

Lanarkshire NHS Board
 Kirklands
 Fallside Road
 Bothwell
 Telephone: 01698 855500
www.nhslanarkshire.org.uk



**Meeting of the Audit Committee, Tuesday 16 June
 2020 at 11am in the Board Room/Teams/Teleconference, Kirklands HQ**

CHAIR: Mr B Moore, Non-Executive Director

PRESENT: Cllr J McGuigan, Non Executive Director
 Mrs L Macer, Non Executive Director
 Dr A Osborne, Non Executive Director

IN

ATTENDANCE: Mrs N Mahal, Chair
 Mrs H Knox, Interim Chief Executive
 Mrs L Ace, Director of Finance
 Mr P Lindsay, Audit Scotland
 Mrs S Lawton, Audit Scotland
 Mrs M Holmes, Head of Internal Audit
 Mr T Gaskin, Chief Internal Auditor
 Mrs C McGhee, Corporate Risk Manager
 Mr P Cannon, Board Secretary

APOLOGIES: Mr P Campbell, Non Executive Director

1.	WELCOME AND DECLARATION OF INTERESTS	ACTION
	Mr Moore welcomed those present and Mrs Knox to her first meeting in her role as Interim Chief Executive.	
2.	APPROVAL OF THE MINUTES OF THE MEETINGS HELD ON 3 MARCH 2020 AND 20 MAY 2020 The minutes of both meetings were approved.	
3.	ACTION LOG	
	Overview of Governance	
	Mrs Ace agreed to circulate the structured debrief of the Covid command and control arrangements to the Audit Committee.	LA
	IA Progress report	
	It was agreed that Internal Audit would include lead directors and committee chairs as well as the committee secretariat when they	LA

	sent relevant audit reports and would amend the current wording to say that the Audit committee expected these to be considered at the next appropriate meeting.	
	Risk Management	
	Mrs McGhee advised that she believed this had been completed and would seek an update from the Director of Quality.	
4.	INTERNAL AUDIT	
	<p>(i) Progress report 2019/20</p> <p>Mr Moore noted the achievement of the Audit plan with thanks to the Internal Audit team for completing it despite the challenges of staff gaps and covid disruption. Mr Gaskin noted that Directors too had facilitated this by providing information to conclude audits despite difficult circumstances.</p> <p>Mr Gaskin highlighted there were a number of findings in the infection control report , the main issues being around improvements that could be made by adopting a proactive risk based approach and greater use of data.</p> <p>CLlr McGuigan raised the issue of infection control in care homes and it was recognised that subsequent to this audit NHS responsibilities had been extended to give advice and support to this sector. Mrs Knox advised that NHS Lanarkshire was complying with the Scottish Government guidance with regards to care home support.</p> <p>Mrs Knox also confirmed that that she had spoken with the new Director of NMAHPS who had confirmed he was taking forward the report's recommendations with regards to data and risk based approaches.</p> <p>Mr Gaskin highlighted the finding that the Staff Governance Committee could be expected to have more oversight of the workforce plan.</p> <p>He highlighted the increasing importance of E health, given new ways of working and that bringing forward its annual report to the April or May Board would allow it to fit in better with the annual assurance cycle. He noted that going forwards there would have to be more focus on eHealth and information security, remote working.</p>	
	Mrs Mahal observed that with the PPRC not meeting during the Covid period a number of reports that may have gone there	PC

	<p>would need an alternative disposition. Whilst some reports could wait till later in the year, some may be more immediate. She asked Mr Cannon write to lead Directors on this.</p> <p>Mr Cannon enquired as to the expected reporting on the finding that the Acute Governance Committee had not reviewed its workplan. Mr Gaskin confirmed that as Mr Cannon was acting on this by issuing a reminder to committees there was no need for the full report to go to Board but it could be picked up as a point next time a relevant report on governance was going to the Board.</p>	
	<p>THE COMMITTEE: Noted the report.</p>	
	<p>(ii) Follow-up Report Mr Gaskin had highlighted that the follow up percentage was still good but understandably fallen due to impact of Covid.</p> <p>Mrs Holmes highlighted that the Innovation/theatre productivity work follow up had been deferred till post Covid and would be reviewed again in 2021 at which time a decision would be made on the way forward.</p> <p>In relation to the PAMS report, Mr Cannon gave his recollection as being that the Regional report had been considered by PPRC and that this action was therefore complete. He undertook to provide the audit trail to Internal audit (following the meeting it was determined that the report to PPRC did only acknowledge this as a draft so there was still action required later in the year to finalise.)</p>	
	<p>THE COMMITTEE: Noted the report</p>	
	<p>(iii) Annual Report</p>	
	<p>Mr Gaskin introduced the report as presenting a positive picture of governance arrangements in NHS Lanarkshire and thanked Mrs Holmes and her team for completing the work programme .</p> <p>He highlighted again the view that information governance, especially given its growing importance in the current and future environment, appeared to be subsidiary to HQAICs other business. Mrs Mahal reported the issue had been discussed with the Board and she would take this up with the new Chair of HQAIC in order to find the best way to give information governance the prominence it deserves.</p> <p>THE COMMITTEE: Noted the report</p>	

5.	EXTERNAL AUDIT	
	(i) Interim Audit Report	
	Mrs Lawton explained that this was the result of Audit Scotland's initial system checking work which is used to inform any areas needing further scrutiny at the time of the final audit of the Board's financial statements. She said 8 issues had been identified during the work. Management actions against these had been agreed and none of them had a material impact on the final audit work.	
	THE COMMITTEE: Noted the report	
6.	GOVERNANCE STATEMENT	
	(i) Draft Statement and cover paper	
	Mrs Ace presented the paper, explaining the criteria by which a control weakness might be deemed something that needed disclosing in the Governance Statement. She referred to the suite of papers providing evidence to the committee, highlighting that the only issues in them that had potential for disclosure were the TTG and unscheduled care performance. She noted that the qualification on the NSS Service auditors report was not something that at this stage required more than referencing but that Audit Scotland would be taken a national view on this. She confirmed the draft statement had been reviewed by Internal and External audit and any initial comments made had been amended for.	
	(ii) Service Auditors Report	
	Mrs Ace talked through the report, explaining that the 2 NSS service auditor's reports had for the first time given a qualified opinion largely due to insufficient documentation to take a view on the operation of controls rather than a finding that controls were not operating. She informed the committee that there had been a change in auditor this year. The previous auditor had graded any findings making it easier to understand the emphasis that should be given to them and had issued unqualified reports. She reported that NSS had given assurances that any matters identified were being worked on and that reliance could be placed on their controls. She indicated local testing work, although peripheral to the main national payment checks, had proceeded and not flagged concerns and that the figures coming through from NSS had showed no unexpected changes. She explained this would be an issue for all Boards and Audit Scotland would form a national view. Mr Lindsay advised that it was up to individual Boards to consider and what to disclose. The NSS External Auditor will provide a view to Audit Scotland who will coordinate the approach of all external auditors based on its	

	content. He advised that until then the wording in the draft Governance Statement appeared reasonable. Mrs Ace confirmed that she would work with Audit Scotland on agreeing the final wording.	
	(iii) Annual Reports	
	Mr Gaskin advised that he had reviewed these for the Internal Audit annual report and was comfortable with the conclusions drawn in the Governance Statement.	
	(iv) Summary of External Inspections during the year	
	Mrs Ace explained the purpose of the paper was to remind the Audit committee of the inspection's results, the reports themselves having been considered at other Governance Committees. Her conclusion that there were no findings in the report that merited disclosure in the governance report was endorsed by the committee.	
	(v) Directors' Assurance Letters	
	Mrs Ace advised that she had summarised the issues raised in the Directors' assurance letters and concluded there was nothing additional that would merit disclosure. The committee endorsed this view.	
	(vi) Related Party Assurances: Endowment Fund and IJBs	
	Mrs Ace advised that because of the interrelationships between these bodies and the NHS Board cross assurances were required. The draft Governance Statement assumed there would be no issues but this would have to be confirmed on receipt of the assurances. The Endowment Fund would be audited in July. She noted the IJB assurances had been received just before the Audit committee and did not raise issues. Following this committee she would reciprocate by supplying the IJB CFO with an assurance letter and a copy of the draft Governance Statement.	
	(vii) Best Value	
	Mrs Ace advised that this was reviewed in full every 3 years, with 21/22 being the next full review. She explained that in the intervening years there had been no changes to the Board's operation that would invalidate the June 2018 conclusion that the Board had systems and processes in place to secure Best Value.	
	THE COMMITTEE: noted the suite of evidence and endorsed the draft Governance Statement noting the potential for further wording changes on the NSS service auditors report findings.	

7.	WORKPLAN 2020/21	
	Mrs Ace advised the Committee that the Salus Annual Report had been deferred until the September 2020 meeting due to Covid workload pressures and that the Primary Care verification will be circulated once the required source data was received from NSS as it is relevant to the Governance Statement. Other than that the workplan was on track.	LA
	THE COMMITTEE: Noted	
8.	FRAUD UPDATE	
	(i) Fraud report (including progress report on NFI)	
	Mr Moore thanked Mrs Holmes for her comprehensive suite of papers. Mrs Holmes updated the Committee on the reduction in reported fraud at the present time but that the evidence from all external agencies was that there was a greater risk of fraud going forward due to the disruptive impact of Covid 19. This has been recognised in the Corporate Fraud risk register. The CFS Covid 19 risk alerts were acknowledged as useful.	
	(ii) Annual Fraud Summary report	
	Mrs Holmes presented the first annual fraud summary report and highlighted that this was in line with CFS annual report. She also brought to the attention of the Committee that there had been 11 incidents that don't get recorded through the CFS system as these are dealt with either internally or liaising informally with CFS. She also highlighted that the fraud risk assessment had been reviewed but its completion date had been extended so that there could be further work with CFS on the potential increased risks due to Covid 19. The updated risk assessment would be brought to the September Committee.	
	(iii) Fraud Policy	
	Mrs Holmes explained that the policy had been reviewed in line with its scheduled date but the changes required were minimal. She highlighted the change from the Director of HR to the Director of Finance as the accountable office and fraud champion. Dr Osborne asked for clarification around whether the policy should be cross referenced to the whistleblowing policy. Mrs Holmes explained that the new whistleblowing standards which were due for issue July 2020, although paused because of Covid, make substantial reference to Fraud Liaison Officer and at the time of issue these will be cross reference to the NHSL Fraud, Bribery and Corruption Policy.	
	THE COMMITTEE: noted the report	

9.	PROCUREMENT	
	<p>Mrs Ace presented the paper explaining its purpose was to maintain audit committee scrutiny of the thresholds and reasons for which waivers from the normal competitive process were granted. She noted there was a high number this quarter. Some were to do with the annual renewal of legacy systems that could only be supported by the original supplier. She noted that procurement of new systems would seek to assess the support costs as part of the initial award so over time these numbers should decline. Others were due to the need to move quickly to respond to the Covid 19 outbreak. Others were for a continuance of the existing supplier given the difficulty of approaching the market at this point when internal resource was diverted on to the Covid response and the market was imperfect. Mr Moore noted that a number of these would be rescheduled in the procurement workplan.</p>	
	THE COMMITTEE: Noted the paper	
10.	RISK MANAGEMENT	
	(i) Annual Report	
	<p>Mrs McGhee outlined the purpose of the report with reference to the work overseen through CMT for the year 2019/20, endorsing the assurance statement 'from the work undertaken during the year, the agreed evaluation through the Key Lines of Enquiry and the Internal Control Evaluation 2019-20 report, the CMT can confirm that there were adequate and effective risk management arrangements in place throughout 2019-2020'.</p> <p>The body of the report provided the detail of the work overseen in year and Mrs McGhee highlighted the challenges and risks for the forthcoming year as determined by the wide ranging impact of Covid-19 pandemic continuing response and recovery with the uncertainty with the EU Withdrawal scheduled date December 2020.</p> <p>The Chair invited Mrs McGhee to summarise the benefits of the Risk Management Facilitators Learning & Development Network, which was well received. Members noted that the sessions this year included the role and function of the Audit Committee and the interdependencies between internal audit; risk management at operational level; risk management at corporate level and corporate governance linked to assurance frameworks that provides the overall necessary assurance to the Audit Committee.</p>	

	The Chair commended the work and improvements achieved in year, including the joint publication on 'Developing, Implementing and Monitoring a System for the Management of Corporate Policies: A Partnership Between Risk and Evidence' A Minns, C McGhee, March (2020) Evidence Based Library and Information Practice Journal.	
	THE COMMITTEE: Noted and approved the report	
	(ii) Risk Management Summary Report	
	<p>Mrs McGhee highlighted the key issues within the paper advising on the summary of risk business discussed at CMT for the last quarter.</p> <p>Members noted the additional meetings in response to the Covid-19 pandemic and the changes enacted to the risk management system that included suspension of the KPI compliance monitoring and reporting; suspension of the assurance mapping improvement work with deferment of the annual review of the risk management strategy. It was also noted that the focus was on immediate review of the impact from Covid-19 pandemic on the corporate risks; the development and monitoring of Covid-19 incident specific risk register and recently the review of the Covid-19 risk register commensurate with the changes to the Command and Control status.</p> <p>Mrs Mahal asked that the review of the Covid-19 risk register be included in the Board reporting, ensuring the output of review be reported at a future meeting.</p> <p>Mrs McGhee referred to the current corporate risk profile, heat map and informed the members of the change in status of risk ID 594 moving from a medium to a high graded risk as a direct impact from Covid-19, noting that this risk has the Audit Committee identified as the Assurance Committee.</p>	C McGhee
	THE COMMITTEE: Noted and approved the report	
11.	DISCUSSION OF AUDIT COMMITTEE TRAINING NEEDS	
	It was noted that the date originally arranged had been postponed due to Covid and would be revisited at an appropriate time in the future. Mr Gaskin advised that the risk and audit training module has just been re-introduced. Mrs Mahal advised that there were a number of external trainers now doing online training, and that the Audit Committee could now look at various options for members.	AC

12.	AOCB	
	Risk Management	
	Mrs McGhee advised that she had received confirmation from Ms Karon Cormack on the outstanding action in relation to SAERs and she would close this off on the action log.	
	Annual Accounts Update	
	Mr Lindsay advised that the work was progressing well and on track for the August signing of the accounts.	
	Audit Appointment	
	Mr Lindsay advised that Audit Scotland's appointment to NHS Lanarkshire has been extended for a further year to 2021/22 due to Covid.	
13.	DATE OF NEXT MEETING	
	Wednesday 26 August 2020 at 8.30am in the Board Room/Teams	
14.	FUTURE MEETINGS IN 2020	
	Tuesday 1 September at 9am Tuesday 1 December at 9am	