

<b>HIGHLAND NHS BOARD</b>	Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 <a href="http://www.nhshighland.scot.nhs.uk">www.nhshighland.scot.nhs.uk</a> 
<b>DRAFT MINUTE of MEETING of the NHS Board Audit Committee</b> Microsoft Teams	<b>Tuesday 22 June 2021 10.20am</b>

**Present:** Alasdair Christie, NHS Board Non-Executive (Chair)  
 Alexander Anderson, NHS Board Non-Executive Director  
 Ann Clark, NHS Board Non-Executive Director

Susan Ringwood, NHS Board Non-Executive Director  
 Gerry O'Brien, NHS Board Non-Executive Director  
 Stuart Sands, Lay member

**Other Non-Executive Directors Present:** Prof Boyd Robertson, NHS Board Chair  
 Mr Graham Bell  
 Ms Jean Boardman  
 Mr James Brander  
 Ms Sarah Compton-Bishop  
 Mr Albert Donald  
 Mr Graham Hardie  
 Mr Philip Macrae  
 Ms Deirdre MacKay  
 Mr Adam Palmer  
 Ms Susan Ringwood  
 Ms Gaener Rodger

**In Attendance:** Mr Iain Addison, Head of Area Accounting  
 Dr Tim Allison, Director of Public Health  
 Ms Joanne Brown, Grant Thornton  
 Mr Chris Brown, Azets, Internal Auditor  
 Ms Veronika Burgess, Committee Administrator  
 Ms Claire Connor, Grant Thornton  
 Ms Ruth Daly, Board Secretary  
 Ms Fiona Davies, Interim Chief Officer, Argyll and Bute IJB  
 Ms Pam Dudek, Chief Executive  
 Mr David Garden, Director of Finance  
 Ms Fiona Hogg, Director of Human Resources  
 Ms Stephanie Hume, Azets, Internal Auditor  
 Ms Heidi May, Director of Nursing  
 Mr David Park, Interim Deputy Chief Executive  
 Dr Boyd Peters, Medical Director  
 Ms Katherine Sutton, Chief Officer, Acute Services  
 Mr Lewis White, Grant Thornton  
 Ms Maria Wright, Azets, Internal Auditor  
 Mr Stephen Chase, Committee Administrator (Minute)

## **1 WELCOME, APOLOGIES, AND DECLARATIONS OF INTEREST**

The Chair requested that the order of items on the agenda be changed for the meeting to allow those attendees with other commitments to leave earlier. The items followed the suggested order 1 – 3, 4.5, 5 – 8. The Committee adjourned at 11.50 am for a meeting of the Board In Committee to approve the Annual Accounts and resumed at 11.59 am, after which the agenda resumed with the remaining items, 4.1 – 4.4, 9, 12 – 16. Items 10 and 11 were deferred until the September meeting.

Apologies were received from Louise Bussell and Alan Wilson.

### **1.1 Declaration of Interests**

The Chair advised that as 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.

## **2 MINUTE and ACTION PLAN of meeting held 4 May 2021**

After discussion, the Minute and Action Plan relating to the Meeting of 4 May 2021 were noted and approved.

### **The Committee**

- **Approved** the Minute of the meeting of 4 May 2021.
- **Noted** the Action Plan.

## **3 MATTERS ARISING**

### **3.1 Election of Vice Chair to the Audit Committee**

Following a request from the Chair, Gerry O'Brien volunteered for the position.

### **The Committee**

- **Approved** the nomination for Vice Chair of the Committee.

## **4 INDIVIDUAL AUDIT REPORTS**

Reports by Azets, Internal Auditors.

### **4.1 Risk Management**

Stephanie Hume gave an overview of the report noting that there has been progress on nine actions. The report proposes two changes to the way Risk Audit should work.

In discussion, the members considered if the 12 actions can realistically be completed by the target date of 30 September 2021. It was suggested that tackling the short term actions will provide a useful platform from where to approach the larger actions.

It was noted that the sector performance review for late August will aim to re-emphasise a suite of accountabilities within sectors to focus and assist with embedding the risk requirements of management and fostering leadership development. Considering links to Culture Plan may prove useful here.

It was recommended that a follow up report be produced and presented later in the year to give substance to this item. The Chair noted that the theme is on the Audit Committee's agenda for the next meeting in September and as a standalone item for all future meetings.

### **The Committee:**

- **Noted and Approved** the report.

## 4.2 Immunisation

Maria Wright provided an overview of the report noting the challenges of the GP-led model, the logistics of the vaccination supply, ambiguity over roles and working hours, and recommends an Emergency Response Plan to provide certainty to staff and for resources and quicker mobilisation.

It was noted that COVID does not appear to have impacted on other existing programmes such as the Flu programme but this was perhaps due to timings.

The discussion noted that this was a useful audit to help take stock of the key issues.

The Committee was made aware of the risk around negotiations over the GP Contract for delivering on a COVID and other vaccinations plan. It was noted that an agreement is likely to not be cheap and that there are challenging discussions to be had locally. Therefore one model will not be sufficient for delivering an effective Immunisation programme. It was also noted that the risk assessment for rural areas requires Scottish Government sign off.

### The Committee:

- **Noted** and **Approved** the report.

## 4.3 Board Assurance Framework

Stephanie Hume gave a summary of the main issues of the paper.

In the discussion which followed, it was noted that the report was useful as an active governance blueprint, pulling strands together to make a more robust structure.

It was agreed that the item will be followed up at the November meeting of the Committee.

The Committee agreed that it would be useful to hold a development session later in the year with Stephanie Hume.

The Chair requested that the report be circulated to all Executive and Non Executive members of the Board.

### The Committee

- **Agreed** to follow up this report at the November meeting of the Committee
- **Agreed** to circulate the report to all Executives and Non Executives.
- **Agreed** that a Workshop will be arranged to be held later in the year led by Stephanie Hume.

## 4.4 Internal Audit Summary report

Stephanie Hume gave a summary of the paper noting that all of the actions are low risk with well-designed controls (for example, monthly monitoring). The paper suggests improvements in clarifying roles and responsibilities especially for new starters.

### The Committee:

- **Noted** and **Approved** the report.

## 4.5 Internal Audit Annual Report 2020/21

Stephanie Hume gave a brief overview of the Internal Audit Opinion, noting that there was no new information to summarise, that there were fewer actions than for the preceding years, and drew attention to the summary of High Risk findings in the Internal Audit Actions update.

### The Committee

- **Noted** the report.
- **Noted** the overall Internal Audit Opinion.

## ASSURANCE REPORTS

### 5 Audit Assurance reports on External Systems

There had been circulated Service Audit Reports on Practitioner Services, National IT Services and NSI Ledger System.

The Head of Area Accounting noted that there was an unqualified opinion for the NSI Ledger System but a qualified opinion given for the Payments to Practitioners Service. There had been improvements but additional work is required. NSS carried out additional work since April 2021 to provide additional assurance over controls, which is identified within the Governance statement.

During discussion it was asked how the meetings held relating to the four streams of Primary Care had progressed and if a timeline for resolution had been decided to add to the lack of progress on Counter Fraud work.

Joanne Brown answered that a meeting with NSS in early June which included KPMG was helpful, and noted that the External Audit does not rely on a controls based approach adding that there is a question over what useful function a controls based approach serves.

Iain Addison added that there had been significant internal audit work from NSS. With the reduction in resource for Counter Fraud there had been a reduction in verification of regular payments, however verification work had been reintroduced and this is an on going area of which Board and Director of Finance will be appraised.

#### **The Committee:**

- Noted and took Assurance from the Service Audit reports from National Services Scotland (NSS) covering Practitioner Services Division and National IT Services and from NHS Ayrshire and Arran covering the NSI Ledger system.

### 6. CORPORATE GOVERNANCE – Governance Committee Annual Reports

There had been circulated the following Annual Reports:

- Governance Committees Annual Report 2020/21
- Staff Governance Committee 2020/21
- Health and Social Care Committee 2020/21
- Audit Committee 17 June 2020 to 22 June 2021

#### **The Committee**

- **Noted and Approved** the circulated Annual Reports.

### 7 ANNUAL REPORT AND ACCOUNTS 2020/21

#### 7.1 Assurance for the Consolidation of Endowment Fund Accounts

#### Report by Chair of the Trustees of the Highland Health Board Endowment Fund

The report was approved at the meeting of the Endowment Fund Trustees which immediately preceded the Audit Committee.

#### **The Committee**

- **Noted** the Endowment Fund Accounts had been approved and that they could take assurance that having been audited, with an unqualified opinion, that they could be consolidated within NHS Highland's Accounts.

## **7.2 Draft Final Annual Audit Report Report by Grant Thornton, External Auditors Incorporating ISA 540 (Audit Scotland, External Auditors)**

Joanne Brown of Grant Thornton introduced the report and noted that it was marked 'draft' due to some minor matters outstanding, none of which were anticipated to modify the External Audit Opinion. It was noted that the delays were in the nature of audits and did not reflect the work of the Finance Team. The Finance Team were thanked for their perseverance and patience.

There had been a very late discussion of the accountancy treatment of COVID-related PPE/Community Testing Kits between NSS and Audit Scotland and therefore the report will need to respond to this information, especially with regard to Community Testing and Health and Social Care. Audit Scotland has promised to provide information within the week.

The External Audit requires a final cold read for consistency and there is no anticipated impact on numbers. Claire Connor provided an overview of the key points in the report.

In discussion, the Committee asked if NHS Highland policy on Property, Plant and Equipment was causing an issue if valuers are not valuing within five years. The Director of Finance answered that there was corrective action in place. The External Auditor agreed and adding that the organisation should continue to direct the valuer.

It was agreed that this was a good External Audit Report showing positive improvement building on the improved performance of the previous year.

### **After discussion, the Committee**

- **Noted** the clear Audit Certificate and associated points raised by the External Auditor.
- **Agreed** to the submission of an amended version of the External Auditors' Report, to be circulated to the committee members for consideration.
- **Noted** that the report showed the Board to be moving in a positive direction building on the improved performance of the previous year.

## **7.3 Letter of Representation from NHS Highland to Grant Thornton – to be tabled**

It was noted that the letter is to follow and will require the signature of Management.

## **7.4 Draft Annual Report and Accounts 2020/21 for NHS Highland**

The Head of Area Accounting noted that the Losses Form detailing the losses incurred during the year and written off, had been omitted from the suite of papers in error and was circulated separately ahead of the meeting along with a list of amendments.

The Director of Finance noted that this was the second year of improvements, and that it had been difficult to replace Barbara Milne as Technical Accountant, though the recent recruitment of Sarah Macaulay was a positive move.

Thanks were given to the Finance Team and the External Auditors for their hard work.

It was recommended that the Annual Report and Accounts be approved subject to an update following the finalisation of the External Audit.

**After discussion, the Committee Recommended Approval** of the draft accounts and summary of losses and Special Payments pending minor amendments, for submission to the NHS Board.

## **8. ANNUAL ACCOUNTS FOR PATIENTS AND CLIENTS PRIVATE FUNDS**

### **8.1 Patient and Client Private Funds**

#### **Report by Iain Addison, Head of Area Accounting**

There had been circulated the Annual Accounts for Patients and Clients Private Funds which sit outwith the consolidated Board Accounts and have been audited by Johnston Carmichael, Chartered Accountants. A draft audit certificate was also circulated.

#### **The Committee**

- **Approved** the Accounts for Patient and Client Funds for submission to the NHS Highland Board.

**The Committee adjourned at 11.10 am for a meeting of the Board In Committee to approve the Annual Accounts and resumed at 11.15 am.**

## **9. NOTIFICATION FROM SPONSORED BODY AUDIT COMMITTEE**

### **Letter from Audit Chair**

The Committee noted the circulated draft letter from the Chair of the Audit Committee to the Scottish Government Health Finance Division.

#### **The Committee**

- **Approved** the Minute and Action Plan of the meeting of 4 May 2021.

## **10. COUNTER FRAUD**

There were no matters discussed in relation to this item.

This item will be considered at the next meeting of the Committee in September.

## **11. RISK MANAGEMENT PROCESS**

There were no matters discussed in relation to this item.

This item will be considered at the next meeting of the Committee in September.

## **12. AUDIT SCOTLAND**

The Committee were directed to the link for the latest reports and information produced by Audit Scotland:

**<https://www.audit-scotland.gov.uk/report/search>**

#### **The Committee**

- **Noted** the advice.

## **13. MANAGEMENT FOLLOW UP REPORT ON OUTSTANDING AUDIT ACTIONS**

### **13.1 Follow Up Report on Outstanding Audit Actions 2019/2020**

### **13.2 Follow Up Report on Outstanding Audit Actions 2020/2021**

Iain Addison noted there had been no significant follow up since the last committee meeting due to work on the Annual Report and Audit. It was agreed that a written report will be provided for the next meeting in September.

#### **The Committee**

- **Noted** the action for a written report to be produced for the meeting on 7 September 2021.

#### **14. ANY OTHER COMPETENT BUSINESS**

None.

#### **15. DATE OF NEXT MEETING OF THE AUDIT COMMITTEE**

The next meeting will be held on **Tuesday 7 September 2021** at **9am**, via Teams.  
(The remaining meetings of the Committee for 2021 are scheduled for 9 November and 21 December.)

**The Meeting closed at 12.21 pm**

#### **16. PRIVATE SESSION – AUDIT COMMITTEE MEMBERS AND INTERNAL AND EXTERNAL AUDITORS ONLY**

A private session of the Non Executive Audit Committee members and Internal and External Auditors was held.

**The Private Session closed at 1.01 pm**