

SHETLAND NHS BOARD

Minutes of the Meeting of the Audit Committee held at 10:00 on Tuesday 24th November 2020 via Microsoft Teams

Present	
Mr Colin Campbell	Non-Executive Director (Chair
Mr Lincoln Carroll	Non-Executive Director
Mrs Natasha Cornick	Non-Executive Director
Mrs Jane Haswell	Non-Executive Director
Miss Shona Manson	Non-Executive Director
In Attendance	
Mr Chris Brown	Azets (Internal Audit)
Ms Stephanie Hume	Azets (Internal Audit)
Mr Colin Marsland	Director of Finance
Mrs Pauline Moncrieff	PA to Director of Finance (minutes)
Mrs Erin Seif	Corporate Services Administrator

1. Apologies

Apologies were received from Edna Mary Watson, Michael Dickson and Karl Williamson

2. Declaration(s) of Interest

There were no declarations of interest.

3. Draft Minutes of meeting held on 29th September 2020

The minutes from the meeting held on 29th September were approved.

4. Action Tracker

(154) Management Actions follow up Q1: review building in outstanding IT actions into 2021/22 Audit Plan – to be discussed later on the agenda

(155) Audit Chair to write to Chief Exec regarding committee decision on 5 actions with no updates this quarter – Mr Campbell has written to the Chief Exec

(157) Audit training session to be arranged for early Nov and NHS Orkney invited to participate – NHS Western Isles have requested to participate and will be invited to the next training session(s).

(158) Finance information seminars – Mr Marsland reported phase 1 has been completed

(159) Audit Scotland Non Exec Directors 2019 Checklist feedback report – will pick up with the Board Chair at the next Non Execs informal session on 10th Dec

5. Matters Arising

There were no matters arising from the previous minutes or Action Tracker.

Internal Audit

6. Internal Audit Report: Progress Report Q2 2020-21

Mr Brown informed the committee that work was progressing well despite project delays and pressures on management capacity to support the internal audit process caused by the pandemic.

The Financial Management and Reporting report was due to be presented at this meeting and the draft report has been completed. However, this work is flagged as amber on the KPI status because it is well beyond the 15 day deadline for return of management responses. Responses are expected from the Chief Exec in the next few weeks and the report will be presented to the March meeting of Audit Committee.

Mr Brown reported that the Procurement and the Statutory and Mandatory Training audit work was underway and an update will be provided as part of the follow up report presented to the March meeting. The Internal Audit Plan will also be discussed and finalised at the March meeting.

Members discussed the need for an additional meeting prior to March to discuss the findings of the Financial Management and Reporting paper when it has been agreed and finalised. Topics also suggested for discussion at that meeting were the mental health service and historic outstanding IT actions as these were also of priority.

Mr Marsland explained that at the last Audit Committee in September, Mr Chittick and Ms Smith were asked to come back in March as this would give staff 6 months to complete their review of the Mental Health Service. They also required this length of time to work though the development process with the external facilitator and report back on progress.

Members discussed concerns around potential recruiting issues within the mental health service and Mrs Haswell highlighted the upcoming Workforce Development Plan work which will be an opportunity for NEDs to receive assurance on any staffing difficulties and impact within this specific service area.

The committee agreed to look at identifying a date between now and the end of the year for an additional meeting (in consultation with Internal Audit).

ACTION: Mr Campbell/Mr Marsland/Mrs Moncrieff

Mr Brown added that hopefully Internal Audit would be able to provide the committee with the final version of the Financial Management and Reporting report in the next month for information before the additional meeting date.

ACTION: Internal Audit

7. Internal Audit Report: Follow-up Report Q2 2020-21

Mr Brown informed the committee that this was not a positive report which states that there are 9 actions requiring follow-up, 3 have been closed and the remaining 6 have no response. Of great concern is that of these 6, 4 are high risk actions. Also concerning is that some actions have been on the tracker for a number of years, the oldest are regarding IT Security & Governance (2016/17) and three IT Business Continuity Planning (2017/18). Members were told that the issue had been escalated in the past and

discussions held on a number of occasions emphasising the importance of keeping the tracker up-to-date and providing responses, but no progress has been made to date.

Ms Hume said the status quo was not an option and potentially the only way forward might be to have a revised audit carried out next year to get a truer picture of where these actions are (particularly important for the IT Business Continuity Planning ones). The only negative with this course of action might be that the findings of the audit were the same and the organisation is no further ahead if there are still no management responses received.

In response to a question from Mrs Cornick, Ms Hume said Internal Audit do see similar issues in other boards and some boards manage the process slightly differently, but still not something they want to see replicated. Business Continuity Planning is a relatively complex issue for organisations but NHS Shetland has clearly coped well during the pandemic which shows elements of its Business Continuity Planning are working well and have been updated post Covid-19. The issue remains that this is not being fed back by management to Internal Audit.

Members agreed there was also the issue of those actions which are due in December 2020 and now being delayed due to Covid and having to be extended into the next year in addition to the longstanding high risk actions.

Mr Marsland referred members to the original Internal Audit reports that these outstanding high risk actions refer to (Business Continuity Management paper AUD17/43 and IT Healthcheck – Security & Governance paper GCAUD17/01) both of which have been uploaded to Teams.

The committee discussed how to proceed with moving the issue forward and holding responsible staff to account.

Mr Campbell updated members on the letter sent on behalf of the committee to the Chief Executive following the last meeting. In his response the Chief Executive had accepted the committee's concerns adding that in his view some of the issues had begun to be dealt with in terms of the work around the Remobilisation Plan.

Mr Brown advised that the only way forward for the Audit Committee (since the issue has already been formally flagged to the Chief Exec as the accountable officer) is to formally escalate it to the Board. The Chief Exec is responsible for progressing it through the relevant Executive Directors not this committee.

In response to a suggestion from Mr Campbell to add these issues to the Internal Audit Plan for 2021/22, Mr Brown said it may be more helpful to conduct an audit to refresh the position and establish if management have taken action on these issues or not in order to give the board some assurance.

After discussion it was agreed that the 4 long outstanding issues would be escalated to the Board.

It was further agreed, the relevant executive directors and their responsible managers would be invited to update the committee at the next (interim) Audit Committee meeting with an action plan/progress report on the other high risk actions that have been identified in the report.

Mr Campbell to discuss with the Chief Executive the attendance of exec directors at Audit Committee meetings. **ACTION: Mr Campbell**

Mrs Haswell raised her concerns about the issue of governance and assurance explaining that according to the ToR for CCPGC, the eISG should be reporting in to that committee but since CCPGC stood down JGG has been performing all governance functions. Had CCPGC been meeting, eISG could have been tasked to provide updates on management actions and overseeing policies and procedures. Mrs Haswell reported there was a meeting on 14 December to discuss the IJB element of CCPGC ToR but the paper that went to the October Board Meeting setting out how the NHS was having its assurance met was agreed. Members agreed that CCPGC should be reinstated in order to discuss NHS items as a priority. Mrs Haswell sought the Audit Committee's support in seeking the go-ahead from the Board.

Members acknowledged that this issue had been escalated to the Board Chair and to the Board itself in the past but agreed it should be formally flagged to the Board again.

Mrs Cornick said that in her last briefing to the Board in her capacity as Audit Committee Chair, the board members had been advised that the issue would be escalated to SGov if management responses were not received.

ACTION: Mrs Cornick to forward a copy of the briefing to Mr Campbell

Mr Marsland informed the committee that he would raise this with EMT at tomorrow's meeting and, as Senior Information Risk Owner (SIRO), he would write to the Head IM&T and copy in the executive manager. **ACTION: Mr Marsland**

Mr Marsland reported that SGov had conducted a review of all 22 health boards in terms of IT with similar themes to those in the management actions discussed today. An action plan was to be written by each board addressing issues as part of this review. A standing report was also to be presented to the board on Information Governance and Information Security. Mr Marsland to also follow this up with the Head IM&T.

ACTION: Mr Marsland

Internal Audit will also ensure the SGov commissioned review is included in the audit plan for 2021/22. **ACTION: Internal Audit**

In response to a suggestion from Mr Carroll, Mr Brown said Internal Audit could see the benefit in providing some training to executive directors on assurance with a view to NHS Shetland moving to a more pro-active, overt assurance process.

ACTION: Internal Audit to discuss with the Chief Executive

Audit Scotland Report

8. No new relevant reports issued since last meeting.

External Audit

9. No Submission

Standing Items

10. Audit Committee Business Plan and Self-Assessment Criteria for 2020-21

Mr Marsland reported an additional section had been added to the plan to take account of the Audit Committee training session planned for January or February. A date for this next session is yet to be finalised.

ACTION: Mrs Moncrieff/Mrs Seif

Other Items

11. Risk Management

Mr Marsland reported that Mrs Garside was unable to attend to present the report this time but the paper was self-explanatory.

The committee noted the risk update.

12. Scheme of Delegation Review

Mr Marsland explained that this was part of the board's annual process to review the Scheme of Delegation. Endowment Committee reviewed its Scheme of Delegation at their meeting on 6 October. The principle updates are:

- Increase in managers sign off limits
- Increase in value of SLAs in IT and pharmacy

The committee approved the Scheme of Delegation.

13. Standing Financial Instructions (SFIs) Review

Mr Marsland reported that as part of the annual review of SFIs, there were no changes proposed in this financial year.

In response to a suggestion from Mr Brown that Audit Committee members should consider if they were comfortable approving these two documents. They concerned management decisions that the committee would later have to audit. Mr Campbell replied that in terms of the board's current governance structure, this was the appropriate committee. However, when the review of governance structures was reviewed, there may be a more suitable committee formed which would oversee this.

Mr Marsland added that when Audit Scotland were the board's external auditors they had instructed that the report should go to Audit Committee even if there were no changes to be made. It was presumed this was still the stance as Audit Scotland issue the checks and requirements for any external auditor.

Mr Carroll suggested this could be discussed at an informal Non Execs meeting as part of a wider discussion on the makeup committees.

14. AOCB

Mrs Haswell said the length of time it was taking for all structures to be reviewed due to the Good Governance review was concerning. The CCPGC was still stood down and although the board had agreed it received assurance through the paper that was presented to the board in October, there had been no progress since then. The board should see the assurance and evidence that issues are being actioned and CCPGC still not standing should be of serious concern for the board and for Audit Committee.

Members agreed that in accordance with guidance laid out the Audit and Assurance Committees handbook, there was a gap in the board's assurance framework so this needed to be brought to the attention of the Chief Executive.

Mr Campbell agreed to contact the Chief Executive after discussion with Mrs Haswell outside this meeting.

ACTION: Mr Campbell/Mrs Haswell

There was no other further competent business.

Date of next meeting: an additional meeting to be arranged close to the end of 2020 followed by the next scheduled meeting on Tuesday 30th March 2021 at 10:00am virtually through Microsoft Teams platform if social distancing measures are still in place.