

NHS GREATER GLASGOW AND CLYDE

**Minutes of the Meeting of the
Audit and Risk Committee
held via Microsoft Teams
on Tuesday, 22 June 2021**

PRESENT

Mr. A MacLeod (in the Chair)

Ms. J Forbes	Ms. K Miles
Ms. M Kerr	Mr. C Vincent
Cllr. J Clocherty	Cllr. J McColl
Ms. M Wailes	Mrs. J Grant
Prof. J Brown CBE	Mr M White

IN ATTENDANCE

Ms. L Aird	..	Assistant Director of Finance
Mr. W Edwards	..	Director of eHealth
Mr. C Morrison	..	Head of Operations
Ms. E Vanhegan	..	Head of Board Administration and Corporate Governance
Ms. J Haynes	..	Corporate Service Manager for Governance
Mr. C Brown	..	Azets
Ms. L Reid	..	Azets
Ms. R Weir	..	Azets
Ms. L Duthie	..	Audit Scotland
Ms L Maconachie	..	Audit Scotland
Mr. Z Barlow	..	Secretariat (Minutes)

		ACTION BY
13.	WELCOME AND APOLOGIES	
	<p>The Committee noted apologies received from Mr John Cornett.</p> <p>The Chair welcomed new Board Member, Ms Michelle Wailes, to the Committee.</p> <p>The Committee noted that the meeting was a reschedule of the meeting scheduled to take place on 1st June 2021. The additional annual meeting scheduled to take place in June 2021 to sign off the accounts would take place at a later date, which was still to be confirmed.</p> <p>NOTED</p>	
14.	DECLARATIONS OF INTEREST	

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	Mr MacLeod invited members to declare interest in any of the agenda items being discussed. There were no declarations of interest. <u>NOTED</u>	
15.	MINUTES OF THE MEETING HELD ON 16th MARCH 2021	
	The Committee considered the minute of the meeting held on Tuesday 16 th March 2021 [Paper No AR (M)21/01] and were content to approve this as an accurate record subject to the following; - Chairman and Chief Executive to be moved from In Attendance to Present. <u>APPROVED</u>	
	ROLLING ACTION LIST	
	The Committee reviewed the Rolling Action List and were content to accept the recommendation to close 2 actions. <u>APPROVED</u>	Secretary
16.	MINUTES OF MEETINGS	
	RISK MANAGEMENT STEERING GROUP HELD ON 9th JUNE 2021	
	The Committee were content to note the minutes of the meeting held on 9 th June 2021. <u>NOTED</u>	
	INFORMATION GOVERNANCE STEERING GROUP HELD ON 19th MAY 2021	
	The Committee were content to note the minutes of the meeting held on 19 th May 2021. <u>NOTED</u>	

17.	INTERNAL AUDIT	
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	The Committee considered the paper “Internal Audit Papers” [Paper No 5] prepared by Mr. C Brown, Partner, from Azets and were asked to note the following papers from the Board’s Internal Auditors:	
17.1	INTERNAL AUDIT PROGRESS REPORT – JUNE 2021	
	<p>The Committee considered the paper “Internal Audit Progress Report – June 2021” presented by Mr C Brown, Azets.</p> <p>Mr Brown reported that 6 reports had been completed this quarter; Remobilisation Planning, Risk Management, Assurance Framework – Corporate Risk Register, IJB Planning and Performance Reporting, Payroll and Duty of Candour</p> <p>In recognising the ongoing pressures of the COVID-19 pandemic, and the impact on frontline staff, Azets had agreed with management to defer the audit of Delayed Discharges to 2021/22. Early scoping discussions with management had commenced with intent to begin fieldwork during Q2.</p> <p>In this quarter, also completed was the Internal Audit Annual Report 2020/21 and a draft of the Internal Audit Annual Plan 2021/22 for consideration by the Committee. The first quarterly follow up review for Q1 2021/22 had also been undertaken.</p> <p>There would be 2 scheduled reports presented to the Audit and Risk Committee in September 2021; Property Transaction Monitoring and Management Action Follow Up Q2 2021/22.</p> <p>The Committee were assured that satisfactory progress continued to be made. The Chair noted in particular the payroll report and the reassuring comments from Azets that the payroll system and processes were robust and well-understood by payroll staff.</p> <p><u>NOTED</u></p>	
17.2	INTERNAL AUDIT FOLLOW UP REPORT – Q1 2021/22	
	<p>The Committee considered the paper “Internal Audit Follow Up Report – Q1 2021/22” presented by Ms R Weir, Azets.</p> <p>Ms Weir reported that the total actions for follow-up were 35, with 21 closed off and 14 being carried forward into the next quarter. Of the 21 actions carried forward, 8 were high risk. 12 actions remained partially complete, with 3 of these actions being noted as high risk.</p>	

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	<p>Ms Weir noted the substantial decrease in comparison to the previous quarter which reflected positively on management's efforts to ensure the actions were closed.</p> <p>Ms Weir also highlighted the Enhanced Monitoring Requirements at the QEUH update outlined within appendix 2 which addressed the action noted on the rolling action at minute no. 5.5. The management response advised that given the importance of the Deanery's continued interest, and also the need to conclude final sign-off from HIS it was now considered time to introduce a separate oversight group. It was proposed that this would be led by the Deputy Director of Medical Education, Dr Colin Perry, with the explicit purpose of monitoring progress and ensuring ownership of actions. The group will include general management, medical management and leaders, senior nursing staff and chief residents. The group will report to the hospital Triumvirate and the Director of Medical Education, Dr Lindsay Donaldson.</p> <p>The Committee noted the report summary, which concluded: "Management has made excellent progress this quarter in implementing agreed audit recommendations".</p> <p>The Committee noted thanks to the Senior Management Team for their efforts in following up the audit recommendations and improving processes and procedures within the organisation.</p> <p><u>NOTED</u></p>	
<p>17.3</p>	<p>REMOBILISATION PLAN</p>	
	<p>The Committee considered the paper "Remobilisation Plan" presented by Ms R Weir, Azets.</p> <p>Ms Weir advised that no significant issues had been identified and confirmed that plans submitted to the Scottish Government were consistently aligned to the national priorities, and also reflected key NHSGGC strategies, most notably the Moving Forward Together transformation plan.</p> <p>Ms Weir noted areas of good practice including the establishment of the Strategic Executive Group to co-ordinate NHSGGC's response to the pandemic as the key policy and decision-making group. The Remobilisation Plan included clear reference to NHSGGC strategies and the Moving Forward Together Programme. The Planning Team had commenced early work in preparing an action tracker designed to operationalise the key priorities outlined within the Remobilisation Plan and allow monitoring of progress on an ongoing basis.</p> <p>Three minor opportunities for improvement were identified, designed to support NHSGGC operationalise, implement and monitor the most recent version of its Remobilisation Plan. It was advised that the</p>	

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	<p>identified minor areas for improvement do not represent significant control weakness but rather were opportunities to improve and refine existing arrangements.</p> <p>Ms Weir noted the significant work management had undertaken, highlighting that the majority of findings were positive and thanked those involved in consultation of the review.</p> <p>The Chair thanked Ms Weir for presentation of the report and advised the Committee that it had been presented already to the Finance, Planning and Performance Committee where it was well received.</p> <p>Following a question regarding the status of the Remobilisation Plan 3, Mrs Grant confirmed that it would be presented to the upcoming Board meeting on the 29th June, having been cleared by the Scottish Government.</p> <p>The Committee were content to note the report.</p> <p><u>NOTED</u></p>	
17.4	RISK MANAGEMENT REPORT	
	<p>The Committee considered the paper “Risk Management Report” presented by Ms R Weir, Azets.</p> <p>Ms Weir noted areas of good practice including NHSGGC’s significant work carried out during 2020/21 to refresh its approach to risk management, recognising the need for improvement in this area. This included developing a revised Risk Management Strategy and a Risk Management Policy and Guidance document. It was noted that a detailed action plan had been developed which set out a number of component tasks to be undertaken by the Chief Risk Officer and included a number of examples of good practice. It was noted that the plan was due for completion in December 2020, however, a change in personnel in the post of Chief Risk Officer, alongside the ongoing impact of the pandemic meant this aim was not achieved. It was understood that management was aiming to have the plan completed in time for the June 2021 Board meeting.</p> <p>Three areas of improvement were identified including strategic risk identification, operational risk identification, and risk appetite and tolerance.</p> <p>Ms Kerr noted that under section 2.1 of the report, within the Management Action, it was not highlighted that the NHSGGC Board should undertake regular review of the Corporate Risk Register as per the recommendation. The Chair asked that the Corporate Risk Register was reflected within future Board agendas and Committee members</p>	

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	<p>noted that further discussion would take place later in the agenda when the Corporate Risk Register was being specifically discussed.</p> <p>The Committee noted the report and the required substantial improvements identified. It was noted that management had responded positively to accepting the recommendations and in agreeing to follow up the actions.</p> <p><u>NOTED</u></p>	
<p>17.5</p>	<p>INTERNAL AUDIT ANNUAL REPORT 2020/21</p>	
	<p>The Committee considered the paper “Internal Audit Annual Report 2020/21” presented by Mr C Brown, Azets.</p> <p>Mr Brown highlighted the internal audit opinion which concluded that NHSGGC has a framework of governance and internal control that provides reasonable assurance regarding the effective and efficient achievement of objectives, except in relation to Risk Management and Records Management. It was noted that during 2020/21, management commenced work on a revised Risk Management Strategy and Policy, refresh of the Corporate Risk Register, and redefining of the Board’s risk appetite. However, implementation of these revised risk management arrangements had been delayed by the Covid-19 pandemic, and a change in key personnel in the post of Chief Risk Officer. As such, three amber rated actions were highlighted. Similarly, the Records Management audit highlighted two amber rated recommendations for improvement relating to review of Information Asset Registers and processes for destruction of corporate records.</p> <p>It was noted that management had committed to implementing the necessary improvement actions in the highlighted areas, with progress to be reported to each meeting of the Audit and Risk Committee. Mr Brown advised that Azets were able to provide substantial assurances in the remaining ten audit areas covered during 2020/21, all of which were assessed as either “effective” or with only “minor improvement required”. No grade 4 (very high risk) actions were identified.</p> <p>The Committee noted that the Audit Plan over the past year had had to be flexible due to the impacts of the pandemic but took considerable assurance from the significant audit programme that had been completed. It was noted that the areas highlighted by Azets would require reflection within the Governance Statement. The Committee took assurance from the reported excellent progress made by management in implementing agreed audit recommendations despite the challenging circumstances.</p> <p><u>NOTED</u></p>	

17.6	INTERNAL AUDIT ANNUAL PLAN 2021/22	
	<p>The Committee considered the paper “Internal Audit Annual Plan 2021/22” presented by Mr C Brown, Azets.</p> <p>Mr Brown advised that the draft plan included 45 days carried forward from 2020/21. Mr Brown advised that the Committee was asked to review the draft internal audit plan for 2021/22 and provide feedback on the proposal for 400 of 570 internal audit days. Feedback was also welcome from both management and the ARC on priority areas for inclusion in the plan to utilise the remaining 170 days currently unallocated; and any comments on prioritisation of the audits included in this proposal.</p> <p>All feedback would be collated and a fully refreshed Internal Audit Plan would be presented to the August 2021 meeting for approval. The refreshed plan will also include cross-referencing of audit areas to the risks included on the revised Corporate Risk Register.</p> <p>Mr Brown also advised that in order to allow Azets to commence work on the 2021/22 Internal Audit Plan, the Committee were being asked to approve the proposal to begin planning and fieldwork on the following audits during Q2 2021/22; Financial Systems Health Check – Procurement and Tendering, Recruitment, IT Project Review – HEPMA, and Property Transaction Monitoring.</p> <p>Mr Vincent questioned when an audit of whistleblowing arrangements would commence as it had not been noted within the draft plan. Mr Brown advised that Azets were considering carrying out an audit of whistleblowing arrangements, however, it had been decided that it was, at this stage, too early due to the recent Internal Review of whistleblowing and implementation of the National Standards. It was advised that there was expectation that whistleblowing would be included within the 2022/23 plan.</p> <p>Ms Kerr noted that the plan included no days allocated to the IJB Strategic Planning and Commissioning Review. Mr Brown noted Ms Kerr’s point, however, advised that a separate proposal had been made to the Board around supporting the Assurance Framework where IJB integration with Board Planning was included.</p> <p>Following a question from Ms Kerr regarding there being no Payroll review for 2021/22, Mr Brown advised that Payroll had been subject to a yearly review to allow external auditors, Audit Scotland, to place reliance on work being carried out. It was, however, understood that Audit Scotland would be taking a different approach in 2021/22. Ms Maconachie from Audit Scotland advised that a different approach, looking at substantive analytical procedures, would provide the assurance required which in the past would have come from the Payroll audit.</p>	

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	<p>Ms Wailes questioned the timing of the Delayed Discharges audit set to take place in December, and suggested that it be carried out early to allow for action to be taken before winter pressures. Ms Weir advised that timing of audits were flexible and that once there had been approval of the audits to be carried out over 2021/22, detailed conversations would take place as to when best to schedule them.</p> <p>Ms Wailes also noted that Culture and Equality & Diversity had not been identified as key risks despite the Corporate Risk Register referring to them as risks. Ms Weir noted the point and advised that the Audit Universe would be updated to reflect the Corporate Risk Register. It was also noted that the use of locums had been noted as taking place every 5 years however had not taken place in the past 5 years. Azets agreed to look to include an audit of the use of locums in the 2021/22 plan however explained that it had not yet been included due to the current pressures on frontline staff.</p> <p>Prof Brown noted that Strategic Planning and Commissioning may need to be reconsidered to either be a system wide review, rather than just focussed on the IJB's, or to be removed from the Audit Programme. Prof Brown highlighted the proposal looking at the Assurance Framework as a separate pieces of work, Strategic Planning and Commissioning, Financial and Performance Report and Risk Management.</p> <p>Mrs Grant highlighted that the pressures from the pandemic were still ongoing, and noted that some audits may be taking place in unusual circumstances. Mrs Grant noted the importance of getting the best out of the audit resource available and that thought would be required into balancing the needs of the organisation against areas for consideration arising from the pandemic.</p> <p>The Audit & Risk Committee agreed that a fully refreshed plan would be brought back to the committee's next meeting for approval but in the meantime to allow the programme to progress with the four audit reviews detailed in order to commence work on the 2021/22 Plan.</p> <p><u>APPROVED/NOTED</u></p>	
18.	CORPORATE RISK REGISTER UPDATE	
	<p>The Committee considered the paper "Corporate Risk Register" presented by Ms L Reid, Azets.</p> <p>Ms Reid advised that the Register had been condensed, following 1-1 meetings with risk owners, Directors and senior staff, from 37 to 18. Ms Reid advised that single points of contact for risk management had been established within the Directorates. All risk descriptions had been reviewed and amendments identified, linking them to the corporate objectives and strategies. Operational Risk Registers were also</p>	

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	<p>established within each Directorate. Ms Reid asked that if any members had any comments on specific areas of the Register to pass them on to Mr White for consideration.</p> <p>Ms Reid explained that going forward, it was important that forums reviewing risks had the remit to review and provide opinion on the risks. Ms Reid also recommended that there should be a Corporate Risk Register standing item on all governance forum agendas.</p> <p>Ms Forbes noted some of the risks being proposed for closure despite having high risk rating still attached to them, suggesting they be mitigated before closure. Ms Forbes agreed to pass on specific details and comments following the meeting.</p> <p>Following questions regarding the ownership of the register and its maintenance once Azets steps away, it was advised that a Senior Risk Officer would be appointed to work alongside Mr White and Ms Aird to help with management of the register.</p> <p>Discussion took place regarding the Board’s review of the Corporate Risk Register. Members agreed that the Board should review the Corporate Risk Register and discussion took place around the frequency of its presentation. Following debate around annual presentation and a 6 monthly presentation, it was agreed that the Corporate Risk Register would be presented to the Board’s October meeting on an annual basis. It was further agreed that any significant changes and emerging issues would be highlighted to the Board throughout the year.</p> <p>The Audit & Risk Committee were also content to agree that the risks, together with those proposed to be closed, would be presented to the appropriate standing committee for confirmation/ownership.</p> <p><u>APPROVED/NOTED</u></p>	<p>Board Secretary</p>
<p>19.</p>	<p>RISK MANAGEMENT POLICY</p>	
	<p>The Committee considered the paper “Risk Management Policy” presented by Ms L Aird, Assistant Director of Finance.</p> <p>Ms Aird advised that Appendix A of the papers contained the Risk Management Strategy agreed by the Risk Management Steering Group (RMSG) on 18th August 2020 and the CMT 3rd December 2020. Appendix B contained an updated version of the Risk Management Policy & Guidance for Managers. An original version of the document was also agreed by RMSG 18th August 2020 and CMT 3rd December 2020. In April 2021, Azets concluded a review of Risk Management arrangements that included recommended minor changes to the document.</p>	

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	<p>The Audit & Risk Committee were asked to endorse the Risk Management Policy & Guidance and Risk Management Strategy presented which included the recommended changes from Azets.</p> <p>Ms Forbes noted that under step 4.2: Escalation of Risks, it states that “exceptional risks that are escalated to the level above remain on the register that has raised the risk. Each register that has a level beneath it would have a combination of risks raised at their own level and risks escalated from the level below.” Ms Forbes questioned if this would cause a conflict in the ownership of the risk. Mr White agreed to consider Ms Forbes query following the meeting.</p> <p>Ms Kerr suggested that the ‘Ongoing Assurance’ section of the document on page 10 of the Risk Management Policy and Guidance should be reconsidered following conversations regarding the Corporate Risk Register. Mr White noted the suggestion and would look to update the section following the meeting.</p> <p>Prof Brown advised that the Strategy document appeared too similar to a policy document and advised that in order for it to be a strategy, it would need to include suggested changes to business, along with a business case, implementation plan and evaluation. Prof Brown suggested that the Appendix A was more in line to a Risk Management Policy document with Appendix B being a Risk Management Guidance document. Prof Brown also suggested the Policy document, along with all other Board Policy documents going forward, should include reference and a link to the organisation’s purpose, values, aims and objectives. Prof Brown also suggested that both documents did not reflect the role of the IJBs and their Audit Committees.</p> <p>Following comments, the Audit and Risk Committee agreed to postpone approval of the papers in their current form. The Committee asked officers to consider the Committee's comments, and to bring back the policy for consideration to a future meeting.</p> <p><u>AGREED</u></p>	<p>Mr White</p> <p>Mr White</p>
20.	EXTERNAL AUDIT	
20.1	MANAGEMENT LETTER	
	<p>The Committee considered the paper “Management Letter” presented by Ms L Maconachie, Audit Scotland.</p> <p>Ms Maconachie advised that the Management Letter summarises findings from Audit Scotland’s interim audit work. Ms Maconachie reported that no significant control weaknesses were identified, however, there were some areas identified for improvement around user access and assets under construction.</p>	

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	<p>Ms Maconachie noted that in the 2019/20 Annual Audit Report there was limited asset verification work being complete within the Board, however, Management had agreed to establish appropriate arrangements for verification of assets by establishing management responsibilities within departments for ownership of assets, and returning relevant documentation to the fixed asset team within finance to ensure accounting records were complete. Some action had been taken to implement the processes. Audit Scotland recognised the progress to date, however, further substantive work would be carried out as part of the audit of the financial statements in order to establish the required level of assurance.</p> <p>The Committee noted that no significant control issues had been identified and were content to the note the report.</p> <p><u>NOTED</u></p>	
21.	FRAUD REPORT	
21.1	ANNUAL FRAUD REPORT	
	<p>The Committee considered the paper “Annual Fraud Report” presented by Mr M White, Director of Finance.</p> <p>Mr White advised that the paper included details on both NHSGGC and National Counter Fraud Arrangements, as well as an update on open fraud cases. Mr White noted that loses from fraud, theft and embezzlement (where quantifiable) in 2020/21 were £9,197.88. National Fraud Initiative 2020/21 data matches had been received and work to clear matches had commenced.</p> <p>Mr White reported that the level and nature of detected fraud which has occurred within NHSGGC did not indicate that there are deficiencies within the specific counter fraud arrangements, nor significant weakness in the overall system of internal control within the organisation.</p> <p>Mr Vincent noted that reference to Whistleblowing was not included within the report, despite it being an activity where staff identify fraud. Mr White agreed to review how whistleblowing could be recorded in future reports as a source of fraud reporting.</p> <p>The Committee noted assurance from the report that internal fraud prevention systems were operating as expected.</p> <p>The Committee were content to note the report presented.</p> <p><u>NOTED</u></p>	Mr White

<p>22.</p>	<p>CYBER SECURITY UPDATE</p>	
	<p>The Chair welcomed Mr William Edwards, Director of eHealth, to provide an update on Cyber Security.</p> <p>The Committee considered the paper “NIS Directive Audit Report” presented by Mr Edwards.</p> <p>Mr Edwards advised that the purpose of the paper was to present the Interim Output Report of the Network and Information Systems (NIS) Regulation Audit of 2020. He advised that NHSGGC were required to undertake this audit on an annual basis as a requirement of being an operator of essential services (OES) which covers key public infrastructure.</p> <p>Mr Edwards advised that NHSGGC had a scheduled on-site audit visit for September 2020, however, due to the pandemic the visit was unable to take place and documents had subsequently been submitted as evidence to support a desk-top audit exercise.</p> <p>Mr Edwards reported that the audit exercise had indicated an overall status of “Yellow” reflecting an assessed 64% compliance rating which contrasted favourably to other territorial Boards with few boards achieving over 55%. Mr Edwards advised that although the audit score was acceptable, it was being looked at as foundation to build on and that he was confident that a more positive result would have been expected had the on-site audit taken place.</p> <p>Mr Edwards was happy to report that an on-site visit was scheduled for August 2021, which was expected to better reflect the situation in relation to cyber security. A final report would be produced in October 2021 which was expected to see a marked improvement in comparison to the report presented.</p> <p>The Audit & Risk Committee noted that many of the points made within the report did not accurately reflect the actual position, shortcomings not uncommon in desk-top audits. Prof Brown noted that the review was the second desktop review the Scottish Government had carried out while the Board was managing risk. Prof Brown noted that this was another example where a desktop review had not reviewed the correct position and suggested that Board Chief Executives discuss the situation with the Chief Executive of NHS Scotland. Mrs Grant advised that the Chief Executives have already had a conversation about the audit process, in particular around the audit presented by Mr Edwards and around the concerns raised that it did not accurately reflect the position with NHSGGC.</p> <p>The Audit & Risk Committee noted that concerns around the audit process had been raised by the Chief Executives and looked forward to</p>	<p>Mr Edwards</p>

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	<p>receiving an update at a future meeting following the on-site visit from the auditors in August 2021.</p> <p><u>NOTED</u></p>		
23.	PRIVATE PATIENT FUNDS		
	<p>The Committee considered the paper “Private Patient Funds” presented by Ms L Aird, Assistant Director of Finance.</p> <p>Ms Aird explained that the Audit & Risk Committee were asked to adopt and approve the Board’s Private Patient Funds Annual Accounts 2019/20 for submission to the Scottish Government Health Directorate for NHS Greater Glasgow and Clyde. This would include authorising the following; Director of Finance and Chief Executive to sign the Abstract of Receipts and Payments for 2019/20, Director of Finance to sign the Statement of Board Members’ Responsibilities, and the Director of Finance to sign the Letter of Representation to KPMG LLP on behalf of the NHS Board.</p> <p>The Audit & Risk Committee were content to approve the Board’s Private Patient Funds Annual Accounts for 2019/20.</p> <p><u>APPROVED</u></p>		
24.	SIGNIFICANT ISSUES LETTER & CORPORATE GOVERNANCE STATEMENT		
	<p>The Committee considered the papers “Significant Issues Letter” and “Corporate Governance Statement” presented by Mr M White, Director of Finance.</p> <p>Mr White explained that the Chair, on behalf of the Audit and Risk Committee should provide details of any significant issue of fraud which arose during 2020/21 which the committee consider should be brought to the attention of the Health and Social Care Assurance Board. This would normally be informed by the assurances received to support the Governance Statement in the Board’s Annual Accounts and asked the Audit & Risk Committee to consider the draft statement provided, reflecting the Accounts process was still in progress.</p> <p>Mr White advised the Audit & Risk Committee that he would not be highlighting any issues for disclosure in the letter and asked the Audit & Risk Committee to approve the Committee Chairs signature and submission of the Significant Issues Letter to the Scottish Government indicating a nil return.</p>		

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	<p>The Audit & Risk Committee were content to approve the Chair to sign and submit the Significant Issues Letter based on the evidence provided and the draft Corporate Governance Statement.</p> <p><u>APPROVED</u></p>	
25.	AUDIT & RISK DRAFT WORK PLAN	
	<p>The Committee considered the paper “Audit & Risk Draft Work Plan” presented by Ms J Haynes, Corporate Service Manager for Governance.</p> <p>Ms Haynes advised that the new cycle of business template would apply to all Board Committees to ensure consistency and formed part of the active governance approach. This would be alongside the introduction of standard cover papers, agenda formats and minute templates. The functionality of the new documents would be reviewed on a regular basis and Ms Haynes welcomed members to email any comments or considerations on the new templates to Board Administration.</p> <p>The Chair thanked Ms Haynes for the update and noted that each standing Committees workplan would remain a dynamic document. The Audit & Risk Committee were content to note its current workplan in the new format.</p> <p><u>NOTED</u></p>	
26.	INTERNAL AUDIT FRAMEWORK TENDER	
	<p>The Committee considered the paper “Internal Audit Framework Tender Renewal” presented by Ms L Aird, Assistant Director of Finance.</p> <p>The Chair asked Azets colleagues to leave the meeting while the discussion around contract extension took place.</p> <p>Ms Aird advised that the Internal Audit Services existing contract was due to end on 11th May 2022 following a previous agreement to extend for a further two years. New external audit contracts were due to be awarded last year to cover the audit of the 2021/22 year onwards. However, due to COVID-19, the Auditor General announced that current external audit appointments would be extended by at least one year. The delay in awarding External Audit contracts creates potential risk that Health Boards could appoint a new Internal Auditor and that firm is subsequently also appointed as the Board’s External Auditor, creating a conflict and requiring them to step down from one of the appointments.</p> <p>Ms Aird explained that in order to extend the current contract, a VEAT Notice would be published to inform the market that the Board intends to award a contract without prior publication of a Contract Notice.</p>	

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	<p>Ms Aird asked the Audit & Risk Committee to agree to postpone the re-tendering of the Internal Audit Framework contract until the Auditor General has confirmed the new External Audit appointees. The proposal therefore was for the current contract with Azets to be extended for a further year, to May 2023, In addition to this extension it was also proposed to commission an external assessment of the internal audit service later in 2021/22, in line with the requirements of Institute of Internal Auditors, with the assessment informing the future service specification. This was last completed through the Chartered Institute of Internal Auditors in 2016 and it was agreed to repeat the exercise in 2021/22 through the Institute again due to the Institute being independent, objective and have no vested interest, as well as set the standards and have an understanding of them.</p> <p>The Audit & Risk Committee noted that Azets had provided high quality information and audits during their tenure and were content to approve the extension of the current internal audit contract from May 2022 - May 2023, and to commission an external assessment of the Internal Audit Department to be undertaken during 2021/22 financial year and thereon at least once every five years by a qualified, independent assessor from outside the organisation.</p> <p><u>APPROVED</u></p>	
27.	FINANCE SENIOR MANAGEMENT STRUCTURE	
	<p>The Committee considered the paper “Finance Senior Management Structure”.</p> <p>The Chair advised that the paper was being presented for information following a significant restructuring of the Finance Senior Management Team. The Chair noted that the paper addressed comments made previously from Internal Audit and External Audit in relation to the risk around succession planning within the Finance Department and the risk associated with a number of Senior Finance Members retiring at the same time.</p> <p>The Committee noted that a successful recruitment process had been undertaken and that Mr White now has the structure required within the department.</p> <p>Mr White noted that Ms Aird would be the main contact for the Audit & Risk Committee moving forward.</p> <p><u>NOTED</u></p>	
28.	CLOSING REMARKS AND KEY MESSAGES TO THE BOARD	

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	<p>The Chair concluded the formal business of the meeting and summarised the key themes to be reported to the Board from the Audit and Risk Committee.</p> <ul style="list-style-type: none"> • Internal Audit Programme 2020/21 • Corporate Risk Register • Draft Internal Audit Plan 2021/22 • NIS Directive Audit Report • Fraud Report • Internal Audit Contract <p>The Chair concluded the meeting by advising that Ms Kerr would be taking over as Chair of the Committee from the next meeting. Mr Macleod thanked both executive and non-executive members for their contributions and support, noting the positive progression of the Committee thanks to their efforts.</p> <p>Mrs Grant noted thanks to Mr Macleod on behalf of the Board and the Audit & Risk Committee, highlighting the outstanding contribution he has provided over the years both working with executives colleagues and as Chair of the Committee.</p> <p><u>NOTED</u></p>	
29.	DATE AND TIME OF NEXT MEETING	
	TBC - Microsoft Teams	