

Lanarkshire NHS Board

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**Minute of Meeting of the Audit Committee  
held on Tuesday 5th March 2019 at 9am  
in the Board Room, Kirklands, Bothwell**

**CHAIR:** Mr B Moore, Non-Executive Director

**PRESENT:** Councillor J McGuigan, Non-Executive Director  
Dr A Osborne, Non-Executive Director  
Mrs L Macer, Non-Executive Director

**IN**

**ATTENDANCE:** Mrs N Mahal, NHS Board Chair  
Mrs L Ace, Director of Finance  
Mr C Campbell, Chief Executive  
Mrs M Holmes, Internal Audit Consortium  
Mrs C McGhee, Corporate Risk Manager  
Ms S Lawton, Audit Scotland  
Ms F Mitchell-Knight, Audit Scotland

**APOLOGIES:** Mr P Lindsay, Audit Scotland  
Mr P Campbell, Non-Executive Director  
Mr T Gaskin, Head of Internal Audit Consortium

**ACTION**

1. **WELCOME AND APOLOGIES FOR ABSENCE**  
Apologies were noted from Mr P Campbell, Mr P Lindsay and Mr T Gaskin.
2. **DECLARATIONS OF INTEREST**  
None noted.
3. **APPROVAL OF THE MINUTES OF THE MEETING HELD ON 4 DECEMBER 2018**  
The minutes were approved.
4. **ACTION LOG**  
The Audit Committee considered the action log, noting that a further report on assurance mapping would be presented to the next meeting. The consideration of future induction arrangements would be brought to a later meeting. The review of temporary staffing report was the separate item on the agenda.

**LA**

5. **REVIEW OF TEMPORARY WORKFORCE STAFFING**

Mr Moore advised the Committee that Mr John White had pulled together the action plan and update. It was asked if the action plan met requirements. Dr Osborne queried why the Director of Nursing had been entered as the responsible manager for some actions instead of the Director of Acute. Mr C Campbell advised it was predominantly a nursing issue and Mrs Ace clarified it was Frances Dodd, the Acute Nursing Director, who was taking the lead for those actions. Ms Lawton advised that due to the timescale of the report, Audit Scotland will review the high level follow up this year and the detailed report next year.

6. **MATTERS ARISING (NOT COVERED BY ACTION LOG)**

**Salus** - it was noted that the only update was that the existing Contract had been extended until 2021, on risk grounds the Board had not followed up the option of take over the operations of another provider elsewhere in Scotland and there was a meeting later in March to discuss future plans for Scotland.

7. **INTERNAL AUDIT**

(i) **Progress Report 2018/19**

Mrs Holmes talked to the paper, advising they were slightly behind scheduled at this point in time but on target to achieve by the year end. The paper covered 5 concluded reports, with adequate assurance and 2 with substantial as well as highlighting work in Progress.

Mrs Holmes flagged that there had been a CMT discussion on Monday on a number of the audit findings, including the finding that a significant percentage of clinical guidelines were passed their date for formal review. The Medical Director had confirmed following CMT that a central review to ensure they did not include outdated practice had been conducted but that the policies themselves had been left intact pending a full review by the authors. Mrs Holmes informed the committee she carrying out further work on this central review and would amend the report if necessary. It was agreed the report would be taken to HQAIC and progress reported back to the next audit Committee.

Mrs Mahal asked how it was ensured that each governance committee received reports relevant to their remit. Mrs Holmes explained that each report indicated what would be the most appropriate committee to consider it and that it was anticipated this would be discussed at agenda setting time. Mrs Mahal suggested the arrangement could be strengthened, perhaps by automatically sending a report to both the lead director and chair of the committee. Mrs Holmes and Mrs Ace agreed to work on a mechanism.

**LA/MH**

Cllr McGuigan commented that in the financial process compliance audits a number of basic omissions or shortfalls had been found. He asked specifically about the non-retention of pay in slips in the catering units. Mrs Holmes explained the staff there assumed there was a

central record of these and so didn't keep them but once this had been clarified to them they had amended their process. Mrs Ace talked through the finding on outstanding invoices, confirming it had been raised with all directors at the CMT that week and a push would be made to recapture lost ground. She explained that with a high volume of transactions and staff across the organisation busy with the service aspects, turning round the paper work had to periodically be given enhanced attention to ensure our obligations were met. She explained that although the car leasing recommendations would of course be followed up as the audit had found incidents where the policy had not been followed exactly, in themselves they would not have any impact on achieving Board objectives and the action could be to amend the policy.

Mrs Holmes advised that the MYR work had been done but due to Mr Gaskin's absence it had not been possible to finalise the report for this meeting. The issues raised in it were relatively minor and would be circulated to directors so they could be addressed in time for the annual report to be brought to the June Audit committee.

MH

She highlighted one finding, relating to the assurance process round information Governance. The Board had an information governance committee, which reported through HQAIC. HQAIC in turn provides minutes and an annual report to the Board. Although the committee had in 17/18 and 18/19 being meeting and fulfilling its remit, very little of its considerations were feeding through the into the HQAIC reporting to the Board and given the growing prominence of this area, Internal Audit were recommending the Board consider the best way to ensure it was sighted on the assurances or issues. Internal Audit also noted that some of the information Governance risks in the risk register were assigned to HQAIC and some to PPRC. Discussion followed around the issue of information governance and HQAIC assurance process. Following some exploratory discussion during the committee Mrs Mahal agreed this would be discussed further at the Board Development Event taking place on 6 March 2019.

NM

Dr Osborne commented that the work on aligning IJB and Health Board risks had been ongoing for some time. Mrs Holmes informed the Committee that a meeting was taking place on 13 March 2019 to discuss additional work to take this forward. Dr Osborne asked if a one off report to conclude this could be presented to the June Committee.

MH/  
CMcG

The Committee noted the report.

**(ii) Follow-up Report**

Mrs Holmes introduced the paper and noted the good progress, with 94% of recommendations due for implementation now in place. Mrs Ace informed the committee there had been discussion at CMT around the feedback loop on circulars. CMT received notification of all publications weekly but the previous system of seeking email

confirmation from the appropriate director had been put aside in favour of an alternative mechanism which had proved more difficult to design. It was agreed that a retrospective confirmation exercise would take place, coordinated by Mrs McGhee and Mr Paul Cannon to work together on this and then the old system would be reinstated moving forward.

PC/CMcG

**8. External Audit**

**(i) 2018/19 Annual Audit Plan**

Ms Lawton talked through the Annual Plan detailing the general approach and the specific risks that would be followed up. Dr Osborne queried risk 11 Maintenance of Board's Asset Base and how that would interface with the Independent Review. Mrs Lawton explained that they will review available reports and consider the risks they raise to maintenance of the asset base.

The Committee noted the planned work and timetable.

**9. Governance Statement**

**(i) Guidance**

Mrs Ace talked through the cover paper, stating that there is a structured process in place in order to provide the evidence and assurances necessary to complete the governance statement in line with the guidance attached with the paper.

The Committee confirmed agreement with the arrangements and noted the new guidance.

**(ii) Key Lines of Enquiry for Risk Management**

Mrs McGhee introduced the background to this paper and the review of the Audit Committee Handbook (2008) now referred to as the Audit and Assurance Committee Handbook (2018).

Members reflected on previous use of Appendix F of the Audit and Assurance Committee Handbook (2018) which, following review, extends beyond the initial risk management framework, to be referred to now as the governance, risk management and internal control framework.

Members noted the changes to Annex F and reflected on the attached assessment that was presented to the Audit Committee for consideration to support and enable 'an evaluated opinion, based on evidence gained from review, on the organisation's governance, risk management and internal control framework' (Audit and Assurance Committee Handbook, 2018).

**THE COMMITTEE:**

- Noted the previously commended good practice in utilising Annex F of the Audit Committee Handbook (2008)

- Noted and approved the good practice in utilising the revised and extended version of Annex F of the Audit and Assurance Committee Handbook (2018)
- Considered the content of the attached Key Line of Enquiry, noting the evidence outlined

**(iii) Accountable Officer’s Duties**

Mrs Ace talked to the paper, stating that very little had changed other than references being updated.

The Committee accepted the document.

**(iv) Draft Annual Report for the Audit Committee 2018-19**

Mrs Ace introduced the paper, advising the report will go to the Board in May 2019. Mrs Macer asked for further explanation around the 3 Chairs in one year and Cllr McGuigan asked for the double asterisk to be removed beside his name in section 8.

**LA**

The Committee approved the report, subject to the revisions being made.

**10. Workplan**

**(i) 2018/19**

The Committee noted that the workplan was on track.

**(ii) Draft 2019/20**

The Committee approved the draft workplan for the following year.

**11. Fraud Update**

**(i) Fraud report (including progress report on NFI)**

Mrs Holmes introduced the paper.

Dr Osborne raised the issue of low figures in the quarterly report in comparison with some other Boards. Mrs Holmes explained that, as Fraud Liaison officer she had regular interactions with CFS and often, rather than send in a referral, only for it to be declined for investigating, she would seek an opinion at an early stage. Mrs Ace confirmed there had recently been an annual review meeting between Mrs Holmes as the Fraud Liaison Officer and Mrs Ace, the Counter Fraud Champion with the leads from h Counter Fraud Services and that they had expressed satisfaction with NSH Lanarkshire’s interactions with them and praised MRs Holmes work in piloting and taking forward fraud prevention modules and sessions. Mrs Ace reminded the committee that Mr Gordon Young, head of Counter fraud services had attended a previous Audit committee and had provided them with assurance on this issue. A repeat visit could be arranged at an appropriate point if the committee wished further engagement.

**MH**

The paper had indicated a lack of clarity around potential GDPR constraints on seeking information for people alleged to be working whilst on sick leave. This would be explored further to get a clear position.

Mrs Ace reminded committee that the prevention mechanisms of Overseas Visitors seeking NHS treatment to which they were not entitled to had been discussed with Mr Gordon Young, head of counter fraud services when he last presented to the committee. There were some gaps in regulatory powers which made it harder to detect cases who had been registered with GPs. Mrs Ace noted that the Health and Sports Committee however had recently commented on the loss of NHS resource through this and encouraged more to be done which could signal a change in attitude. NHS Lanarkshire would look to see if investing more resources in following this up could have an impact. Mrs Holmes was assisting with some preliminary scoping work on the number of extra records that might need to be followed up. Mrs Macer questioned whether the costs, including the impact on staff of having to question patients, would be weighed up against the benefit, which may be limited if recovering overseas debt proved difficult. Mrs Ace confirmed any decision to invest further in a new process would weigh up the investment needed against likely recovery.

The Committee noted the report.

## **12. Arrangements to Secure Efficiency**

Mrs Ace talked to the report. She highlighted that in totality the Board had achieved more than the initial target, but that less had been achieved on a recurring basis than the plan aspired to. The impact of this on the recurring gap going forward was mitigated by some recurring changes in other financial plan estimates plus increased optimism that some of the savings badged as non-recurring would in fact continue for several years at least. She flagged that the low achievement against service redesign ambitions was of concern in considering future year's savings programmes.

It was noted that a CRES discussion will take place at the Board Development Event on 6 March 2019.

Dr Osborne raised the issue of service redesign in particular Acute services and whether we were over optimistic in timing. Mrs Ace replied that it appeared to be more than a timing issue and for most it was not that the scheme would be delivered later than anticipated but that once it was explored in detail the initial hopes of finding a lower cost model had not materialised. She noted she would raise this with the wider Board at the Board Development Day.

The Committee noted the report.

**13. Procurement**

Mrs Ace reminded the committee that, following a procurement fraud, enhanced controls had been put in place including more detailed reporting to the committee on any instances when an SFI waiver was granted. It was important that if the committee felt that the process was either too loose in accepting reasons for a single supplier award or too restrictive and causing additional process with no beneficial outcome that it fed in that view . Mrs Ace explained that whilst some requests clearly qualified when looked at as a one off, if it was an organisational need that might reasonably be expected to recur, the longer term interests may be served by trying to offer a longer term commitment and grow the market. This would be reflected on with the Head of Procurement when considering our procurement strategy.

The Committee noted the report.

**14. Risk Management**

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

The Committee considered the risk management summary report which provides an overview of risk management business considered through CMT over the last quarter, including the current corporate risk profile with heat-map and the risk (ID 594) that has the Audit Committee identified as the Assurance Committee.

THE COMMITTEE:

- Noted and accepted the Risk Management Summary Report.

**(ii) Risk Management Summary Report including Corporate Risk Register**

The Committee considered a report in which Mrs McGhee outlined the purpose of the report, the number and severity of risks across NHSL and highlighted the performance against a revised and improved set of risk management key performance indicators (KPI's). She also highlighted to members, the review of the North H&SCP risk register that was supported by both the Corporate Risk Manager and the Senior Internal Auditor.

THE COMMITTEE:

- Noted and accepted the report.

**15. Review of SFIs & SoD**

Mrs Ace presented the results of the annual review of the SFIs and the SoD and the minor changes that had been put through.

**LA**

The Committee asked for some further presentational changes, with the column heading in the scheme of delegation changed to Group or Committee and the LDP references to be changed to Annual Operating Plan.

With those changes the Committee endorsed the SFIs and SoD for ratification at the March Board as part of the code of Corporate Governance

**16. Discussion of Audit Committee Training Needs**

The item was deferred to the June meeting.

**17. AOCB**

There was no other business.

**18. DATE OF NEXT MEETING**

Tuesday 4 June 2019 at 9am, in MR3.

**19. Private Meeting with Internal Audit**

The item was deferred to the June meeting.