentation to the Board and confirmed minor issues relating to, for example, table references would be rectified before submission to the Board for approval. Julie drew attention to an e-mail received and circulated out-with the Committee regarding UK Government Legislation relating to public sector facility time publication requirements. As confirmation of requirements had been received later than had been expected, it was agreed to adopt a proposed form of words for 2017/18 accounts and, in line with most Boards, the required figures would be published in the 2018/19 accounts

Julie summarised the key elements of the accounts and informed the Committee that all financial targets were met in the year. Julie also informed the Committee that there was an unqualified audit opinion. It was noted however that one-off savings had made a substantial contribution to the achievement of Efficiency Savings targets, and that recurring efficiencies were the key to longer term financial sustainability.

The Committee was pleased with the layout of the report and the level of detail.

The accounts were approved subject to last minute minor amendments.

Item 8 EXTERNAL AUDIT REPORT TO MEMBERS

Jo Brown introduced the annual report to members which addressed the core financial statement audit and the four dimensions of wider scope public audit; financial management, financial sustainability, governance and transparency and value for money. There were no unadjusted areas to report. An unqualified audit opinion was proposed.

Referring to the year end process, Jo advised there had been a miscommunication regarding the timetable which resulted in delays in the start of the audit process. The process had not been as smooth as previous years due to staffing changes within the finance team and it was felt lessons could be learnt from this.

Good progress with national boards collaboration was noted but there may be a pace challenge as this work progresses. It was agreed that financial sustainability would be challenging and thought would need to be given to how best to invest in transformation. Tom Steele agreed and stressed the need to focus on sustainability and performance.

Jo confirmed typographical errors would be rectified before finalisation. The sickness absence figure would be amended to 7.6% and financial sustainability reference on page 13 would be amended to reference the wider NHS in Scotland.

Pauline Howie thanked auditors and the finance team. She provided assurance to members around collaborative shared financial services and confirmed the current vacant post of Financial Services Manager / Head of Finance would be advertised. Julie echoed Pauline's thanks to the team. The Committee noted that this year had been unusual circumstances and praised staff for their performance during this time.

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The Committee approved the report for submission to the Board subject to the agreed amendments, and any other minor changes which arose in the final checks.

Item 9 SIGNIFICANT ISSUES LETTER TO SCOTTISH GOVERNMENT

The Committee approved the letter for submission to Scottish Government.

Item 10 INFORMATION GOVERNANCE

a) Quarterly update report

Pat O'Connor reported progress against audit recommendations, breaches of the data protection act and progress towards the submission and implementation of the Service's Records Management Plan.

The Committee reviewed the action tracker and approved the removal of the completed actions. It was noted that several of the dates required review and reconciliation. Pat agreed to provide clarity around progress with actions and reconcile due dates to ensure accuracy.

Action: Pat O'Connor to reconcile action due dates

b) Annual Report

The Committee reviewed the annual report and agreed there was a need for additional narrative detailing the current position and further action required.

Pat agreed to amend the report to align with the standard annual report template for other groups and circulate outwith the Committee.

Action: Report to be amended and circulated out-with Committee

c) Information Governance Strategy

Pat O'Connor introduced the strategy containing strategic objectives and associated work Plan which would guide the direction of travel for information governance in the future. The work plan would be reviewed on an annual basis and presented to the Information Governance Group and Audit Committee. She advised the strategy had an anticipated launch date of 1st October 2018.

The Committee discussed the actions and deliverables detailed in the report and queried if these should be objectives and actions. After discussion it was agreed to make this amendment. In response to a question about external assurance, Pat confirmed that the strategy had been produced in collaboration with NSS.

The Committee approved the report for recommendation to the Board subject to the agreed amendment.

Action: Pat O'Connor to amend strategy for Board approval

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Item 11 FRAUD

Melanie Barnes referred the Committee to the fraud update and reported that there had been 3 new investigations in the reporting period. She confirmed that allegations 1 and 2 were linked and local investigations were now in place. All 3 allegations had since been closed by Counter Fraud Services.

Melanie Barnes also met with Counter Fraud Services and other Service leads to progress the Service's Proactive Fraud Plan. This will be presented to the October Audit Committee.

The Committee noted the report.

Item 12 RISK MANAGEMENT

a) Quarterly Update and Corporate Risk Register

Paul Bassett referred to the paper which included updates on the Corporate Risk Register, Adverse Event reporting statistics, Adverse Event framework measures, risk management key performance indicators and the risk management workplan for 2017-18. He confirmed the corporate risk register had been reviewed and updated by the Board at its meeting in May. The risks, current controls, risk ranking and mitigating actions continued to be reviewed by risk owners and the 2020 Steering Group.

Referring to the high level of road traffic collisions, Paul advised this would be taken through the Best Value Group. In relation to ACC incidents, he confirmed all 'extremes' go through the SAER process, action plans developed and reported to Clinical Governance Committee.

The Committee agreed the proposed revised dates as highlighted in the report. It was agreed that all actions should have a defined update and references to ongoing and in progress should be removed.

The Committee noted the report.

b) Terms of Reference Annual Review

After discussion around attendance at meetings, it was agreed to revise the wording about substitutes being permitted to make clear that this should not be the norm. The phrase 'in exceptional circumstances' would be added.

The Committee approved the Terms of Reference subject to the agreed amendment.

Item 13 AUDIT COMMITTEE TERMS OF REFERENCE ANNUAL REVIEW

It was agreed to conduct a wider review to ensure alignment with the Audit Committee Handbook and present to the next meeting of the Committee.

Action: Revised ToRs to be submitted to October meeting.

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Item 14 PROCUREMENT STRATEGY 2018-2021

Jenny Neville introduced the statutory report which would be published on the Service's website and submitted to Scottish Government. The report followed the direction of travel of previous reports with the main change relating to the reform act and regulated procurement. The report had been produced in conjunction with Health Scotland and Health Care Improvement Scotland and had been approved by their respective Audit Committees. The Committee found the report to be clear and well written.

Referring to point 4a it was agreed to include wording around retention of staff. In response to a question from Eddie Frizzell about how far contracts were being struck with SMEs, Jenny confirmed the Service currently exceeded the target set by Scottish Government in this regard.

The Committee approved the strategy for formal recommendation to the Board for approval.

Item 15 CYBER SECURITY ASSURANCE

Julie Carter presented a short interim report providing assurance on progress against recent audit actions. A full report and action plan would be presented to the Committee at a later date. She advised the Service was currently pursuing level 1 accreditation by October 2018. Cecil Meiklejohn was assured by the actions taken to mitigate risk.

Eddie Frizzell thanked Julie for her progress report and looked forward to receiving the full report in due course.

Item 16 NHS TAYSIDE REPORT

The Committee considered the reports and relevant actions. Julie Carter confirmed that e-Health financial reporting was discussed at Enabling Technology Board meetings.

Actions pertaining to the Endowment Fund Accounts would be discussed at the Trustees' meeting on 27 June 2018.

Item 17 ANY OTHER BUSINESS

Eddie Frizzell thanked Esther Robertson for her contribution to the Audit Committee over the past 4 years and extended the Committee's best wishes for the future.

Item 18 DATE OF NEXT MEETING

The next meeting would be held on 25th October 2018 at 10.00am.

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