

SHETLAND NHS BOARD**Minutes of the Meeting of the Audit Committee held at 10:00 on
Tuesday 29th November 2022 via Microsoft Teams**

Present	
Mr Colin Campbell [CC]	Non-Executive Director (Chair
Mrs Jane Haswell [JH]	Non-Executive Director
Mrs Natasha Cornick [NC]	Non-Executive Director
In Attendance	
Mr Colin Marsland [CM]	Director of Finance
Ms Stephanie Hume [SH]	Internal Audit
Mr Michael Dickson [MD]	Chief Executive
Mr Brian Howarth [BH]	External Audit
Ms Kirsty Clark [KC]	Learning and Development Manager (item 3)
Ms Michelle Hankin [MH]	Clinical Governance & Risk Team Leader (items 7-10)
Mr Andrew Humphrey [AH]	Datix & Systems Officer (items 7-10)
Mrs Pauline Moncrieff [PM]	Board Business Administrator (minutes) (from 10:25)
Mrs Erin Seif	PA to Director of Finance

CC welcomed Brian Howarth from Audit Scotland to his first meeting of Audit Committee. Audit Scotland will be the board's external auditors for the next 5 years.

1. Apologies

Apologies were received from Lincoln Carroll, Elizabeth Young and Edna Mary Watson.

2. Declaration(s) of Interest

There were no declarations of interest.

3. Statutory and Mandatory Training – Management Action Update

KC gave a detailed update on the statutory and mandatory training which had been a management action identified by internal auditors. Written feedback had been received by the committee at the last meeting in September.

The main areas highlighted were:

- A review had taken place to ascertain the core mandatory and statutory training for all staff across the organisation (regardless of where based or the type of contract). The submissions were reviewed by the subject matter experts, and recommendations made to the Staff Governance Committee who approved a suite of e-learning topics.
- The Communications Dept will issue an email this week informing staff of the module topics, what the frequency period is and that staff have until 16th January to complete all mandatory modules.
- One of the issues for NHS Shetland had been that topics did not cover all the board's statutory obligations. Learning had also come from the HSE inspection at NHS Orkney. There are now 3 e-learning applications related to health and safety (violence and aggression, preventing hazards in the workplace and load handling).

- KC explained the Turas function whereby line managers in NHS Shetland with approval on Turas Appraisal (which feeds into Turas Learn) have access to information on staff mandatory training compliance as well as reports and records of role specific training.
- If staff have not completed their training (despite reminders) it would become a performance management issue and fall under either the board's Capability Policy or Conduct Policy. The Staff Development team and colleagues in SIC Adult Learning offer support to managers and staff where there may be issues which may prevent staff from completing their training eg. standards of english or computer skills.

KC explained that the renewal frequency for some e-learning modules are set nationally across NHS Scotland at 2 years (eg. load handling) based on the risk and staff time. It is within the gift of NHS boards to set the periods and these vary across Scotland. The intention for core baseline mandatory training is that it is set at a general awareness level for all staff and some staff will progress to higher levels of training as appropriate to their role.

MD said that there was some disparity around mandatory training across Scotland whereby training completed in one board was not recognised in another (even if those staff routinely work between boards). There is a national piece of work underway to look at creating a Once for Scotland 'NHS training passport'.

Following HSE inspections at both NHS Orkney and NHS Grampian, there is currently a piece of work around pulling together the Turas Learn platform and the board's HR system e:ESS to ensure better compatibility and improve the accuracy of compliance reporting.

CC thanked KC and the staff governance team for their hard work and the committee could draw considerable assurance from the presentation that progress had been made and continues to do so. Members noted that the Staff Governance Committee have oversight of statutory and mandatory training and could draw assurance from that process also.

4. Draft Minutes of the Meeting held on 27th September 2022

The draft minutes were approved as an accurate record of the previous meeting.

5. Action Tracker

(189) Datix & Systems Officer Lead to look at ways to streamline the presentation of information within the Strategic Risk Register

Members would receive a progress update as part of the later agenda.

6. Matters Arising

(6) Business Continuity Report – Management Actions Update

JH asked for confirmation whether it had been possible to present the draft Business Continuity Policy to Area Partnership Forum yet.

CC reported that the Finance & Performance Committee had met last week where it was advised that there continued to be progress on business continuity.

7. Risk Management 6-Monthly Update Report

(Paper AUD 22/20)

MH highlighted the main points from the report:

- the Clinical Governance team is fully established meaning more attention can be dedicated to clinical governance projects such as face-to-face walk arounds and the clinical governance afternoons.
- the terms of reference for the Risk Management Group have been updated.
- a quick reference Datix Guide has been developed which supports managers and heads of department on how to complete and manage Datix. The guide can be found on the board's intranet.
- the Risk Management Work Plan (in Appendix 1) shows the updated risk management objectives and corporate objectives.
- the chair for the Risk Management Group is now the Chief Executive as it was felt that this gave better governance processes around the meeting.

JH asked for an update on progress to support managers to ensure departments can produce appropriate learning summaries. MH explained that the Risk Management team keep a record of all the major learning events and audit projects occurring within the organisation. From November 2022, teams and departments have been asked for their results in order to collate and share the learning with the Audit Committee. It will be possible to add learning points or templates from any piece of work and share with other departments. These could be added to the monthly Clinical Governance and Learning Bulletin. MH offered to present a further update at the next meeting. **ACTION: MH**

NC raised the issue of board wide risk training saying it would be useful to have a seminar on risk appetite, mitigating risk, the role of board members etc. This session should be available to all board members (not just Audit Committee). AH added that there was information on risk provide to new board members as part of their induction and this should be updated to include new procedures etc. It was agreed this would be a timely point to refresh the content of the previous presentation and offer as a Board Development Session to all board members and managers of risk. **ACTION: EMW & MH**

Decision: the committee noted the Risk Management 6-Monthly Update Report.

8. Strategic Risk Register Report

(Paper AUD 22/21)

MH reported that the strategic risks have been discussed at the Risk Management Group and highlighted some changes that have been made to the Risk Register.

- additional fields have been added around clinical governance, committees and groups for comments.
- A highest rank table has been added which will change throughout the year in response to current risks, eg. winter pressure risks will be higher at this time of year than summer.
- a new strategic risk has been added relating to Chemical, Biological, Radiological and Nuclear Contamination.
- After discussion with RMG, it had been agreed to stand down the Covid risk as this has been closed in light of the original content now being covered by winter planning and business continuity plans.
- the layout and presentation of the table was being reviewed with the aim of getting a one page summary for presentation to Audit Committee.

MD reported that a risk would be presented to EMT on winter pressures as it was felt that this winter would be very difficult with the risk of industrial action within the NHS not entirely settled and the impact of industrial action outwith the NHS was a factor included in the risk.

MD informed the committee that he had written to the Local Resilience Partnership (chaired by the SIC Chief Executive) to request a meeting be called to consider the impact on the wider community and share resilience plans. It had not been the view of the partnership's chair that a meeting was necessary at this point in time, but MD intends to follow this up again in the light of more teachers' strikes being imminent.

JH asked for clarification on where risk SR07 was recorded following being de-escalated to a directorate risk in March and also that the stated 'current implications of unfit IT systems' is also taken into consideration as this had an cumulative effect on this risk. AH reported that SR07 had a closed date against it so after investigation, the team will update members and ensure it is documented clearly for the next report presented to the committee. **ACTION: MH/AH**

DECISION: the committee agreed to approve the Strategic Risk Register once an update on risk SR07 had been received.

9. Risk Management Group Terms of Reference update *(Paper AUD 22/22)*

MH informed members that the only change to the Terms of Reference was that the Chief Executive was now the chair of the group rather than the Medical Director.

DECISION: the committee approved the Risk Management Terms of Reference.

10. Risk Management Group draft Action Note 9th November 2022 *(Paper AUD 22/23)*

The committee noted the draft action note.

11. Scheme of Delegation *(Paper AUD 22/27)*

CM explained that as part of the governance process, the board is required to review its Scheme of Delegation (and Standing Financial Instructions) annually. In respect of the Scheme of Delegation, the endowment section was approved by the Endowment Committee with one minor change to the wording.

A major change in respect to the board's core scheme of delegation is that the scheme of delegation for the Chief Executive and Director of Finance has been increased for payments to Shetland Island Council. This reflects the increase in the monetary value of invoices from SIC as experienced in 2022/23. It is not expected that this will occur in 2023/24 but this change has been built in to take account of the possibility in the future.

The Scheme of Delegation for the board will alter during the year as issues arise and will be presented to the Board for final approval at the December meeting.

DECISION: the committee agreed the proposed Scheme of Delegation be submitted to the Board for final approval.

12. Review of Standing Orders/SFIs

CM informed the committee that there were no proposed changes since the last review and so would not be presented to the Board for approval. However, it was good practice for the Audit Committee to consider these in order to ensure they are still compliant.

MD said that as the board progresses towards the new health and social care campus, it is likely that the delegated limit for authority for individual invoices and/or contract sign off would need to increase significantly. The intention would be to stand this down as soon as possible, however the longer scheme of delegation holds the raised limit, the greater the risk. It would be sensible to consider having some degree of flexibility to increase and decrease the limit whilst making the Audit Committee aware of changes based on pressing business or tactical needs.

CM confirmed that the Scheme of Delegation can be reviewed at any meeting of Audit Committee (a minimum of once per year). Temporary changes to the Scheme of Delegation can be presented to the Audit Committee for sign off before final approval by the board.

DECISION: the committee agreed that no changes were required to the SFIs.

Internal Audit

13. Internal Audit Progress Report Quarter 2 2022-23

(Paper AUD 22/26)

SH said the report gave the committee an update on progress with the Audit Plan for 2022/23. The main points for the committee to note were:

- The follow-up review for Q2 was completed as planned and a request has been received that the PMO Financial Savings Review be removed from the plan for 2022/23. This is the result of other work taking place and it being considered not the right time to undertake an audit of this type at present. The committee was asked to approve this and consider what should replace it to take account of these assigned days on the plan. SH said that IA could feed back to the committee between now and when work will need to be completed in time to report back to the March meeting.
- The report on Management of Board Performance being presented today does not contain management responses which were agreed following discussion with MD. This is to allow time for consultation with the committee regarding the responses and action owners before the final report is presented to the committee in March.
- IA have no other concerns around delivering the remaining reviews and the plan is to present these to the March meeting. All work is either being planned or has actually begun the field work.

CM pointed out that the PMO review formed part of the financial systems and savings audit which External Audit may highlight due to the fact that IA have not been asked to include anything financial in the 2022/23 Audit Plan. Members were asked to bear this in mind in future years when considering financial issues for inclusion in the audit plan to comply with the recommendation of external audit.

BH suggested that some work on budgetary control might be more useful. BH said he was content for the committee to take a view in the round as to what was contained in the internal audit plan. External Audit will take the committee's assurance as a response to that. BH said he was also happy to have a discussion with SH around financial aspects of the internal audit role and the board's own risk management approach.

MD explained the reasons why it had been decided to stand down the PMO review and said that the board did not have a credible savings plan for 2022/23 which was a considerable gap. With this in mind, MD was engaging an external agency to provide some support

around that with a view to developing a savings plan for 2022/23. One possibility would be to run an internal audit alongside that work or alternatively do that work at the end of the process (anticipated to be the end of Feb) and take some learning from it also.

Members discussed building financial systems review into the audit plan for 22/23 based on the work of the external consultants. SH said IA could commence work on this in March with the final report being delivered at the May meeting along with the annual report. This would allow planning and fieldwork to still be done as part of 2022/23. In addition, the draft report could be issued once finalised and circulated for comments and questions in advance of formal presentation to the Audit Committee in May. Members agreed with this approach.

ACTION: Internal Audit

Decision: the committee noted the Internal Audit Progress Report Quarter 2 2022-23

14. Internal Audit Follow-up Report Quarter 2 2022-23 *(Paper AUD 22/27)*

SH presented the report and explained that at the request of the Audit Committee, IA have been able to provide updates on all the action regardless of whether they were due.

- 12 actions had been followed up and 3 closed.
- 2 actions awaiting responses but one report was circulated yesterday and a few other updates were received last week which gives a final total of 4 actions closed.
- 8 actions are now being carried forward to the next review.
- Updated progress on actions is: 3 complete, 1 no longer applicable, 5 partially complete and 3 incomplete.
- The percentage of actions completed will be slightly higher than stated in the report due to the additional action is being completed. It is an overall positive picture in terms of the number of actions completed.
- The open audit actions are headed in the right direction from that seen in previous years with the impact of Covid halting some of the actions being completed. There is a determined effort by managers to progress and complete actions.
- The grade 3 action reported as awaiting a response is the one now completed action.
- The grade 2 action reported as awaiting a response is partially complete.
- The 2 shown as awaiting responses are for Bank Agency and Locum Onboarding which will now require an update to this table to take account of the responses received (to 1 partially complete and 1 complete).
- Appendix 2 gives the summary of all outstanding actions including those which are technically not yet due for a response and are not past their original due date. Management were asked to provide a status to give the committee some comfort that the work is progressing and on track to hit the deadlines that were originally set.

In response to a request from CC, MD agreed to give the committee an update on progress with the Bank, Agency and Locum Onboarding audit action at the March meeting. **ACTION: MD**

Decision: the committee noted the Internal Audit Follow-up Report Quarter 2 2022-23

15. Internal Audit report 2022/23: Management of Board Performance *(Paper AUD 22/28)*

SH explained the fieldwork for this audit and said that Internal Audit will formally present the final report to the committee in March. There were 4 improvement actions identified from the review, three of which are grade 3.

MD felt that simply taking management actions did not work in terms of The Blueprint for Good Governance and that by having a discussion within EMT, this was in essence setting a framework of self-regulation and ideally the report warranted a wider discussion at a Board Development Session. If a framework was set by completing the management actions and applying the recommendations, but that does not meet the needs of the wider leadership team of NHS Shetland, would it allow non-executives and the public to feel assured that NHS Shetland is doing a good job?

CM reported that the Finance & Performance Committee had not met before the audit was carried out, but explained how that committee had agreed a process to review individual topics in turn (starting with performance in January) to ensure that it gives members the information which the Finance & Performance Committee requires.

JH said she felt in order for the Audit Committee to maintain its assurance, it was important to take account and complete the management actions and recommendations of this audit whilst also looking at the wider impact.

After discussion, members agreed that there could be greater scrutiny and a level of assurance established but that each standing committee of the board was addressing this. Non-executives do get the opportunity to challenge and ask questions of the leadership team but it would be beneficial to have a conversation about how members can look at performance better as a board in conjunction with the findings of the IA review.

CC summarised that everything the auditors had identified correlated with recent discussions held at the Finance & Performance Committee. The work the Finance & Performance Committee does will feed into the findings of the audit. Ownership of driving the process does not sit with the Finance & Performance or Audit Committee however and MD was asked to discuss with EMT to formulate an action plan and identify a project leader and use the Finance & Performance Committee as a resource. EMT would ultimately be required to sign off the plan before it was presented to the board for approval. **ACTION: MD**

DECISION: the committee noted the Internal Audit report 2022/23: Management of Board Performance.

16. Internal Audit Strategic Internal Audit Plan 2023-24 *(Paper AUD 22/29)*

SH presented the 2023/24 plan and reminded members that although the board would be going out to tender in the next few months to potentially appoint a new internal audit provider, it was important to consider the plan now. The committee was asked to consider if the audits included in the plan are still the right areas, any new areas they wish to be considered or things to be pulled forward from the 2024/25 plan. A draft plan will then be presented to the committee in March for further comment before final approval in May.

JH said she would seek the views of the Clinical Governance Committee and would ensure the draft plan was on the agenda for consideration and would report to SH. **ACTION: JH**

CC referred to Audit Area A2 (PMO/Financial Savings Review) and highlighted the need for this to be updated in light of discussion earlier in the meeting.

CC referred to Audit Area B3 (Recruitment and Retention) and asked for the exit interview process to be incorporated into the audit. SH confirmed this was no problem. **ACTION: SH**

BH suggested it would be good to consider an audit around stock eg. theatres, consumables or pharmacy. MD said it was a relatively small amount of spend, but there was no issue in looking at any of these. SH informed members that Azets had conducted theatre and IT stock reviews in other health boards in the last few years and she was happy to share the assignment plan with CC and MD if they would find that helpful. **ACTION: SH**

CC asked the Staff Governance Committee also consider the draft audit plan for 2023/24 at a future meeting in terms of their audit requirements. **ACTION: NC**

DECISION: the committee noted the draft Internal Audit Strategic Internal Audit Plan 2023-24

Audit Scotland Report

17. Tackling Child Poverty

(Paper AUD 22/30)

CM said Audit Scotland had undertaken an audit primarily aimed at the Scottish Government and local government in respect to tackling child poverty. However, as part of the Shetland Partnership, NHS Shetland work with Shetland Island Council in respect to the issue of child poverty and the board also receives reports from both the Director of Public Health and also the Director of Nursing & Acute Services, who is currently the Chair of the Shetland Children's Partnership.

The report makes members aware of factors that influence child poverty and the recommendations that Audit Scotland make to the government and local authorities on how to better tackle the issue of child poverty. Deprivation has a key significant impact on health outcomes of individuals which is part of our roles and responsibilities of NHS Shetland.

MD commented that one of the advantages in Shetland was that agencies have a good picture of where the most at risk children are. This was demonstrated through the pandemic and there is excellent cross agency working supporting both vulnerable children and adults.

BH told members that he had been External Auditor for NHS Western Isles for the last 6 years. It had been clear that in the Western Isles the challenge was poor quality housing and how that was likely to have quite a significant impact on other things such fuel poverty. As well as being the external auditor for NHS Shetland, BH is also the auditor for Shetland Island Council and the IJB.

NC said it was important at a local level not to regard child poverty as an issue for the SGov to resolve but to understand that it was a whole community problem and the question should be what everyone can do.

JH said that it had been easy for the 3rd sector to apply for the winter funding which had enabled unexpected low grade solutions which had been very impactful for a small amount of money. The concern is that come March 2023 a significant sum of that funding will cease and the board should note this as it will also impact on child poverty beyond March 2023.

Decision: the committee noted the Audit Scotland 'Tackling Child Poverty' report

External Audit

18. No papers in plan

Standing Items**19. Audit Committee Business Plan 2022-23** *(Paper AUD 22/31)*

CM said the Business Plan for 2022/23 was presented to each meeting for members to review and agree. The Business Plan for 2022/23 is a roll forward of the current version with proposed training dates and topics added as discussed with CC and SH.

The newly appointed external auditors would be attending the March 2023 meeting in order to meet with the Members for a discussion in private.

DECISION: the committee agreed the Business Plan 2022/23.

20. Draft Audit Committee Business Plan 2023-24 *(Paper AUD 22/32)*

CM said with the introduction of the new Finance & Performance Committee, there was a question of whether or not the review of the board's annual accounts was required by both the committees or only done by the Finance & Performance Committee rather than the Audit Committee. Any decision will require a change of Terms of Reference for both committees and they are currently scheduled to meet two days apart. CM has discussed the proposed change with the Board Chair who was sympathetic to the suggestion.

Members were reminded that the current membership of the Finance & Performance Committee, is the same as those who would be in attendance at the Joint Audit Committee and Chairs meeting.

The proposal to members was to consolidate the Joint Audit and Chairs meeting with the Finance & performance Committee and transfer responsibility for the business to that committee. CC added that the Financial & Performance Committee were comfortable with the proposal so the final decision rested with the Audit Committee.

CM added that given the financial savings review will not be complete until end of March, there will still be a requirement to hold an Audit Committee meeting in order to receive the final reports from Internal audit for 2022/23 and also plan for the future years. CM will amend the Terms of Reference for the Audit Committee to reflect this change in the 2024/25 meeting cycle (and the Audit Business Plan) and following review and updating of reference for the Finance & Performance Committee at their meeting in Feb 2023.

DECISION: the committee agreed the draft Business Plan 2023/24 with the proposed change to the remit of the joint meeting.

Other Items**21. Investigatory Powers Commissioner's Officer (IPCO) Inspection Report** *(Paper AUD 22/33)*

CM presented the report and said NHS Shetland work alongside NSS and Counter Fraud Services as their agent who are responsible for the strategic and partnership working with regard to fraud in Scotland. CFS hold powers well beyond that held by a board to do investigations and as such are subject to the same regulation and review of their use of those powers as the police. The relevant inspection committee has recently NHSS and reviewed the processes and procedures for Counter Fraud Services Scotland. The summary report of the inspection found that NSS were broadly working in line with the principles and the practicalities of the rules in terms of the investigative powers that they hold. The IPCO letter

is shared with boards to give assurance that any work carried out on behalf of boards is compliant with their obligations for conducting investigations.

DECISION: the committee noted the letter of assurance.

22. Any Other Competent Business

CC informed the committee that as no suggestions had been put forward by members, IA referred back to their list of previous training sessions given across all the committees across Scotland and put together a good draft program. If members feel anything needs to be amended, this is not a problem. With the prior approval of the board chair, it was decided to invite all non-executive board members to attend these training sessions going forward, not just the Audit Committee.

Currently, sessions are open to Shetland, Orkney and Western Isles and the plan is to extend this out to invite NHS Highland.

23. Date of next meeting

The date of the next meeting is Tuesday 28th March 2023 at 10:00 on MS Teams.

The meeting concluded at 11:45