

NHS HEALTH SCOTLAND

Minute of the Audit Committee meeting held at 10.30am on Wednesday 8 June 2016 in G1&2 at Meridian Court, Glasgow

Present: Mr R Pettigrew (Chair)
Ms A Jarvis
Dr P Stollard
Mr P McColgan (by phone)
Ms R Dhir

Apologies Mr G McLaughlin
Mr M Craig

In attendance: Mr D Crichton
Mr A Patience – Head of Finance & Procurement
Ms C Denholm (by phone) – Director of Strategy
Mr A Wilson (FTF)
Ms K Jones (Scott Moncrieff)
Mr T Gaskin (FTF)
Mr T Andrew - Items 9 & 11 Organisational Improvement Manager
Ms J Cosgrove – Item 11 Senior Policy and Risk Officer
Ms N Thomson – Item 9 Policy Officer
Ms Keates (Minute)

| | | ACTION |
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| | Welcome | |
| | The Chair welcomed everyone to the meeting. | |
| 1. | Apologies | |
| | Apologies were received from Gerry McLaughlin and Michael Craig. | |
| 2. | Declaration of Members' Interests | |
| | No meeting specific interests were declared. | |
| 3. | Minute of previous meeting (AC Min 2/16) | |
| | The minute of the previous meeting held on 22 April was agreed as an accurate record subject to the following amendments: | |

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| | <ul style="list-style-type: none"> - Item 9, paragraph 1, Draft External Audit Interim Report 2015/16, 'internal' should read 'external', - Item 9, paragraph 2, line 6 'with' should be replaced by 'in' - Item 9, paragraph 2, line 6, the following should be added after the word review 'of external arrangements'. | |
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| 4. | Matters Arising (Action List) | |
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| | The action list will be updated. | |
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| 5. | External audit update | |
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| | Karen Jones advised the Committee that they had finished their on-site audit and were now drafting the annual report and final review procedures. These are on target for 22 June (to be issued on 15 June). | Ext Aud |
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| 6. | Internal audit update (AC Paper 21/16) | |
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| | Tony Gaskin advised that he had nothing to add to the update contained in the papers. | |
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| | Review draft internal audit annual report 2015/16 | |
| | In introducing the report Mr Gaskin read out the technical opinions. It was noted that there will be no revised governance statement this year. Risk management proposals are very good because they are tailored to Health Scotland's own requirement and linking to EFQM is continuing. | |
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| | Highlights included: <ul style="list-style-type: none"> - Strategic planning should be an A rating; - No priority 2 findings; - eHealth strategy is coming to the August meeting; - Health Governance Committee covered 4 out of 5 core programmes in 2015/16 with changes to terms of reference under consideration in this respect going forward; - CEL 26 (2011) has now been replaced by DL (2015) 17: Information Governance and Security Improvements Measures 2015-17, which Boards have two years from July 2015 to implement. On track to deliver. | |
| | Tony Gaskin thanked the officers, Allan Wilson and the Committee for their support. | |

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| | It was agreed to change the date for the Health Governance Committee refresh of their Terms of Reference to 31 December from 30 June. | Int Aud |
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| | The Chair noted no concerns about the controls or what has been done in the year. | |
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| | The Committee welcomed the recommendations and gave their thanks to the Internal Auditors. It was agreed that the report should be changed to final and not come back to the next Committee. | |
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| 7. | Procurement Update (AC Paper 25/16) | |
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| | Andrew Patience advised that the tri board shared service transition programme had been going well for the year it had been in place. It will take two years to redesign the service and standardise procurement with a service based approach. He was very pleased with the transfer and will continue to report back every 6 months. | |
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| | It was noted that the PCIP score had gone up significantly during the year and that staff were finding it very beneficial having access directly to procurement expertise. | |
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| | The Committee noted the report. | |
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| 8. | Annual Risk Report (AC Paper 26/16) | |
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| | Paper 26/16 provides an end of year report (usually provided in November) based on the old risk register which the Committee was asked to note and comment on. | |
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| | Discussions were centred on the end year assurance and effectiveness, tying together the process and the effectiveness of the process and the scale of risk increasing higher than improvement path. It was agreed to look at bringing these together for the end of year impact report going to the Board in August. There will be an opportunity to review scale of risk in October. | |
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| | The Committee noted the report with caveats and were content to acknowledge the work would be done and moved forward. | |
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| 9. | Best Value, Best Governance (AC Paper 24/16) | |
| | The purpose of paper 24/16 was for the Audit Committee to note the updated EFQM framework against best value. | |
| | It details what is being done to provide assurance and will become a rolling programme. This is a slightly pragmatic approach as external assessments are not a regular occurrence. The report provided the best value assurance the committee was looking for as the EFQM had been extended where required to ensure best value coverage. | |
| | The report was noted. | |
| 10. | Review draft Annual Accounts for year ended 31 March 2015, including draft Governance Statement (on internal control) (AC Paper 22/16) | |
| | It was noted that there are a few outstanding items as noted in the accounts contents page. A revised version will go to the Audit Committee and Board on 22 June. | |
| | Key points: <ul style="list-style-type: none"> - Chief Executive statement added to Performance Report - Financial strategy of spending full year current allocation and flexing within 1%, brought forward and carry forward was achieved in the year. - Key issues and risks is a new section and the Director of Strategy is happy to take comments on the draft report. - Revised remuneration report to be finalised. No significant changes; - Staff report was previously in the notes to the accounts but is now included in the Performance Report where staff numbers are now reported - New pension scheme disclosure - It was agreed to change the job titles of George Dodds and Steve Bell to those in place at the end of the year. No change in their Director status occurred merely a change in job title. | HofF&P |
| | There was a discussion on including attendance of Board members in the assurance statements. It was agreed to draft a voluntary disclosure for the governance statement which would show Board and main sub-committee attendance. It should be noted that any teleconference attendance would be noted as attendance as the member had a chance to contribute to the meeting at the meeting itself. | HofF&P |

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| | The accounting policies contained in Note 1 to the accounts were approved. | |
| | The Committee accepted what they had seen today with an action point to run through a list of changes made at the next meeting. | |
| | Assurance Statements There are two still to be signed but these will be completed after the meeting. Cosmetic changes suggested by the auditors will be actioned for next year. | HofF&P |
| | The Committee approved the statements. | |
| | Draft letter re significant issues There were no significant issues to report. This will be communicated to Scottish Government after the meeting of the 22 April. | |
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| 11. | Audit Committee's Draft Annual Report for 2014/15 (AC Paper 23/16) | |
| | No matters to note. | |
| | It was agreed to make changes to: <ul style="list-style-type: none"> - Dates should be 2016/17 (not 2015/6) in the governance risk management; - In Annex F Director of Resource Management reference should be Head of Finance & Procurement - Self-assurance, no 66, page 5 – amend action to 'No areas of concern, areas of improvement have been applied'. | HofF&P HofF&P HofF&P |
| | It was agreed to change the first bullet point in the Internal Audit section (2) to: The adequacy of Internal Audit was reviewed by the External Auditors of NHS Fife, on behalf of the External Auditors of all FTF clients. The review concluded that the service provided by FTF Audit and Management Services operates in accordance with the required Internal Audit Standards and has sound documentation standards and reporting procedures in place. | Int Aud |
| | It was agreed to remove paragraph 4.5 from the Assurance Statement 008.5 AC Paper No 23-16e. | HofF&P |
| | The Committee approved the report subject to the revisions noted | |

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| 12. | Date of next meeting | |
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| | The next meeting will be held on 22 June 2016 at Meridian Court in Glasgow. | |
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| 13. | Draft Agenda for next meeting | |
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| | The agenda for the next meeting was noted. | |
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| 14. | Any Other Business | |
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| | Voluntary disclosure of Board meeting attendance David Crichton to be aware of members' contribution to Board meetings by means of comments on papers when they are not in attendance. | Chair of Board |
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| 15. | Effectiveness of Papers | |
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| | The Committee was content for the papers to continue in the form of embedded documents within the agenda and gave their thanks to the team for their support. The problem with opening PDFs is to be addressed by members checking their tablet configuration with IT. | Members as required |