

SHETLAND NHS BOARD

**Minutes of a Meeting of the Audit Committee held on Monday 10th August 2020
virtually by Microsoft Teams**

Present

Mr. Lincoln Carroll (Chair)
Mr. Colin Campbell, Non-Executive Director
Mrs. Natasha Cornick, Non-Executive Director
Mrs. Jane Haswell, Non-Executive Director

In Attendance:

Mr. Michael Dickson, Chief Executive
Mr. Colin Marsland, Director of Finance
Mr. Karl Williamson,
Ms. Stephanie Hume, Scott-Moncrieff
Mr. Conor Healy, Deloitte
Ms. Karen Smith, Head of Mental Health Services (item 6)
Ms. Emma Garside, Clinical Governance and Risk Lead (item 8)

1. Apologies:

Apologies were received from Chris Brown, Shona Manson, Edna Mary Watson

2. Declaration(s) of Interest

No declarations of interest

3. Draft Minutes of meeting held on 24th June 2020

Mrs Cornick highlighted the double negative in paragraph three, this will be corrected and minutes approved.

4. Action Tracker

Mr Campbell complemented the Chair on the action tracker and felt this was a positive start to the audit season.

149 – Mr Dickson advised he has discussed this with Mr Robinson, he is aware of its outstanding status and will discuss with the non-execs in due course.

5. Matters Arising

None

Internal Audit

6. Internal Audit Report Mental Health Follow-up

Mr Carroll welcomed Ms Smith to the meeting and asked Ms Smith to take the Audit Committee through the report provided.

Ms Smith firstly apologised for missing the deadline for submitting the report and provided a summary of the report to the Audit committee explaining at the time of the Internal Audit, undertaken by Scott Moncrieff an assessment of the Nursing team was also carried out by an external Mental Health Clinical Nurse Manager. A report was written with recommendations similar to the ones highlighted by Scott Moncrieff. An improvement plan was created reflecting both sets of recommendations and Ms Smith also included outstanding actions from the Mental Health Management teams action plan. Ms Smith highlighted due to the COVID pandemic some timescales have slipped and are for review.

The Committee thanked Ms Smith for the report provided, the report provided the Committee with a better understanding of the challenges the Mental Health team faces, however there were concerns raised within the wide discussion from the Committee, highlighting additional concerns.

The Committee still did not feel the appropriate assurance was provided that the risks identified within the Scott Moncrieff report were appropriately addressed going forward and a direct response to assure the Committee that these areas are going to be addressed going forward is required.

Mr Carroll suggested Ms Hume could provide Ms Smith with assistance before the next Audit Committee.

Action: Ms Smith to return to the next Audit Committee

It was highlighted the Audit Committee has a responsibility to notify the Board at this stage as they cannot provide the necessary assurance regarding the Mental Health service.

7. NHS Shetland Internal Audit Annual Plan 2020-21

Ms Hume updated the Committee on the discussions held since the last meeting in June which has resulted in some changes in appendix 1 of the proposed plan.

Ms Hume presented the Internal Audit Plan for 2020-2021, there will be three audits to take place, procurement, financial management reporting and statutory and mandatory training.

Mrs Haswell commented she understood from the previous meeting that she was to take an item for audit to come through CCPGC and wanted to suggest patient satisfaction and feedback engagement and was not aware of the discussions held before this meeting.

It was discussed that due to the current pandemic it has been unfortunate timing and looking at the financial oversight was considered a priority for the Committee as this time. The Committee agreed with Mrs Haswell that the area she has suggested for audit would be particularly important and valuable going forward. Mr Dickson suggested including a piece of work within the Clinical Strategy and Ms Hume mentioned this could be reviewed after the new year and could build into next year's plan.

Annual Accounts Review

8. Risk Management Annual Report 2109-20 (taken before 7)

Ms Garside provided a summary of the report given, explaining the Committee would have normally received the report May however due to the current pandemic this has been delayed. The report provided a summary of the risk management arrangements in place during 2019/20 and the work undertaken to strengthen the current arrangements.

The risk management objectives and progress against the KPIs from 2019/20 are included, identifying if they have been completed/business as usual or have been carried forward into 2020/21. The updated and new risk management objectives for 2020/21 have also been included in with a number of new KPIs and will form the basis of the risk management work plan for 2020/21.

Mrs Cornick asked if the risk 1355 was removed has been included under another risk and this was confirmed.

Mr Campbell commented that he did not feel the KPI's supported the objectives.

Mrs Hawsell wanted to assure the Committee that although CCPGC and JGG are stood down due to the current pandemic the work is being undertaken through other means.

9. Chief Internal Audit Annual Report

The Committee is asked to note the findings in the Internal Audit Annual Report concluded that appropriate framework of arrangements are in place that provides reasonable assurance, regarding the effective and efficient achievement of the organisation's objectives and the management of key risk.

Ms Hume assured the Committee there are key governance processes and frameworks in place and highlighted the issue raised regarding the Mental Health services previously discussed.

Mr Marsland brought to the attention of the Committee, the NSS issues identified regarding checks. The checks are working however there needs to be robust evidence the checks are being carried out.

Mr Healy highlighted the issues identified have existed for several years across Scotland and there is an action plan in place.

10. NHS Ayrshire and Arran NSI Third Party Service Audit Reports

Mr Marsland explained the report provided was one more service report from Ayrshire and Arran in respect to financial systems, such systems are used across the Scotland Boards.

Mr Dickson highlighted the inappropriate access within the report and Mr Carroll did wonder if NHS Shetland had similar issues and if staff training would be required. Mr Healy explained the access permissions are generally built into the system and Audit looks at every transaction entered within the ledger and the authorisation and there is reasonably rational as to why it happens.

11. NHS Shared Services Scotland Third Part Service Audit Report PDS

The Committee was asked to note the qualified assurance given to NHS Shetland by NHS Shared Services Scotland via the Third Party Service Audit Reports in respect of services they provide to the Board via Practitioner Services in respect of Primary Care Contracts.

12. NHS Shared Services Scotland Third Party Service Audit Report IT

The Committee was asked to note the qualified assurance given to NHS Shetland by NHS Shared Services Scotland via the Third Party Service Audit Reports in respect of services they provide to the Board via NHS Scotland National Information Technology Services Contract s with Atos and its alliance partners, IBM and Sopra Group.

13. Governance Committee Reports

Mr Marsland explained the Committee is being asked to note the Governance Committee Annual Reports from the Audit Committee, Clinical Care and Professional Governance Committee, Staff Governance Committee and the Best Value Report.

These reports help to inform the organisation's Governance Statement.

Mr Carroll highlighted the original report from Audit was incorrect however this has now been rectified.

Mrs Haswell pointed out the CCPGC did approve the report at the last meeting so it is not a draft.

The Committee discussed the requirement to continue to invite responsible Managers to attend future meetings when Scott Moncrieff is presenting their reports in the future and suggested if there is a service of concern the Managers should attend until the Committee has assurance the level of concern is improving.

14. External Audit Report on the Annual Report (ISO260)

Mr Healy took the Audit Committee through the report highlighting the key issues

Whilst Mr Healy took the Committee through the report Mr Dickson wanted it to be recorded he disagreed with the assessment on page 18 and fails to see how it will make any material impact on the delivery of services.

Mr Healy highlighted the openness and transparency of the Board during this time, the use of technology in particular the use of the Facebook page providing the public with updates during the current pandemic.

Mr Healy highlighted the second last page of the report and comment on the possible increase on fees for next year due to the current pandemic.

A further discussion was held regarding the Mental Health service, acknowledging everything within the report and accept more robust action should have been taken sooner, there is a need to ensure a clear plan is in place going forward as the committee has a significant concern of the impact on the Mental Health service if action is not taken and dealt with appropriately and the potential for the Scottish Government stepping in.

Mr Williamson thanked Mr Healy and the Audit team for the professional and effective audit during these circumstances.

15. Letter of Representation from the Accountable Officer

The Committee was asked to approve the draft letter of representation to the External Auditors from the Accountable Officer, Mr Dickson. The Committee approved.

16. Shetland NHS Board Annual Report and Accounts for the Year Ended 31 March 2020

The Committee is asked to, following careful consideration taking account of all evidence submitted and to ensure the fulfilment of their obligations to the Board in respect of the Annual Report and Accounts for the period ending 31 March 2020, accept and approve to the board for ratification of the draft annual report and accounts.

The Committee approved, Mr Marsland and Mr Carroll thanked everyone for their work involved especially during the challenges faced this year.

17. Notification from sponsored bodies Audit Committees

The Committee was asked to note the content of the letter dated 15 July 2020 regarding duties of Audit Committees of Sponsored Bodies to notify the Scottish Government portfolio Audit Committee of any significant issues that are considered to be of wider interest and approve the board's draft response.

The guidance in the Scottish Public Finance Manual requires Health Board Audit Committees to notify the Scottish Government portfolio Audit Committee of any significant issues that are considered to be of wider interest. The board's draft response is that there are no incidents to report that meet this test, the Committee was content.

External Audit

No further reports

Audit Scotland

No further reports

Standing Items

18. Audit Committee Business Plan

The Committee is asked to review the audit committee Business Plan for 2020-21 and highlight any adjustments that may need to occur.

Mr Marsland highlighted to the Committee one issue for the Business Plan the Committee would need to consider is the training for the Committee and which topic would be required.

The Committee discussed how training could be provided during the pandemic and Ms Hume advised training could be provided virtually. The committee discussed having a training session for the Audit Committee and another separate training session including the Board Members.

Mr Carroll asked Ms Hume if she would be able to assist on identifying training, Ms Hume was more than happy to have a look for recommended training.

Mr Marsland highlighted there will be a Board Development session due in September where this could be discussed and Mr Dickson suggested Mr Carroll link in with the Orkney Audit Chair and can discuss the idea of possibly having a joint training session.

Other Items

19. Patient Exemption Checking – Annual Report 2019/2020

The Committee is asked to review and note the Counter Fraud Scotland Annual Report for Patient Exemption in 2019-20 in respect of summary of case recoveries and write-offs in respect of claims in 2019-20.

Mr Marsland discussed a transaction of interest which has been investigated and the result was an administration error and not an attempt to defraud the Board.

20. Any Other Competent Business

None

Date of net meeting: Audit Committee Meeting is 29th September 2020 at 10am virtually through Microsoft Teams