

Minutes of Meeting of Audit and Risk Committee
on Tuesday 10th September 2024 at 11.00
Conference Room, Summerfield House

Board Meeting 06.02.25 Open Session Item 11.1
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Present	Mr Derick Murray Dr Colette Backwell Mr Bert Donald Mr Ritchie Johnson Mr Steven Lindsay	Chair, Non-Executive Board Member Non-Executive Board Member Non-Executive Board Member Non-Executive Board Member Vice Chair, Employee Director/Non-Executive Board Member
Attending	Ms Julie Anderson Mr Robert Barr Dr June Brown Ms Gillian Collin Ms Alison Evison Prof Nick Fluck Mr Martin Innes Ms Jennifer Matthews Ms Angela Pieri Ms Gillian Poskitt Mr Dennis Robertson Mr Alex Stephen Mr Andrew Wallace Ms Else Smaaskjaer	Assistant Director of Finance Manager, PricewaterhouseCoopers LLP (PwC) Executive Nurse Director (Item 7.1) Director, PricewaterhouseCoopers LLP (PwC) Chair, NHS Grampian Medical Director and Executive Lead for Risk Chief Digital Officer (Item 7.3) Corporate Risk Adviser (Item 9) Audit Director, Grant Thornton Head of Quality Improvement (Item 7.1) Vice Chair, NHS Grampian Director of Finance Senior Audit Manager, Grant Thornton Senior Administrator (Minute)
Apologies	Cllr Ian Yuill	Non-Executive Board Member

Item	Subject	Action
1	Apologies	
	Noted above.	
2	Declarations of Interest	
	There were no declaration of interest. Dr Backwell noted she was a member of the Aberdeenshire IJB.	
3	Chair's Welcome and Briefing	
	Mr Murray thanked everyone for attending the in-person meeting. He informed the Committee that items 7.2.6 ((High Risk Findings Update Ransomware and IT Asset Management) and 7.3 (Cybersecurity Audit and IT Asset Management Follow Up) would be considered together. He also asked that the Committee consider item 7.3 as a restricted item.	
4	Committee Forward Planner and Draft Annual Plan	
	The draft annual plan and forward planner for 2024 had been included with papers for the Committee.	

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	<p>The Audit and Risk Committee reviewed the plan and noted that the assurance report from the Compliance Sub-Group had been deferred to the next meeting of the Committee in December 2024.</p>	
5	<p>Minutes of Meeting on 25th June 2024</p>	
	<p>The minute was approved as an accurate record.</p>	
6	<p>Matters Arising</p>	
	<p>6.1 Action Log of 25th June 2024</p>	
	<p>The Committee reviewed the action log of items from previous meetings, noted the updates provided and that items were either complete, on the agenda for this meeting or scheduled for future meetings of the Committee.</p>	
	<ul style="list-style-type: none"> • Of the 12 items on the log, six would be closed during the meeting or at the Development Session to follow. • Two items will be included on the agenda for the next meeting on 10th December 2024. • It had been agreed that internal audit reports will be shared with the Chief Executive Team. • Confirmed that lessons learned reports in relation to major capital projects will be presented to Performance Assurance Finance and Infrastructure Committee for assurance and to Audit and Risk Committee for information. 	
	<p>The Audit and Risk Committee noted the update.</p>	
	<p>6.2 Any other matters arising not on the action log</p>	
	<p>None.</p>	
7	<p>Internal Audit</p>	
	<p>7.1 Complaints Handling – Follow Up</p>	
	<p>At the previous meeting in June the Committee had raised some key points and requested an update from the Executive Nurse Director.</p>	
	<ul style="list-style-type: none"> • The use of the DATIX system is not as effective as it could be. 	
	<p style="padding-left: 40px;">It was confirmed that NHS Scotland is considering a move away from using DATIX but there is still uncertainty regarding a replacement national system. In the meantime work will continue to improve the quality and accuracy of information entered and the effective use of DATIX locally.</p>	
	<ul style="list-style-type: none"> • The time taken to deal with complaints exceeds that agreed as good practice and it would be useful to review whether there should be more rigour in ensuring compliance with timescales or 	

whether the timescales are unrealistic. There was evidence of good engagement with complainants regarding progress.

Challenges in ensuring compliance with agreed timescales had been recognised and in January the Chief Executive Team (CET) had agreed an initiative to prioritise those over 60 days. The Committee was informed of the range of factors which impact on the time taken to close off a complaint, including those linked to Serious Adverse Event Reviews which could take some time to reach a conclusion.

Additional assurance is provided by the weekly review of complaints and adverse events information at the Clinical Risk Meeting where any areas of concern will be noted and escalated to CET if appropriate.

Data in relation to open complaints was shared with the Committee. It was confirmed that this will be drilled down to service level to identify areas of good practice and inform opportunities for learning. It was noted that NHS Grampian keep complaints open until they are fully resolved to ensure they remain active and properly managed.

- To ensure that investigations are reliable; training to improve experience/knowledge should be considered.

There is a core group of very experienced colleagues involved in investigating and responding to complaints who are now due to, or have, retired and options to support colleagues in taking this work forward will be explored.

The processes around complaints handling are designed to record clinical governance concerns. Any serious concerns regarding colleagues can be taken forward through whistleblowing processes or reported to regulatory bodies and others.

Executives and clinical colleagues will consider feedback to patients, handling of complaints and benchmarking with other areas at a CET session on 14th November 2024.

The Audit and Risk Committee welcomed the update and noted that regular assurance reports regarding adverse events and complaints are presented to the Clinical Governance Committee and the Staff Governance Committee.

7.2 Internal Audit Progress Report

A report was presented which detailed progress on internal audit activity. Since the last meeting of the Committee the report on Property Transaction Monitoring had been completed. Scoping meetings had been held with key stakeholders for all internal audit reviews in the 2024/25 internal audit plan. It was confirmed that the Terms of Reference for the reviews of Staff Engagement, Risk

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	<p>Management and Fraud Governance Arrangements had been agreed.</p> <p>The Audit and Risk Committee were content with the information provided in the Internal Audit Progress Report and confirmed that it provided assurance that the risks identified are being managed appropriately.</p>	
7.2.1	<p>Changes to Internal Audit Plan</p> <p>As the Health Equity Plan had been agreed earlier in 2024, and had yet to be embedded across the organisation, it was suggested that there would be limited benefit in assessing the implementation and compliance with the Plan at this early stage. Recent discussions had indicated that it would be useful to look at the significant financial risks across the organisation which are presented as risk 3130 in the strategic risk register. It was proposed that the budget for the Health Equity Framework review should be reassigned to focus on the financial risks to NHS Grampian which could impact on its ability to achieve the aspirations set out in the Plan for the Future. The budget would be allocated to the existing Key Financial Controls and Value and Sustainability reviews included in the internal audit plan for 2024/25.</p> <p>The Audit and Risk Committee approved the proposed change to the Internal Audit Plan for 2024/25</p>	
7.2.2	<p>Property Transaction Monitoring</p> <p>This annual report had tested the four property transactions completed for NHS Grampian during 2023/24. No issues were identified and the review concluded that each transaction had been handled in line with the mandatory requirements of the NHS Scotland Property Transactions Handbook.</p> <p>The Audit and Risk Committee noted the review</p>	
7.2.3	<p>Terms of Reference – Fraud Arrangements</p> <p>The terms of reference outlined the objectives of the review to assess the design and operating effectiveness of the key controls over fraud arrangements at NHS Grampian. This will include compliance with the specific arrangements set out in the Scottish Government Strategy to Combat NHS Fraud in Scotland, the Partnership Agreement between NHS Boards and NHS Scotland Counter Fraud Services (CFS) and the NHS Scotland Counter Fraud Standard implemented in April 2022.</p> <p>The Audit and Risk Committee noted the Terms of Reference.</p>	
7.2.4	<p>Terms of Reference – Risk Management</p> <p>The terms of reference outlined the objectives of the review to</p>	

assess whether management practices in place across the organisation provide assurance in relation to effective risk management which supports efficient resource allocation, informs decision making and protects the reputation and sustainability of the organisation.

The Audit and Risk Committee noted the Terms of Reference.

7.2.5 Terms of Reference – Staff Engagement

The terms of reference outlined the objectives of the review to assess the processes and controls in place to manage and measure staff engagement across the organisation. Staff engagement will be reviewed as a critical factor in achieving motivated employees and a positive work environment. The correlation between employee engagement and patient satisfaction was noted in the terms of reference.

The Audit and Risk Committee noted the Terms of Reference.

7.2.6 High Risk Findings – Ransomware and IT Asset Management

7.3 Cybersecurity Audit and IT Asset Management – Follow Up

The Committee considered an update which outlined progress against the management actions agreed to mitigate the risks identified in the internal audit review of Ransomware issued in June 2023 which highlighted four high risk recommendations. A further high risk finding had been raised in the IT Asset Management review completed in June 2024. It was reported that the actions to address the risks had been partially implemented with further work required to manage the risks.

The Chief Digital Officer presented a report which outlined the response and the management action plan to improve provision and support for IT asset management and ransomware practices.

Actions and Next Steps Agreed:

- **Future reports on risks associated with ransomware and IT management will be presented to PAFIC for assurance and to the Audit and Risk Committee for oversight.**
- **IT asset management and arrangements around ransomware and cybersecurity to be included in the Strategic Risk Register presented to NHS Grampian Board to raise awareness of the level of risk it carries.**
- **An update from the Chief Digital Officer, focusing on delivery of the recommendations from the internal audit reports, will be reported to the Committee at its next meeting on 10th December 2024.**

MI/JM

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The Audit and Risk Committee noted the update in relation to IT

Asset Management , and the update on progress against actions identified in the earlier review of Ransomware.

7.4 IJB - Internal Audit Annual Opinion 2023/24

Reports had been circulated for noting and assurance.

- ~ Annual Assurance Report and Chief Internal Auditors Opinion 2023/24 – Aberdeenshire HSCP.
- ~ Internal Audit Annual Report and Opinion 2023/24 – H&SC Moray.

Ms Anderson reported that the Aberdeen City Internal Auditors Annual Report and Opinion had been presented at the last meeting of the Audit and Risk Committee on 25th June 2024.

Aberdeenshire IJB had considered their Internal Auditors Annual Report and Opinion on 26 June 2024. The report confirmed an effective framework for Governance, Risk Management and Control, covering the period 1 April 2023 to 31 March 2024.

Moray IJB had considered their Internal Auditors Annual Report and Opinion on 27 June 2024. The report confirmed limited assurance regarding systems of governance and internal control. This opinion had been reached primarily in relation to the commissioning of services. It was confirmed that this represents a single issue and a plan had been agreed to improve the position.

PwC and NHS Grampian colleagues had met with the IJB Chief Internal Auditors to review joint reporting.

The Audit and Risk Committee noted the contents of the Internal Auditors’ Assurance Reports and Opinion to inform its assessment of the system of internal controls of the IJBs and asked that the Chief Officer from Moray IJB provide updates on improvement plans to move from limited assurance to a future meeting of the Committee.

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8 External Audit

8.1 Update from Grant Thornton (including resource change)

Ms Pieri reported that the annual accounts for 2023/24 had been completed, approved and submitted to Scottish Government within the agreed timeframes. Work had commenced on 2024/25 accounts and lessons learned will be taken into account.

Mr Andrew Wallace introduced himself to the Committee in his new role as Senior Audit Manager at Grant Thornton with responsibility for the NHS Grampian account.

The Audit and Risk Committee thanked Grant Thornton for the

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	update and welcomed Mr Wallace, wishing him well in his work with NHS Grampian.	
8.2	Audit Scotland: IJBs Finance and Performance 2024	
	<p>Ms Anderson presented the Audit Scotland Report IJB Finance and Performance 2024. The recommendations in the report illustrated the significant and complex challenges in primary and community health and social care, noting that this required collaborative working as it is recognised IJBs alone cannot address these.</p> <p>The Audit and Risk Committee noted the content of the report, the recommendations made to IJBs, and the impact these may have on NHS Grampian in supporting their implementation.</p>	
8.3	Progress Report – External Audit Recommendations	
	<p>Ms Anderson reported on progress made against the implementation of external audit recommendations highlighted by Grant Thornton in their 2022/23 and 2023/24 Annual Audit reports. Report. Of the 28 actions identified across the two financial years 12 had been closed and good progress was reported on the remaining 16 was confirmed in the Appendix to the report.</p> <p>The Audit and Risk Committee agreed that it was assured that good progress had been in relation to the implementation of external audit recommendations highlighted by Grant Thornton in their 2022/23 and 2023/24 Annual Audit Reports.</p>	
9	Risk and Compliance	
9.1	Strategic Risk Management Update	
	<p>Ms Matthews presented a report and updated the Committee on the progress made in the development of the Strategic Risk Register and detailed the risks considered by aligned Board Committees.</p> <ul style="list-style-type: none"> • The Chief Executive Team (CET) have accountability for the development and management of Strategic Risk within NHS Grampian. • Other Board Committees conduct an overseeing role, which encompasses scrutiny regarding the management of aligned Strategic Risk(s), including associated controls, mitigations and activities. • The Audit and Risk Committee have delegated responsibility, on behalf of the Board, for oversight and scrutiny of the Strategic Risks Register and associated management activities. The Committee will also include exception reporting to the Board on any serious risk management issues. <p>Ms Matthews reported the addition of two new risks. One resulting from the previously agreed separation of risks in relation to Planned</p>	

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	<p>Care and Unscheduled Care. A new risk had been established in relation to Citizen Engagement to reflect the ongoing work with Population Health Leads.</p> <p>The report detailed four risks out with the organisation's level of tolerance and it was confirmed that these will be subject to enhanced monitoring and scrutiny by Risk Owner, the CET and the aligned Board Committee.</p> <p>The Audit and Risk Committee confirmed that the assessment in Section 2.3 of the report and the details within the Strategic Risk Register provided assurance that:</p> <ul style="list-style-type: none"> • Improvements had been made regarding the development of the Strategic Risk Register. • Processes regarding the management, review and oversight of strategic risks are in place and are effective. <p>The Audit and Risk Committee endorsed the updates contained within the Strategic Risk Register.</p>	
10	Financial Governance	
	10.1 Counter Fraud Update (including annual action plan)	
	<p>Ms Anderson presented a report which provided details of Counter Fraud activity in NHS Grampian and an assessment of progress made towards meeting the Counter Fraud Standard. The report included a summary of the allegations of fraud, embezzlement, corruption and other financial irregularities received since previous update to the Committee. It was confirmed that work continues to improve engagement in relation to fraud prevention.</p> <p>The draft action plan outlining the programme of work in response to meeting Counter Fraud Standards had been included as an Appendix to the report and the Committee will be updated on progress throughout the year.</p> <p>It was agreed that additional TURAS modules for inclusion on the mandatory training list should be compliant with Counter Fraud Scotland modules and that it would be useful to build this into learning and development for all managers across the organisation.</p> <p>The Audit and Risk Committee agreed the information in the report had been reviewed and scrutinised and that it provides assurance in relation to the status of ongoing investigations within the Board and progress to Counter Fraud as part of the Boards annual action plan.</p>	
	10.2 Single Tender Action Report	
	<p>The Committee noted a report which provided a summary of single tender actions authorised from December 2023 to March 2024 and from April 2024 to August 2024.</p>	

Refinements to the process were confirmed which had been introduced to enhance financial scrutiny and compliance with procurement regulations.

The Audit and Risk Committee agreed the information in the report had been reviewed and scrutinised and that it provides assurance that the single tender actions are compliant with extant regulations and policies.

10.3 SFI/SORD Changes

The Audit and Risk Committee noted there had been no material changes since April 2024.

10.4 Financial Recovery Framework – Financial Governance and Control – Review of Internal Controls

The Committee considered a report which outlined the NHS Grampian approach to financial recovery. This centres on three programmes of work included in the financial recovery framework.

- Value and Sustainability
- Financial Governance and Control
- Transformation Planning

The Committee was informed that two additional areas of work will provide additional scrutiny had been identified.

- Completion of the Healthcare Financial Management Association's (HFMA) self-assessment tool.
- Internal Audit enhanced focus on the internal control environment to ensure this is operationally effective.

Appendices to the report provided the detail included in the HFMA Self-Assessment Tool "NHS Financial Sustainability – Are You Getting The Basics Right"

- ~ NHS Grampian Initial Assessment (September 2024)
- ~ NHS Grampian Detailed Checklist (September 2024)

There will be ongoing discussions with budget holders who assisted in completion of self-assessment. It was confirmed that NHS Grampian have assessed themselves at level 2 of the Scottish Government's Support and Intervention Framework due to the financial position. This is a pre formal escalation stage which would entail enhanced monitoring of the Board's financial position by the Scottish Government. The report provided information on the additional arrangements which would apply if there is a future escalation to level 3.

The Audit and Risk Committee agreed:

- It had reviewed and scrutinised the information provided in

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	<p>this paper and confirmed it provides assurance that the plan for Review Internal Control arrangements are effective.</p> <ul style="list-style-type: none"> • It had reviewed and scrutinised the information in relation to Healthcare Financial Management Association’s Self-Assessment Tool on “NHS Financial Sustainability – Are You Getting The Basics Right?” (Self-Assessment) findings on the appended report and confirmed it provides assurance that good progress is being made. • To request the Self-Assessment action plan is circulated to the Committee for information prior to submission to Scottish Government on 30 September 2024. • To request progress of Self-Assessment actions in the report is provided at a future meeting of the Committee. 	

11 AOCB

11.1 None.

Dates of Future Meetings

Tuesday 10th December 11.00 – 13.30 By Teams