

Minute

TAYSIDE NHS BOARD AUDIT COMMITTEE - OPEN BUSINESS

NHS Tayside

Minute of the meeting of Tayside NHS Board Audit Committee held at 9.30 a.m. on **Thursday 1 September 2016** in the Board Room, Conference Suite, King's Cross, Dundee

Present:

Mr D Cross, OBE, Non Executive Member, Tayside NHS Board
Councillor D Doogan, Non Executive Member, Tayside NHS Board
Ms L Dunion, Non Executive Member, Tayside NHS Board
Mrs J Golden, Non Executive Member, Tayside NHS Board
Mr S Hay, Non Executive member, Tayside NHS Board (Chair)
Mr M Hussain, Non Executive Member, Tayside NHS Board
Councillor G Middleton, Non Executive Member, Tayside NHS Board

Chair, Chief Executives and Senior Officers

Mr L Bedford, Director of Finance, NHS Tayside
Prof J Connell, Chair, Tayside NHS Board
Mr R MacKinnon, Associate Director of Finance - Financial Services & Governance/FLO, NHS Tayside

External Auditors

Mr B Crosbie, Senior Audit Manager, Audit Scotland

Internal Audit – FTF Audit and Management Services

Mr B Hudson, Regional Audit Manager, FTF Audit and Management Services
Mrs J Lyall, Acting Regional Audit Manager, FTF Audit and Management Services

Other Attendees

Mr D Colley, Finance Governance Accountant, NHS Tayside
Ms M Dunning, Board Secretary, NHS Tayside
Mrs F Gibson, Head of Financial Services, NHS Tayside
Mrs L Green, Committee Support Officer, NHS Tayside
Miss J Haskett, General Manager – Primary Care Services, NHS Tayside (for items 10 & 16.1)
Miss D Howey, Head of Committee Administration, NHS Tayside
Mrs L Lyall, Capital Finance Manager, NHS Tayside (for item 9)

Apologies

Mr G Doherty, Director of Human Resources, NHS Tayside
Mr T Gaskin, Chief Internal Auditor, FTF Audit and Management Services
Ms L McLay, Chief Executive, NHS Tayside

Mr S Hay in the Chair

1. WELCOME

ACTION

Mr Hay welcomed all to the meeting in particular Mr Bruce Crosbie, Senior Audit Manager, Audit Scotland who were now the external auditors for NHS Tayside.

It was noted that Mr Lindsay Bedford was now the Lead Officer for the Audit Committee following the re-organisation of the Chief Executives management structures.

Mr Hay asked Mr Bedford to update the Committee regarding the reporting arrangements for the Open Minute of the Audit Committee 21 June 2016 meeting.

Mr Bedford informed the Committee that under the terms of the Public Finance and Accountability (Scotland) Act 2000, Tayside NHS Board was not permitted to allow details of discussions regarding the Accounts to be publicly available prior to being formally laid before Parliament.

It was noted that Item 4.1 on the Agenda was a summary of the Open Minute of the Audit Committee of 21 June 2016 and excluded discussions relating to the Annual Accounts for the year to 31 March 2016 and PricewaterhouseCoopers Annual Report on the 2015/16 Audit to the

Board and the Auditor General for Scotland. The full Open Minute of the Audit Committee of 21 June 2016 was to be taken in reserved business as Item 14.1 on the Agenda. The Committee noted that the full Open Minute would be made publicly available following being laid before Parliament and would be reported in open business at the December 2016 Committee meeting.

2. APOLOGIES

The apologies were noted as above.

3. DECLARATION OF INTERESTS

There were no declarations of interests.

4. MINUTE OF PREVIOUS MEETING

4.1 Minute of the Audit Committee Minute – 24 March 2016

The Audit Committee Minute of the meeting held on 21 June 2016 was approved on the motion of Mr Doug Cross and seconded by Mrs Judith Golden.

4.2 Action Points Update

Mr Bedford spoke to the Action Points Update.

Recording Equipment – It was noted the last Workforce and Governance Forum was postponed due to quoracy and the matter around the use of recording equipment at Committee meetings would be discussed at its next meeting.

Mr Hay advised that as this matter was unresolved this meeting would not be recorded.

External Review of all Mental Health Sites – It was noted an update regarding the external review relating to original build specifications for all Mental Health sites would be reported to the Strategic Risk Management Group (SRMG) followed by an update to the Audit Committee. Mr Bedford advised the Committee that an external review of Hospital Build Programme and Governance of the Programme for Murray Royal Hospital had been undertaken by Health Facilities Scotland and would be included in the update to the Committee at its December 2016 meeting.

Mrs Dunion raised concerns regarding the timing of reporting to the Committee as this review was likely to be included within the Health and Safety report. Mrs Dunion queried when the Health and Safety report was expected to be issued and whether the Committee should be updated prior to the Health and Safety report being issued. Mr Bedford agreed to discuss reporting arrangements with Mr Mark Anderson, Head of Property.

It was noted the next SRMG meeting was November 2016.

Progress on Internal Audit Report T21/14 Medical Instrumentation and Devices – It was noted an update was included within the Audit Follow Up - Full Audit Cycle Update report, which was an agenda item for this meeting.

Mr Bedford advised the Committee the Head of Instrumentation post had been filled and the Committee would be updated regarding the appointment at its December 2016 meeting.

Annual Report of the Strategic Risk Management Group 2015-16 – It was noted Mr Hay had been in consultation with Ms Lesley McLay regarding the issue of risk managers attendance at SRMG meetings.

Adverse Events Management Policy – It was noted this item was deferred to September 2017 to allow for significant areas of work to emerge and be given the appropriate time to conclude prior to being incorporated into the revised version of this policy.

4.3 Work Plan 2016/17

Mr Bedford advised the Committee that a full review of the work plan would be undertaken to ensure accuracy.

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The Committee

- **Noted the Work Plan 2016/17**
- **Noted a full review to be undertaken**

4.4 Matters Arising

There were no matters arising.

5. AUDIT FOLLOW UP

5.1 Audit Follow Up (AFU) – Full Cycle Update Report (AUDIT68/2016)

Mr Bedford advised the Committee that the report provided a progress update on action taken, up to 30 June 2016, relating to recommendations made in Internal and External Audit reports and looked at high risk action points and Audits with a D status.

Mr Bedford made reference to the self explanatory Appendices contained within the report which included comments from Responsible Officers on the status of the action.

Mr Bedford provided the Committee with an update on the following actions with a D status:

T21/14 Medical Equipment and Devices – It was noted three action points remained outstanding with progress expected following the appointment to the post of Head of Instrumentation, with the post holder due to commence late September 2016. An update would be provided to the Committee at its meeting in December 2016.

T17/15 Health of the Population – It was noted one minor action point remained outstanding, as reported to the Committee in May 2016, and was dependant on a national initiative which was due for completion this Autumn.

T23A/15 Enhancements During Leave – It was noted there was one action point outstanding which required approval by the Staff Governance Committee.

T06/17 Annual Report of Internal Control Framework – It was noted this was presented to the June 2016 Committee meeting with one action point covering the incomplete recommendations from the Interim Report, presented to Committee February 2016, and was included within Item 5.2 on the Agenda for this meeting.

T36C/16 Departmental Review of Outpatients - Mr Hay raised concerns regarding the delay of the implementation of Gynaecology job plans. Mr Colley advised that further information was expected from Mrs Dawn Sturrock, Business Change Lead by the end of the month, however, was prioritised as of low importance and included within the report due to the delay.

The Committee

- **Noted the findings for this full cycle to June 2016**

5.2 Interim Evaluation of Internal Control Framework 2015/16 Audit Report No. T08/16 (AUDIT69/2016)

Mr Bedford advised that the purpose of this report was to update the Committee regarding the actions which arose as a result of the Interim Evaluation of Internal Control Framework presented to the Committee at its meeting in February 2016. It was noted this report had a broad range of assessments and was considered in detail by both the Audit Committee and, on their recommendation, Tayside NHS Board. Tayside NHS Board and Senior Officers had recognised the significance of the report and the actions/recommendations which arose from it.

It was noted a further update would be given at the December 2016 Committee meeting, at which time the 2015/16 Interim Review was due, and close working with Internal Audit would continue.

Mr Bedford advised the Committee that a number of actions had been completed with others in the process of being actioned. Mr Bedford highlighted there were a number of significant activities taking place through the governance of the Transformation Programme Board (TPB), which were reported through Tayside NHS Board. There was recognition of the Audit Scotland Checklist for Non Executive Members and there was the intention as part of the desktop session, scheduled for 22 September 2016, to consider Non Executive Members assessed level

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of confidence in affirming or otherwise to each of the questions posed. It was expected this would result in a number of actions which would be reported to the December 2016 Committee meeting.

Mr Bedford noted that the Chief Executive's revised corporate structure was now in place and as a result support structures were now, for the corporate areas, well developed and looking to progress with a level of urgency. This included the Finance Directorate.

The Committee noted that Mr Bedford and the Chairs of the Audit and Finance and Resources Committees would present a paper to the November 2016 Finance and Resources Committee meeting for consideration following a review of the remit, reporting arrangements and operation of the Finance and Resources Committee. Reporting arrangements to the Finance and Resources Committee would continue to evolve with the ambition of it being informative, intelligible and digestible.

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The desktop session for Non Executive Members, scheduled for 22 September 2016, would focus on the actions articulated in the Interim Review, in particular ones where finance was a link.

It was noted a number of actions would be progressed through the Staff Governance Committee. There were a number of actions which remained ongoing with regards to Community Planning and Single Outcome Agreements (SOAs). An update regarding these actions would be included in the update to the December 2016 Committee meeting.

Mr Cross advised, from a Finance and Resources Committee point of view, that the audit report had been taken seriously and he had met with Mr Bedford on many occasions to discuss the format of reports and reports being more accessible. It was noted the Corporate Financial Report had been presented at the last Finance and Resources Committee in a different format and had been well received. There was a suggestion to invite representatives from department areas of significance to the Committee to future meetings to discuss any issues gain an understanding of department pressures. Mr Cross noted the need for close working with the TPB.

The Committee queried what feedback had been received from Internal Audit in relation to recruitment and restructuring, if there were any areas of particular concern and sought clarity around the progress of the restructuring of the Finance Department. Mr Bedford advised that corporate areas were well developed and proposals on direct reports, which had been discussed at many Directors Forums, gave prominence to governance and assurance and discussions had been held with Staff Side around how vacancies would be filled.

Mr Bedford advised there had been some challenges in recruiting, with a poor response to a number of posts going out to advert. It was noted all public sector bodies were finding challenges in recruitment and NHS Tayside were taking a more robust approach with vacancies being advertised on the external NHS Tayside website, the Finance Department micro site and the use of external recruitment agencies, for example LinkedIn. Mr Bedford advised he was in regular contact with Internal Audit and noted the Chief Internal Auditor was assured with the measures being undertaken.

The Committee

- **Noted the current position**

6 FTF/INTERNAL AUDIT

6.1 FTF Audit and Management Services Internal Audit Progress Report (AUDIT67/2016)

Mr Hudson advised the Committee the report provided an update around the 2015/16 and 2016/17 Internal Audit plans.

It was noted the report highlighted areas where audit work had been completed, areas where draft reports had been issued and areas of work in progress. Mr Hudson advised there had been some delays, explanations of which were given within footnotes contained within the report.

It was noted a summary of each report was included as Appendix 1 of the report.

Mr Hussain requested assurance regarding the number of audits graded as being N/A. Mrs Lyall advised that the majority of these were yearend reports which routinely do not have an overall grade as each governance area was graded separately. The exception was eHealth Strategy, Planning and Governance which was audited at the request of management with the intention to aid decision making by NHS Tayside Clinical and eHealth Management and Tayside Health fund where individual areas had been graded separately. It was noted the full Tayside Health Fund Audit Report was available on the Members Library page on Staffnet.

Mr Hay queried financial awareness of staff in relation to Departmental Reviews. Mr Hudson advised this could be built in to audit work and Internal Audit would liaise with Mr Bedford regarding this.

Following a query from Mr Hay in relation to exit strategies being in place for eHealth, Mrs Lyall advised the Committee that the eHealth report contained an action point regarding this and this would be addressed in the standard Audit Follow Up process.

Mrs Golden commended the A- grade for the department review of Ward 11, Ninewells Hospital.

The Committee

- **Noted the progress on the 2015/16 and 2016/17 Internal Audit plans**

7. UPDATES TO THE NHS TAYSIDE CODE OF CORPORATE GOVERNANCE (AUDIT61/2016)

Ms Dunning advised that the Committee was asked to scrutinise the proposed changes to the Code of Corporate Governance to incorporate the partnership between the Universities Strategic Liaison Committee (USLC) and the Academic Health Science Partnership (AHSP) and to recommend approval of the updates by Tayside NHS Board.

It was noted Appendix 1 highlighted tracked changes to Section A, Committees, 8. Purpose and Remits, Universities Strategic Liaison Committee and the Code of Corporate Governance would be updated following approval by Tayside NHS Board.

The Committee

- **Scrutinised the updates to the Code of Corporate Governance and recommended its approval by Tayside NHS Board at its meeting on 27 October 2016**

8. BEST VALUE FRAMEWORK 2016/17 (AUDIT70/2016)

Ms Dunning advised the Best Value Framework would normally be submitted to Tayside NHS Board at its June and August meetings followed by submission to Standing Committees to allow the delegated characteristics to be incorporated into work plans. It was noted Internal Audit had recently produced an Internal Audit Report on Best Value. The Framework had been updated to take account of the findings from this report and previous comments from Board Members.

Ms Dunning advised the Framework now gave an explanation of the status of the outcome and advised arrangements would be made with all Standing Committees for the discussion of the Best Value Framework to ensure the Lead Officer, Chairs and Vice Chairs were clear of the arrangements and would ensure that these would be reflected in individual Committee work plans.

Mr Hay thanked Ms Dunning for the report and noted he found the template to be helpful and significantly clearer than previous versions.

Mr Cross noted a number of actions which were attributed to the Transformation Programme Board, and queried whether some of these should be the responsibility of the Standing Committees. Ms Dunning again confirmed that it was the intention to hold meetings with the Lead Officers, Chairs and Vice Chairs of the Standing Committees to discuss the Best Value Framework and the expectations that this placed on the Standing Committees and their work plans.

Mrs Dunion agreed there was an improvement in the format of the Framework, however, was concerned that the measure/expected outcome column should focus more on the impact/specific measures.

Mr Hay suggested further work was required to “tighten” up the Framework, highlighting, this was the responsibility of the Standing Committees and would be discussed at the individual meetings.

The Committee

- **Scrutinised the Best Value Framework 2016/17, attached as Appendix 1, prior to submission to Tayside NHS Board for approval**

9. PROPERTY TRANSACTION MANAGEMENT (AUDIT66/2016)

Mrs Louise Lyall was in attendance for the report and informed the Committee that the purpose of the report was to advise of the Internal Audit of the property transactions completed in 2015/16 and to provide assurance that the required procedures had been followed.

The Committee was asked to note the recommendations set out within the report.

Mrs Lyall advised the Committee that there were three property transactions during 2015/16, previously reported to the Committee at its May 2016 meeting and there was a request for FTF Internal Audit to review the transaction to ensure that the requirements of the Property Transactions Handbook (PTH) had been followed.

It was noted that there was an error in the details of the split of sale proceeds between NHS Tayside and the Scottish Executive Environmental and Rural Affairs Department (SEERAD) in the Post Transaction Certificate for the surplus land at the former Royal Dundee Liff Hospital site, presented to the Committee in May 2016. The certificate stated that the sale of proceeds would be shared on a 50:50 basis, however, NHS Tayside was entitled to 52% of the total sale proceeds. Mrs Lyall advised that following discussion between management, Internal Audit and SEERAD it was agreed that a revised certificate was not required as all parties were aware of the required split for sale proceeds.

It was noted a clean property transactions return for 2015/16 would be submitted to the Scottish Health and Social Care Directorate (SGHSCD) by the deadline of 30 October 2016.

Mr Cross felt the audit report reflected a department which was stretched and raised concerns regarding posts which remained unfilled and issues around record keeping and duplication. He noted, however, there was some reassurance in relation to posts that had been filled and suggested a refresh of procedures was required.

10:15 Miss Jane Haskett arrived.

Mr Bedford advised that the department had welcomed the appointment of Mr Mark Valentine to the post of Property Asset Manager and two Asset Officers and gave assurance issues regarding record keeping would be investigated. It was noted Members expected to see an improvement in record keeping within the 2016/17 Post Transaction Monitoring report.

The Committee

- **Noted the requirements of the PTH had been complied with**
- **Noted the Internal Audit report was attached at Appendix 1**
- **Noted arrangements were in place to issue Tayside NHS Board’s Annual Property Transactions Return to the SGHSCD by the deadline of 30 October 2016, and the return would be submitted with no significant issues identified**

10. PAYMENT VERIFICATION: FAMILY HEALTH SERVICE (FHS) CONTRACTORS Payment Verification – Annual Process Update (AUDIT62/2016)

Miss Jane Haskett was in attendance for this report.

Miss Haskett advised that following approval by the Committee in May 2016 to amend the reporting arrangements of Payment Verification (PV) this report was an annual scene setting report and highlighted the PV mechanisms. It was noted this was one of two papers to be presented at this meeting.

Miss Haskett advised that Committee that the purpose of the report was to inform the Committee of updates to the guidance on the National PV procedures and arrangements for PV for 2016/17 for each of the FHS Contractors, i.e. General Dental, Ophthalmic, Pharmaceutical and Medical Services as highlighted in Appendix 1 DL (2016) 11 and the assurances in respect of the discharge of financial governance to ensure best practice, fairness and the proper use of public funds.

It was noted that a new Scottish GMS Contract was being developed with the implementation of an initial framework from April 2017 resulting in the scope of PV for Medical Services being significantly reduced from 2017/18. Miss Haskett advised that confirmation of PV processes from April 2017 onwards was awaited and an additional report would be presented to the Committee, out with the annual report, when there were clear arrangements in place.

Mr Hay advised Miss Haskett she would be notified of any feedback from Members regarding this form of reporting.

The Committee

- **Noted the content of the report.**

11. PAPERS/MINUTES FOR INFORMATION

11.1 Corporate Governance Review Group Action Note – 19 May 2016 (unapproved)

The unapproved Governance Review Group Minute of 19 May 2016 was presented to the Committee for information.

The Committee

- **Noted the Corporate Governance Review Group Action Note – 19 May 2016**

11.2 Attendance Record

The Committee

- **Noted the Attendance Record**

11.3 Audit Scotland – External Auditors

Mr Bedford advised the Committee that the tenure with PricewaterhouseCoopers had ended at the end of 2015/16 and Audit Scotland would now be working with NHS Tayside for a period of 5 years.

Mr Bedford introduced Mr Bruce Crosbie, Senior Audit Manager for Audit Scotland and advised Dundee City Council and Dundee Integration Board were also within Mr Crosbie's remit.

Mr Crosbie informed the Committee that he was part of a strong team reporting to Ms Fiona Mitchell-Knight, Assistant Director, Audit Services and looked forward to working with NHS Tayside. He advised that the Audit Scotland team had some background working within and NHS environment, working previously with NHS Fife, along with FTF Internal Audit and had developed a good relationship with Internal Audit.

The Committee

- **Noted the verbal update**

11.4 Audit Scotland – Reports

The Agenda provided links to the following Audit Scotland Reports:

- Code of Audit Practice
- Strategy and Annual Action Plan
- Engagement Strategy
- Corporate Plan 2016/17 Update
- Audit Scotland Annual Report 2015/16
- Transparency and Quality
- Annual report and Accounts 2015/16
- Technical Bulletin 2016/2

The Committee

- **Noted the Audit Scotland Reports**

12. DATE OF NEXT MEETING

The next meeting of the Audit Committee will take place on Thursday 15 December 2016 at 9:30am in the Board Room, Conference Suite, Kings Cross.

Subject to any amendments recorded in the Minute of the subsequent meeting of the Committee, the foregoing Minute is a correct record of the business proceedings of the meeting of Tayside NHS Board Audit Committee held on 1 September, and approved by the Committee at its meeting held on 17 January 2017.

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CHAIR

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DATE