

NHS HEALTH SCOTLAND**Minute of the Audit Committee meeting held at 10.30am on Friday 28 October 2015 in NHS Health Scotland, Room 6.5, Meridian Court, Glasgow.**

Present: R Pettigrew (Chair)
J Fraser
A Jarvis
M Burns

In attendance: C Denholm
A Wilson
A Patience
M Lavender (Scott-Moncrieff)
T Andrew (Item 9)
B Orpin (Item 9)
N Thomson (Item 14)
M Kerrigan (Minute)

ACTION**1. Apologies**

Apologies were received from P Stollard, M Craig and G McLaughlin.

2. Declaration of Members' Interests

No members' interests were declared.

**3. Minute of previous meeting
(AC Min 5/15)**

The minute of the previous meeting held on 28 August was agreed as an accurate record subject to the following amendments:

Page 3, bullet should read:

- It was indicated that risk would be peer reviewed by the CMT to ensure consistency and regular review;

ACTION

The follow sentence on page 5, last paragraph, should have an action against it:

“It was also agreed that this report should include external audit’s recommendations”.

EFPM

4. **Matters Arising (Action List)**

The action list was noted with the following updates:

28 August Actions:

Item 6 - Management of Risk update

CD and Tim Andrew met with Gerry Webber, Secretary to Edinburgh Napier University to discuss risk management. An update will be given to the February meeting.

DoS

AW indicated that within the Annual Internal Audit Plan there was a risk management audit which is due to be completed this year and it will consider any changes being introduced as a result of the current review.

Item 6 - Management of Risk update

AJ provided a link - complete.

Item 9 - Outstanding Audit Recommendations

Summary Presentation

This remains ongoing - AP/CD to liaise.

DoS/EFPM

Examples of Presentations

AP explored Forth Valley’s presentations and reported they were similar to that used by Health Scotland Audit Committee with the exception of the detailed reports; some Boards received only the audit recommendations whereas others received a full report.

It was agreed a small sub group be formed to take this forward. The Audit Committee was also asked to think about the use of technology to simplify presentation and build this into the group’s thinking.

AC Chair

It was noted that an action point from the action list should be included from the minute.

EFPM

ACTION

Item 16 - Draft Agenda

It was noted the Travel Plan would be deferred to the February meeting.

DoS

10 June Actions**Item 9 – EFQM/Best Value Update 2014/15**

EFQM report to Board - complete
Best Value in the Annual Accounts – complete.

24 April Actions

Item 16 (24 April) to be amalgamated with **item 17** (28 August) – **Efficiency of Papers.**

4 February Actions**Item 7 - Internal Audit Update**

Titles to be updated – complete.

5. **Financial Position : Quarterly (6 month) update (AC paper 21/15)**

Revenue

AP gave an update on the 6 month report. There was an underspend of £111k against the phased budget of just over £9m. An unallocated budget of £75k will be carried forward as part of the planned y/e surplus which is expected to be 250k (50% staff and 50% project costs).

AP also indicated that the staffing budget will be tighter this year. There is a higher vacancy factor (6.25% compared to 5% in 2014/15), which includes exit costs in the first quarter of £55k.

It was noted there was a high spend against immunisation of approximately £166k with an allocation expected in October of a similar amount. The costs were reflected in the accounts but not the income as the allocation has yet to be received. Project spend is expected to reach close to budget levels in the second half of 2015/16.

ACTION

It was noted there is now agreement to proceed with the changes to Meridian Court (consolidating to the 5th floor).

Capital

There was a low allocation of capital due to a revenue allocation being received to help with Meridian Court changes. Meridian Court spend is estimated at £70k subject to variation and around £30k on IT renewal costs. Cash requirement is £20m. It was noted we were slightly below our target but there were no concerns.

The Audit Committee noted the information in the paper and its enclosures.

6. Review Risk Register and risk mitigation actions

This item was deferred to the February meeting.

EFPM**7. External Audit Update/report - planning (AC Paper 32/15)**

Michael Lavender reported that Scott Moncrieff had met with Andrew Patience and the Finance team to discuss the approach to the audit this year with the potential for the audit to be moved forward a week to give a little more time for the process. The audit plan will be presented to the February Audit Committee meeting together with a verbal update on the interim audit, and a review of the skeleton accounts for 2015/16.

8. Internal Audit Progress Report

The purpose of the first paper was to give an update on completion of the internal audit plan 2015/16.

AW indicated that one report was being presented to this Committee which will look at financial planning, 3 reports have previously been issued and there are 3 as work in progress. 19 days of the 57 days planned for 2015/16 have been completed. At present there is no issue with

ACTION

completion of the internal audit plan for 2015/16.

The Committee asked that the spreadsheet include the target committee the report is intended for.

FTF

The Committee noted the report.

Financial Planning

The purpose of this report was to consider the financial planning arrangements for preparing the 2015/16 annual budget.

It was reported that the financial planning methodology was based on guidance by the Scottish Government. The financial and workforce plans were based on the same source of information. The Board was given detailed narrative explanation on assumptions and other relevant information when approving the budget and the risks in relation to finance were included in either the Corporate or Master Risk Register.

In terms of the financial planning assumptions and information, it was indicated that these were based on the Scottish Government guidance. A full review of the projects to be completed during 2015/16 was completed and a prioritisation tool used and agreed the budget figures in the local delivery plan/financial plan back to the business tool. Based on these assurances there were no recommendations and the audit was awarded a category A.

The Committee congratulated everyone involved.

The report was approved.

9. **Annual Information Governance Report
(AC Paper 33/15)**

Tim Andrew, Organisational Lead for Improvement, presented this report and explained that this was the first annual report on Information Governance following arrangements of the Audit Committee to move from receiving action updates at each meeting. The annual report would report on progress with implementing a strategic approach to Information Governance. Brian

ACTION

Orpin explained that the Information Governance guidance will be changing and the Committee would be kept informed as the situation develops.

DoS

In discussion:

- It was agreed the committee should receive an update at the year-end.
- It was also agreed that the reporting year should be noted in the report.
- It was agreed the DoS would investigate and report back to the Committee on what Health Scotland's level of risk exposure is.

**Organisational Lead
for Improvement**

**Organisational Lead
for Improvement
DoS**

The internal auditor (AW) felt this was a good paper, noting that a minimalist approach was adopted when explaining the strategy. He encouraged greater information but overall it was a very good document.

The Committee thanked all concerned for their hard work in preparing this report.

The report was noted.

10 Travel Plan

This will come back to the committee in February once discussed with the Partnership Forum.

DoS**11. Review progress in implementing outstanding audit recommendations (AC Paper 34/15)**

Andrew Patience gave an update from the previous meeting.

He indicated that no items required rescheduling. There was one item within Project Management for archiving. Within staff costs, the travel guidance policy is due in November and will come to the next Audit Committee.

The teleconference and vc system is now complete. Four items are complete within Information Governance (Caldicott reference, FOI policy, early review of IG and incident reporting and Review date for collection and

ACTION

Management of Personal Data). This leaves two items in the report, one due in November and one in May.

In summary 5.17 recommendations are due for archiving this period, and 7 recommendations remain to carry forward together with any outstanding external audit recommendations. There were no concerns and everything is on track.

The Committee endorsed the recommendations for archiving and noted the recommendations for future dates and that the external audit recommendations will be included in the next report.

It was noted that we are now down to a relatively small number (7) of outstanding audit recommendations.

The Committee:

- noted that a summary report will list all of the outstanding audit points from meeting to meeting so progress can be monitored;
- noted that as the full audit reports are available electronically these will be used mainly as a reference with the recommendations updated as they fall due, with some interim reporting where available;
- noted that a review of the summary report and the full audit reports as prepared by HS against reports prepared for other Boards by the internal auditors found no significant difference in the summary reporting. The detailed reports can be suppressed to show only the audit recommendations which are due or overdue but these are intended for reference only.
- Endorsed 5.17 recommendations proposed for archiving as noted in the summary schedules with updates in the 3 internal audit reports shown as an update comment against the individual recommendation in the reports;
- Noted the 7 recommendations with future dates.

12. **Technical Bulletin
(AC Paper 35/15)**

ACTION

There was nothing to report this quarter.

13. Counter Fraud Services

This is now moving to an annual report update and will therefore be presented to April's meeting. This replaces the quarterly reporting undertaken previously.

**14. Equality & Diversity
(AC Paper 36/15)**

Nicola Thomson, Senior Improvement Officer, presented an update on the Equality & Diversity Outcome for Premises & Systems.

It was noted that the word "huge" should be removed on the last page, last paragraph, and replaced with 'significant'. Ms Thomson added that she was pleased with the improvements to the "reasonable adjustments" element.

The Committee noted the progress towards meeting the premises and systems equality outcome and fulfilling the public sector equality duty as set out in Appendix 1.

15. Date of next meeting

The next meeting will be held on 3 February 2016 in Meridian Court.

16. Draft agenda for next meeting

AP to provide the Chairman with a monthly Finance report for months 7 and 8 so that the Board can be advised as soon as possible of any problems in advance of the next Committee meeting.

EFPM**17. Any Other Business**

The Chairman reported that there would be changes to some of the Audit Committee dates but that the earliest change would be August 2016. It was agreed an email would be sent to members with the proposed changes.

EFPM

ACTION**18. Effectiveness of meetings**

It was felt this was a good meeting.

In relation to the trial of pdf and embedding papers within the agenda:

- It was felt pdf was good but there were a few issues;
- Embedding of documents was excellent and more favourable.

Comments regarding embedding of documents:

- No need for wifi when travelling;
- Very efficient and very commonly used;
- inking can be used;
- Overall excellent.

Comments regarding PDF:

- Download straightforward;
- Cannot use track changes, however there is a bracket to open and insert a note;
- Overall good.

It was agreed the embedding papers would be circulated around the Committee for comment before a final decision is made. It was also agreed that RP would receive his Board papers by embedding. It was also suggested the papers be sent out to Board members by both embedding and ordinary email circulation.

CEO Admin

CEO Admin

This being the last meeting for Margaret Burns and Joan Fraser, the Chair thanked them for their attendance and work with the Committee and wished them well.