

Lanarkshire NHS Board

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Minute of Meeting of the Audit Committee
 held on Tuesday 4th September 2018 at 9am
 in the Conference Room, Kirklands, Bothwell

CHAIR: Mr P Campbell, Non-Executive Director

PRESENT:
 Councillor J McGuigan, Non Executive Director
 Dr A Osborne, Non-Executive Director

IN

ATTENDANCE: Mrs L Ace, Director of Finance
 Mr C Campbell, Chief Executive
 Mrs M Holmes, Internal Audit Consortium
 Mr T Gaskin, Head of Internal Audit Consortium
 Mrs C McGhee, Corporate Risk Manager
 Mr P Lindsay, Audit Scotland
 Ms S Lawton, Audit Scotland
 Dr Lesley-Anne Smith, Item 2 only
 Mr G Young, Head of Service, Counter Fraud Services
 Mr B Moore, Non-Executive Director

APOLOGIES: Mrs M Mahal, NHS Board Chair

Action

1. **WELCOME**

Mr P Campbell, in his capacity as interim chair welcomed everyone to the meeting, facilitating introductions for Brian Moore as a newly appointed non-Executive and Gordon Young as the Head of Counter Fraud Services (CFS), attending to present to the committee on the work of CFS.

2. **MATTERS ARISING**

i) **Progress in Closing SAERs**

Dr Smith reported that a revised SAER policy had been drawn up, taking account of the new national framework and clarifying definitions and reporting arrangements for

“never”, category 1 and category 2 events. This had been considered by CMT and was to go to the next HQAIC for approval. Dr Osborne welcomed the increased clarity and suggest HQAIC may wish to consider how consistent our approach was with other Boards. Dr Smith explained the definitions had been drawn from the national framework. She referenced a national committee looking at consistency but noted this had yet to report. Referring to the appendix, Mr Gaskin asked if there genuinely had been no category 1 falls in December or if this was a reporting omission Dr Smith confirmed there had been no category one falls reported in December.

THE COMMITTEE:

1. Accepted the report.

3. **MINUTES**

The minutes of the meetings held on 5th and 27 June 2018 were approved.

THE COMMITTEE:

1. Approved the minutes.

4. **ACTION LOG**

The Committee considered an updated Action Log.

THE COMMITTEE:

Noted progress with the Action Log.

i) **Counter Fraud Services**

Gordon Young, Head of Counter Fraud Services presented on the work of CFS, giving national and Lanarkshire specific statistics on referrals. He provided an overview of the joint work with NHS Lanarkshire, listing 10 Fraud Awareness sessions that NHS Lanarkshire had run over recent years and noting strong support from Mrs Holmes, as the Fraud Liaison Officer, including helping pilot the Insider Threat module. He noted the ongoing case of Operation Ariston which impacted on several Boards and had not yet been scheduled for trial. He highlighted the range of national prevention initiatives that CFS were taking forwards, including marketing aimed at dental patients to support them to make truthful exemption Claims and providing advice to ophthalmic practices etc. which they felt had reduced false claims and saved the NHS several millions of pounds per annum. He flagged the procurement guidance CFS had developed, drawing partly on the lessons from Operation Ariston.

Dr Osborne asked about the level of fraud nationally. Mr Young said the true figure was unknown but even if 1% it would equate to £130m for the NHS annually and so likely to be a very substantial figure. Mr C Campbell, noted the difficulties dealing with soft intelligence, where there was suspicion but no proven criminal activity. Mr Young acknowledged the difficulty. Ms Macer asked about the level of prosecutions. Mr Young explained that at times the Procurator fiscal may decide a potentially low level fraud might not be in the public interests to pursue, especially if they felt the employee had already been dismissed or had their professional registration withdrawn.

5. **AUDIT SCOTLAND REPORTS**

i) **The National Fraud Initiative in Scotland**

Mrs Ace introduced the paper explaining it was a cross public sector exercise run on a 2 year cycle. Mr Lindsay reminded the committee that as part of their annual audit they reviewed the Boards arrangements in place for carrying this out and had found these to be satisfactory. Mrs Holmes noted that preparation for the next cycle was already underway. She said the last exercise had been helpful in that it had highlighted some duplicate payments, which had allowed the organisation to develop further controls and reduce the possibility of this happening again. Mr Young confirmed his support for the exercise. He noted the financial benefit to the NHS was fairly low but was felt more by other public sector bodies such as the Pensions Agencies and the Local Authorities where cross matching with NHS data revealed erroneous or fraudulent claims.

THE COMMITTEE:

1. Noted the report

6. **INTERNAL AUDIT**

i) **Internal Audit Progress Report 2018/19**

Mr Gaskin noted that at this point in the year the first batch from the programme, with the exception of the Property Transaction Monitoring Report, were still works in progress and would be coming to the next audit committee.

THE COMMITTEE:

1. Noted the Internal Audit Progress Report 2018/19.

ii) **Follow Up Report**

Mr Gaskin noted that at 85% the rate of implementation was still good but slightly lower than previously reported due to a cluster of recommendations which were

slightly late in being implemented. There was assurance that these would soon be in place, so it was not seen as a matter of concern.

THE COMMITTEE:

1. Noted the Internal Audit Follow Up Report.

iii) Post Transaction Monitoring Report

Mr Gaskin noted the report gave substantial assurance but highlighted a number of minor issues where process and paperwork could be improved. The largest of these was a 3 year time lag in getting the renewed lease for the creche at Wishaw finalised, which meant the increased rental charges had not been levied in time and a schedule of additional payments had to be agreed with the provider that extended beyond the current lease term. Cncllr McGuigan noted concern over the potential for loss of income through delay in invoicing and the extended repayment period. Mr Gaskin clarified that rental invoices had been raised and it was only the rental increase which had not been invoiced in time but agreed that Internal Audit's view was that the additional payment schedule should have been over a shorter period.

It was noted that the monitoring paper work for the ATM's had not been completed in time. Mrs Ace explained that this had not, at the time, been viewed as a property transaction covered by the Handbook but it had now been clarified that this fell within the definition. Mrs Ace informed the committee that Mr Lauder, the Director for this area had seen the report and had confirmed the learning from this would be built into future process.

THE COMMITTEE:

1. Noted the Post Transaction Monitoring Report and approved submission to the SG.

7. **EXTERNAL AUDIT**

i) Review of Temporary Staffing

Ms Lawton talked to the paper, explaining this had been selected through dialogue with the Chief Executive and Finance Director as an area that could be of potential benefit to the Board to have a best value review. She added that the main focus of the work had been in the acute sector as that is where the main costs lay. The key messages could be found on page 4. Positive findings were that there were good corporate mechanisms in place for controlling and monitoring temporary staffing, that from those interviewed there was a clear understanding that clinical need was the top priority and also a shared view that agency was the least desirable option. Good joint working with the universities and other education providers on areas such as training and bringing staff on to the bank were noted. From their work Audit Scotland felt there was more that could be done to share and spread good practice

across the 3 hospital sites. Ms Lawton explained that this audit had been designed to give the Board an external view, giving suggestions on potential areas to explore or which might help the Board in managing this important area, from which the Board could draw up their own action plan.

Mr P Campbell opened with an observation that it wasn't clear from the appendix the specific actions that the Board would take forward. Dr Osborne seconded this and asked what the appropriate governance routes would be in the organisation for considering this and monitoring progress, noting that the Staff Governance Committee, HQAIC and Acute operating committee's could all play a role. Mrs Macer agreed but also added the report touched on a range of operational issues which the Area Partnership Forum and Human Resource Forum could be the appropriate place to discuss.

Mr C Campbell reinforced that maintaining staffing was a key area for the Board and agreed an action plan would be developed and routed through an appropriate Governance path. Mr P Campbell asked for a follow up report to come to the Audit committee. Audit Scotland confirmed that they would routinely follow this up as part of their 18/19 audit work and Mrs Ace agreed that the follow up would be added to the workplan, at the very latest for the June 2019 audit committee.

THE COMMITTEE:

1. Noted the report
2. Asked for a follow up reports

Mr John
White -
HRD

8. **PRIMARY CARE GOVERNANCE**

- i) **Payment Verification report: new arrangements for 2018/19 and any significant issues**

Mrs Ace explained that historically the Audit committee would have received an update in September on the result of the year end checks against the Quality and Outcomes framework under the previous GMS contract. As the new GMS contract no longer contained this framework the rationale for a report at this time of year had now gone. She noted that the checks required by the Board on primary care contractors was dictated by circular and for those still in place for ophthalmic , dental and pharmaceutical the routine quarterly checks continued with no significant issues to report.

Mr P Campbell queried how, with the new contract and the IJB's role in this area, that the Audit committee would receive assurance in future on the GMS services provision. Mr C Campbell noted that both the IJB, who were planning for the future shape of primary care and the Board, who held the GMS contracts, had an assurance need. It was agreed that assurance mechanisms required further discussion as arrangements for the new contract were developed and that this should be reported back to the Audit committee in Future.

Action

THE COMMITTEE:

- 1) Noted the report.
- 2) Asked to receive a further report on assurance mechanisms

Mrs L
Ace –
Director
of
Finance

9. **WORKPLAN**i) **2018-19 Workplan**

Mrs Ace introduced the item, for noting. Earlier discussions on the Payment verification work and the review of temporary workforce were referenced as amendments to the workplan.

THE COMMITTEE:

1. Noted the workplan and the amendments discussed

10. **FRAUD UPDATE**i) **Fraud report**

Mrs Holmes presented the report for noting. She indicated they were running a session with CFS and HR on interviewing in internal cases where fraud is suspected. Dr Osborne asked about our processes for detecting cases where NHS care was being sought by foreign nationals without entitlement. Mrs Holmes explained that the first point of contact would be the GP and there was a reliance on the GP to register the patient correctly. She also highlighted that UK Borders agency were increasingly active and were following up where health services had been accessed without entitlement and blocking any future visas until appropriate payment had been made. Mr Young noted that whilst in England there was an explicit policy of creating a hostile environment for health tourism, the Scottish Governments approach differed and Counter Fraud Services had scaled back their efforts in this area.

THE COMMITTEE:

1. Noted the Fraud Update

12. **PROCUREMENT**

Mrs Ace presented the Procurement paper, highlighting the relatively high number of Waivers which she believed was a result a greater awareness of the requirement to formally seek a waiver if competitive procurement was not felt to be justified. She referred to a recent report, publicised through the media, into a procurement issue in NHS Highland where the Auditors had confirmed that audit committee overview of where waivers were granted was good practice.

She flagged to the committee the extension of contract public and remote access wifi circuit, explaining that this did not meet the SFI requirements as there was more than one potential supplier and it was not a genuine emergency. The contract had through oversight reached its expiry date without a new arrangement being in place and taking account of the service disruption if this lapsed, the least bad option of a one year extension with the existing supplier had been sanctioned even though technically a breach of SFI's .

Dr Osborne asked for progress on the laundry procurement which had now been flagged to the Audit committee for several quarters. Mrs Ace confirmed the decision had been taken that it could be put out for competitive procurement though compatibility of other suppliers' equipment with the existing production line would need to be tested by seeking assurance from reference sites.

THE COMMITTEE:

1. Noted and accepted the report.

13.

RISK MANAGEMENT

i) **Quarterly Risk Management Process Compliance Report**

The Committee considered a report in which Mrs McGhee highlighted the performance against a revised and improved set of risk management performance indicators and outlined the consequent change to the format of the quarterly report. She explained that one policy was technically past its review date, but as this related to gifts and hospitality within the pharmaceutical industry, the Head of Pharmacy was conducting a review to assess the need for this policy given that the Code of Business Conduct and Standing Financial Instructions adequately cover this subject.

THE COMMITTEE:

1. Noted and accepted the report.

iii) **Risk Management Summary Report**

The Committee considered the Risk Management Summary Report, which gives an overview of risk management business considered through CMT over the last quarter, highlighted the current corporate risk profile and set out the risk that has the Audit Committee identified as the Assurance source.

THE COMMITTEE:

1. Noted and accepted the Risk Management Summary Report.

Action

14. **REVIEW OF TERMS OF REFERENCE**

Mrs Ace informed the committee that the only change she had proposed was to update the reference to the 20: 20 vision to be the National Health and Social Care Delivery Plan which had superceded it.

THE COMMITTEE:

1. Noted and accepted the terms of reference, leaving Mrs Ace to discuss with the Board secretary how the very minor change would be best ratified by the Board.

Mrs L
Ace –
Director
of
Finance

15. **ANY OTHER COMPETENT BUSINESS**

No other business was raised.

16. **DATE OF NEXT MEETING**

December the 4th (subject to comment at item 17)

17. **FUTURE MEETINGS IN 2019**

Mr P Campbell asked when these would be confirmed. Mrs Ace had explained that meeting rooms had been booked for the first Tuesday of December (the 4th), March and June but that formal confirmation of the committee membership was awaited in order to send out the invitations. It was agreed this would be actioned as soon as possible.