

Oct 2016

**NHS Education for Scotland****Board Paper Summary: Audit Committee Minutes****1. Title of Paper**

Minutes of Audit Committee meeting held on 06 Oct 2016: copy attached.

**2. Author(s) of Paper**

Jennifer Allison, Committee Administrator

**3. Purpose of Paper**

To receive the minutes of the Audit Committee meeting held on 06 Oct 2016.

**4. Items for Noting****a) Item 1 – Welcome and Introductions**

The committee welcomed Senior Manager, Grace Scanlin, who was representing External Auditors Grant Thornton for the first time.

**b) Item 8 – Internal Audit Reports****c) Item 11 – Standing Financial Instructions****d) Item 12 – Counter Fraud Update**

b) The committee received the following internal audit reports:

**i. Healthcare Science Trainee Management**

This report reviewed NES's arrangements for the processes for managing and supporting trainees within Healthcare Science.

The committee noted that two of the three targets were currently rated red because migration onto the Turas system had not yet been achieved. The committee noted that recommendations are in hand scheduled for completion by November/ December 2016. An update will be submitted by Scott Moncrief as part of their update report in January's Committee.

ii. Savings Plans

This report reviewed the processes for identifying budget setting processes and the production of savings plans.

The committee noted the report and were satisfied with the recommendations and the management responses.

iii. Health and Safety Governance

This report reviewed the arrangements in place to ensure compliance with Health and Safety legislation, including the controls in place to promote the consistent application of the policy across NES.

The committee noted the report and were satisfied with the recommendations and the management responses.

iv. Information Governance

This report reviewed the arrangements in place to ensure compliance with Health and Safety legislation, including the controls in place to promote the consistent application of the policy across NES.

The committee noted the report and were satisfied with the recommendations and the management responses.

v. Corporate Systems Management

This report reviewed the controls in place to ensure effective and efficient transition of corporate systems to cloud platforms, including consideration of security risks associated with the transition.

The committee noted the report and were satisfied with the recommendations and the management responses.

vi. Q2 Follow up of outstanding Audit Recommendations

This report summarised NES's progress in implementing agreed management actions since the published report in May.

The Audit committee noted and were satisfied with the report.

vii. Internal Audit progress report

This report summarised internal audit activity since the last meeting.

The Audit committee noted the report and were satisfied with internal audit progress.

viii. Draft Audit Assignment Plan (Gifts and Hospitality)

The Committee agreed that an internal audit review relating to Gifts and Hospitality will be conducted in November and December this year. Helen explained that this proposal is following recommendations from the Scottish Government to all health boards, therefore there will be an opportunity to share best practice.

c) Item 11 – Standing Financial Instructions

Janice Sinclair presented the report which provides an update of the changes made to SFI's following the Audit recommendations in April.

Members noted the report and approved the updates to the SFI's, which will go onto the Board for ratification

d) Item 12 – Counter Fraud Services update.

Janice Sinclair presented the report regarding actions being taken to ensure that NES supports the Scottish Government strategy to combat financial crime in NHS Scotland.

The committee noted the report and progress of the NES referrals to CFS.

**5. Recommendations**

c) Item 11 – Standing Financial Instructions

It is recommended that the Board review the updated Standing Financial Instructions for their comment and for final ratification.

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JA/js

## **Unconfirmed**

**IN CONFIDENCE**

**NES/AUD/16/32**

### **AUDIT COMMITTEE**

**Minutes of the Fifty-Ninth meeting of the Audit Committee held on Thursday 06 Oct 2016 at Westport 102, Edinburgh, Room 8.**

**Present:** Carole Wilkinson (Chair)  
Doreen Steele  
Susan Stewart  
Susan Douglas-Scott  
Lindsay Burley

**In attendance:** Caroline Lamb, Chief Executive  
Janice Sinclair, Acting Head of Finance  
Helen Berry, Scott-Moncrieff  
Paul Kelly, Scott-Moncrieff  
Grace Scanlin, Senior Manager, Grant Thornton  
Rob Farley, Programme Director, Healthcare Sciences, Dental  
Jenn Allison, Committee Administrator

#### **1. Welcome and introductions**

The Chair welcomed everyone to the meeting, particularly Senior Manager, Grace Scanlin, who was representing External Auditors Grant Thornton for the first time.

Grace explained that Grant Thornton have been working with the public sector for a number of years and have recently began to work with NHS Scotland. She noted that in a previous role with Scott Moncrieff she worked with NHS Scotland and a number of the senior team also have previous experience working with NHS Scotland.

Carole also welcomed Rob Farley, who was present for item 8a; internal audit report relating to Healthcare Science.

#### **2. Apologies for absence**

Apologies were received from Audrey McColl, Director of Finance.

#### **3. Declarations of interest**

There were no declarations of interest in relation to items on the agenda.

#### **4. Any other business**

There was no other business requiring consideration by the committee.

**5. Minutes of the Audit Committee, 09 June 2016** (NES/AUD/16/27)

The minutes of the Audit Committee 09 June 2016 were approved as a correct record, following information to be updated relating to 11b and addition of page numbers.

**Action: JA**

**6. Action list of the Audit Committee, 09 June 2016** (NES/AUD/16/28)

Members noted that the actions from the previous meeting were completed or in hand.

It was noted that it had been previously agreed that updates would be taken for each action in advance of the next meeting and Jenn Allison noted that she would ensure action updates are made prior to the next meeting.

**Action: JA**

**7. Matters arising**

There were no matters arising from the minutes.

**8. Internal Audit Reports**

The Chair introduced the latest reports from the Internal Auditors, Scott Moncrief.

a) Healthcare Science Trainee Management

Helen Berry introduced the report, which reviewed the processes for managing and supporting trainees within Healthcare Science.

- Helen explained that two of the three targets were currently rated red because migration onto the Turas system had not yet been achieved.
- She noted that recommendations included ensuring clear application of standards and ensuring that specific controls are built into processes in the Turas system.
- Rob Farley noted that he was pleased with the recommendations and assured the committee that work to address the recommendations were in hand.
- Caroline Lamb confirmed that she has met with Christopher Wroath, Director of Digital and David McColl, Principle Lead, Learning Management Systems to discuss progress of the migration to Turas and explained that delays had taken place due to necessary technical adjustments required to accommodate Healthcare Science Trainees on the Turas platform. She assured members

that this work is being prioritised by Digital and would be included in the next live release date in November 2016.

- Caroline noted that discussions had also taken place with Christopher and David regarding overall priorities for Turas development, in particular relating to the prioritisation of the backlog, recognising that it's the responsibility of the business side to prioritise in order for Digital to develop the required solution.
- Members of the audit committee noted that Training Programme Management is a function which is carried out within a number of directorates within NES. Caroline explained that it is planned to review this position with a view to identifying ways of delivering a single system approach to training programme management, regardless of professional grouping. This work will be prioritised in the light of the issues raised in the audit report.
- Helen Berry explained that an update will be included in the follow-up report due to be submitted to the next Audit Committee in January 2017.

The Audit Committee noted this report and the assurance provided, and look forward to receiving an update in January.

#### b) Savings Plans

Helen Berry introduced the report, which reviewed the processes for identifying budget setting processes and the production of savings plans.

- Helen noted that the result of this audit was satisfactory and that the strong link between financial planning and operational planning through the IPPS system provides a clear and consistent approach throughout the organisation.

The Audit Committee noted this report and the assurance provided.

#### c) Health and Safety Governance

Helen Berry introduced the report, which reviewed the arrangements in place to ensure compliance with Health and Safety legislation, including the controls in place to promote the consistent application of the policy across NES.

- Helen noted that the results of this audit were satisfactory and that there was a clear governance structure in place. Three minor points were raised regarding recommendations to ensure responsible persons are appointed at each site and that all staff are following the same procedures.

The Audit Committee noted this report and the assurance provided.

d) Information Governance

Helen Berry introduced the report, which reviewed whether NES's Information Governance requirements have been adequately identified and addressed, particularly in relation to Freedom of Information, Data Protection and Public Records Scotland Acts and Caldicott Guardian requirements.

- Helen noted this is a cyclical review and that there were generally adequate and effective controls in place. Recommendations related to tightening up procedures, in particular relating to cyber security and widened awareness of information security across the organisation.
- Helen pointed out that in relation to other organisations NES has excellent information management and governance.
- Frank Rankin, Information Governance Manager, has updated the Information Security Policy, which will be submitted to the Staff Governance Committee for ratification.

The Audit Committee noted this report and the assurance provided.

e) Corporate Systems Management

Paul Kelly introduced the report which reviewed the controls in place to ensure effective and efficient transition of corporate systems to cloud platforms, including consideration of security risks associated with the transition.

- Chris explained that this review was a finalisation from initial reviews that took place in financial year 2015/16 and has been updated with findings since the June Committee meeting.
- Chris explained that the findings were satisfactory, with no major weaknesses identified, and noted that good progress is being made towards moving to cloud platforms, with further work planned.
- Recommendations included a development of a formal programme plan for future cloud migrations and adopting a more proactive approach to information governance.

The Audit Committee noted this report and the assurance provided.

f) Q2 Follow up of outstanding Audit Recommendations

Helen Berry introduced the report which summarised NES's progress in implementing agreed management actions since the published report in May.

- Helen noted that 15 of the 27 actions have been closed, with the remaining outstanding actions all in good progress. She noted that it has been identified that timescales can often be tight and that this will be addressed within the next quarter.
- Caroline Lamb noted that one of the actions for NMAHP was reliant on agreement from the Scottish Government regarding non-recurrent funding and therefore this could not be actioned further by NES until this agreement is received.

The Audit Committee noted this report and the assurance provided.

g) Internal Audit Progress Report

Helen Berry introduced the report which summarised internal audit activity since the last meeting, and confirms the reviews planned for the coming quarter, identifying any change to the original plan.

- Helen explained that 5 out the 16 reports have been completed for this financial year and that work continues as planned.

The Audit Committee noted this report and the assurance provided.

**9. Draft Audit Assignment Plan (Gifts and Hospitality) – for discussion**

The Committee agreed that an internal audit review relating to Gifts and Hospitality will be conducted in November and December this year. Helen explained that this proposal is following recommendations from the Scottish Government to all health boards, therefore there will be an opportunity to share best practice.

**10. External Audit Reports**

There were no external audit reports for consideration.

## 11. Standing Financial Instructions (SFI's)

(NES/AUD/16/30)

Janice Sinclair presented the report which provides an update of the changes made to SFI's following the Audit recommendations in April. She explained that the full report will go to the Board for ratification and welcomed members to comment.

- Janice noted that Finance Managers are now embedded within directorates and approval limits have been raised to allow more responsibility to Finance Managers as well as the procurement team, who all work to clear and concise guidelines.
- Members were satisfied that these changes allow for a smoother more efficient process and agreed the increase in approval levels.

Members noted the report and approved the updates to the SFI's, which will go onto the next Board for ratification.

**Action: AM**

## 12. Counter Fraud Update

(NES/AUD/16/31)

Janice Sinclair presented the report which updated the Committee on activities underway aimed at supporting the Strategy to Combat Financial Crime in NHS Scotland.

- Janice noted there was a typing error regarding the date for submission of the CFS work plan; this was submitted in May 2016, not August
- Janice explained that NES have been involved in two referrals this year. One relating to flexible working has been closed with no necessary action. A discussion followed regarding the staff awareness of flexible/ smarter working. The second referral may lead to further action is regarding potential fraudulent claims.
- Janice asked members to review the planned activity in the work plan and this was agreed by the committee. Janice noted that CFS are planning to hold an event at one of the main offices, which will include a stand to help raise staff awareness as well as running sessions with staff. Doreen Steel noted that some of the planned awareness events may be of interest to Board members and it was agreed that dates would be circulated to the Board. Caroline also suggested that events are filmed for production of a webinar that can be shared with staff and other health boards.
- Janice informed the Committee that she will be submitting a checklist, which is a requirement for the NFI, for approval to the next Audit Committee.

**Action: JS/JA**

**Action: JS**

Members noted and were satisfied with the report and Carole Wilkinson congratulated Janice on her consistently thorough approach.

### **13. Items for information**

The following were noted by the committee:

#### a) Audit Scotland Reports

##### I. The National Fraud Initiative in Scotland

The Committee noted the report.

##### II. Scotland's New Financial Powers

The Committee noted the report and agreed that it was very helpful in furthering their understanding in relation to the financial powers in Scotland, particularly in relation to the potential funding implications for Scotland's public services.

##### III. Social Work in Scotland

The Committee noted the report and discussed challenges in relation to the continued health and social care integration, particularly in relation to the effect this has for disabled people and people in care. The members noted the figures relating to unpaid carers, and the number of examples of good practice highlighted in the report.

#### b) Public Audit Committee, Thursday 16<sup>th</sup> Sept, Scottish Government

The Committee noted the report and discussed the challenges regarding the relationship between public, third and private sector organisations providing care. Caroline Lamb noted that she will be attending the Health and Sport Committee to provide evidence regarding recruitment and retention of GPs.

### **14. Private meeting**

Carole Wilkinson proposed that private meetings between non-executive Board members and auditors should take place twice per year following the January and June Committee meetings. However, should there be a need for meetings to take place at the April and October meetings, this can be arranged ad-hoc. Members of the Committee agreed to this approach.

### **15. Date and time of next meeting**

Carole Wilkinson proposed that future meetings are scheduled to start at 10:15am. This was agreed by members of the Committee.

The next meeting of the Audit Committee will be held on Thursday 12 January 2017 10:15am in Westport Room 8.