

**SHETLAND NHS BOARD****Minutes of the Meeting of the Audit and Risk Committee held at 10:00 on  
Tuesday 28<sup>th</sup> November 2023 via Microsoft Teams**

<b>Present</b>	
Mr Colin Campbell [CC]	Non-Executive Director (Chair)
Mr Lincoln Carroll [LC]	Non-Executive Director
Mrs Natasha Cornick [NC]	Non-Executive Director
Mr Joe Higgins [JH]	Non-Executive Director (Interim Chair of CGC)
<b>In Attendance</b>	
Mr Colin Marsland [CM]	Director of Finance
Mr Brian Chittick [BC]	Chief Executive
Ms Michelle Hankin [MH]	Clinical Governance and Risk Team Leader
Ms Stephanie Hume [SH]	Internal Audit
Mr Stephen O'Hagan [SO]	External Audit
Mrs Pauline Moncrieff [PM]	Board Business Administrator (minutes)

**1. Apologies**

Apologies were received from Edna Mary Watson, Brian Howarth and Elizabeth Young.

**2. Declaration(s) of Interest**

There were no declarations of interest.

**3. Draft Minutes of the Meeting held on 26<sup>th</sup> September 2023**

The draft notes were approved with the correcting of one typo:

Strategic Risk Register Review – in paragraph 3 (page 3) it should read “The finance risk was reduced to 12 at the beginning of 2023/24 ..... but not necessarily on a **recurring** basis.”

**4. Action Tracker**

Members noted the action tracker and CC informed members that the entire tracker would be reviewed and updated after today's meeting. **ACTION: CC, CM & PM**

**5. Matters Arising**

There were no matters raised from the draft minutes or Action Tracker and the majority of actions would be addressed in the course of the papers for discussion.

**6. Risk Management 6-Monthly Update Report**

*(Paper AUD 23/23)*

MH presented the report which provides an update on the progress made against the risk management priorities and objectives 23/24. Members were informed it had been a challenging year for the Clinical Governance team due to a combination of factors but despite that the team had made significant improvements and progress in the action plan.

MH highlighted the main points for members information:

- Establishment of a formal feedback loop from CGC which is now being considered as part of a wider review to support Board and governance committees.
- Work continues with managers to implement the current Risk Management Strategy.

- The issue of risk mitigations and controls being no longer current has been raised at RMG and all risk holders are encouraged to review these. The CG team are scheduled to review these on a monthly basis to target support where necessary.
- the Strategic Risk Register has been simplified in consultation with the committee chair, and new risks have been presented in the new format since April 2023.
- the risk review dates have been moved to the end of the month which adds clarity that all risks will be reviewed at the end of each month.
- the presentation of the adverse event report has been reviewed in order to simplify and provide the report in a format which is more easily understood.

### **Discussion**

In response to a question from NC, MH explained that the CG team had requested updates (minutes) from the governance committees and from these the team are presenting each committee with a list of their risks. This is in order to provide oversight of progress to RMG and the Audit & Risk Committee.

NC asked if the roll out of training referred to in the work plan 24/25 would include the board members who are ultimately responsible for the oversight of risk. MH agreed that the CG team were very keen that the whole organisation use the same terminology and confirmed that board members would be included in the training. Funding has also been secured via Staff Development for the CG team to receive further risk training and once completed this can also be fed back throughout the organisation.

In response to a question from CC around the impact of staffing pressures within the clinical governance team, MH reported that vacant posts were being advertised. There had been a period of over 6 months with a vacancy for a Clinical Governance Facilitator and as a result other members of the team had undertaken extra duties in order to meet the increasing demands of the service but this cannot be sustained in the long term. The main challenge is the lack of admin support and this post will be re-advertised in January after the festive holidays.

BC commented that some work needed to be done around the risk management cultural framework of the organisation to understand what the safety culture means for NHS Shetland and develop objectives and responsibilities for staff working in risk management delivery. Part of this engagement with managers will be done through the establishment of a Management and Leadership Network.

**DECISION: the committee noted** the Risk Management Workplan 6 Monthly Update Report.

### **7. Strategic Risk Register Review**

*(Paper AUD 23/24)*

MH reported the key highlights in the report for member's information including:

- SR08 (Workforce): increased to 20 (very high) reflecting the increasing recruitment challenge.
- SR02 (Finance): the Finance and Performance Committee will review this risk and a development session has been scheduled for 6 Dec to look at the generalisation of the finance and performance risk.
- SR13 (Access to Services): remains at 16 (high risk) and predominantly relates to the business continuity arrangements in the Community Health and Social Care Partnership where it is increasingly difficult to provide access to all services for both the NHS and the community. This risk is being reviewed by the Interim Director of CH&SC.
- SR14 (Estates): the Head of Estates has adopted a positive new approach to reviewing risks and is hosting a team review of their department risks, reflecting the safety culture approach.

The Chief Nurse (Corporate) will liaise with Estates about progressing these risks and sharing learning from this collaborative approach.

- SR06 (Information Governance Training for Staff): Rating score has increased to 16. The CG team will look at data from the Datix system concerning incidents associated with information governance adverse events to ascertain any trends which can identify gaps in training, knowledge or skills and findings will be reported to BC.
- Managers are being encouraged to test the adequacy of controls of risks and from January the CG team intend to focus on this piece of work including the support offered to departments and individuals.
- SR02 (Finance) has decreased from 20 (very high risk) to 12 to reflect that the board has maintained some financial position or gain. The CG team have asked for this risk to be reviewed and CM will provide an update to EMT. **ACTION: CM**
- SR16 (Covid outbreak): Covid and flu were similar risks for the organisation so these risks are being reviewed to develop a more generic risk about maintaining an ability to bring in 'business as usual' stance but to have the ability to upscale if presented with another pandemic.
- Risk 1001 (NMC registration Checks): the Director of Nursing & Acute will review this to make a more generic risk to also include all allied health professions and to acknowledge the different staffing groups within the organisation.
- 2 new directorate level risks added - a medical staffing risk and an audiology risk.
- Progress with trial of the Risk Register on the JCAD system (training for the NHS Clinical Governance Team): the CG team are still awaiting access to the JCAD system. Colleagues in SIC had planned to do some training and updates but these have not yet happened. Training is now provisionally scheduled for January.
- 4 risks still regarded as having their adequacy of control as inadequate and will be focussed on for updating. These relate to the national standards (SR01), Information Governance Training for Staff (06), workforce (SR08), the COVID outbreak (SR16).
- CRAT activity: 2 reports and action plans have been presented at RMG to date and several CRAT investigations are currently underway.

### **Discussion**

In response to a question from CC regarding access to NHS data transferred onto JCAD, MH explained that NHS risks are not being updated in the NHS system and that this is provided through SIC. In order to provide oversight, the CG team have been able to request reports and the CH&SC Partnership have been reviewing the JCAD risks. MH acknowledged that the CG team would like some more autonomy around the reports, consideration of the actions and updates which are in place and have therefore requested access to the JCAD system and in order to formally declare these risks as transferred over from the NHS system.

BC added that the Chief Officer of the CH&SC Partnership (who is part employed by the NHS) has JCAD appropriate access and any delay issue relates to the update of the system and whether it was worth granting access before this was complete. BC and the Interim Director of CH&SC have met regarding the Directorate Risk Register and agreed to continue with the test of change. BC assured members that whilst some access to the JCAD system had been problematic, that risk management is still happening within the CH&SC directorate which hold the risk on the different system. The alternative would be to retain the original 2 systems which would not be updated as contemporaneously and would mean the necessity to raise the same risks twice on two systems and would not be without its own risk.

**Decision: the committee noted the Strategic Risk Register Review.**

**8. Draft Risk Management Group Terms of Reference***(Paper AUD 23/25)*

MH informed members there were 2 additions to the Terms of Reference, namely to develop an Annual Business Plan for RMG scheduling in 2 development opportunities during the year (1 of which should be externally facilitated). The second is that the Board will receive a copy of the Strategic Risk Register on a biannual basis following review by the Audit and Risk Committee, an Annual Risk Management Report would be presented to the Board in April and to the Joint Audit and Risk Committee meeting with Governance Chairs meeting in May.

**Discussion**

JH asked if the Annual Workplan and the Annual Business Plan referred to were the same document. MH explained there was some overlap, with the Risk Management Group Workplan being centered on the risk management culture and workstream activities but feeding into the Annual RMG Business Plan which sets out the board's accountability, oversight and assurance processes and sets out links to the Audit and Risk Committee and management of risk registers. The information is documented on the same workplan, but can be broken down into the business objectives and the activity around risk management within the organisation.

**ACTION: MH offered to share the two plans with JH for information**

In response to a request from CC that members of the Audit and Risk Committee could be part of the RMG development opportunities, BC welcomed this and added that the wider the engagement with externally facilitated sessions the better in order to bring in a wider outside perspective for the board.

**ACTION: Members of Audit and Risk Committee to be invited to Development Sessions**

CC said that the Joint Audit and Risk Committee meeting with Governance Chairs will disappear in May 2024/25 and business will be incorporated into the Finance and Performance Committee. The Audit and Risk Committee Business Plan for 2024/25 will change accordingly.

**DECISION: the committee approved the draft Risk Management Group Terms of Reference**

**9. Risk Management Group Action Note 11<sup>th</sup> September 2023***(Paper AUD 23/26)*

MH highlighted that there had been a detailed conversation around the position on WhatsApp messages and from that discussion a Short Life Working Group had been created which will review all types of electronic app function. The group is scheduled to meet for the first time this week to commence this workstream and to provide an Employee Charter for what is perceived to be good digital health and usage for NHS Shetland staff and teams.

RMG had a very detailed discussion around paediatric and neonatal risks and following the meeting, the paediatric and neonatal risks will now be reviewed by Dr Kirsty Brightwell.

The 2 CRAT reports were shared at the Sept meeting, one from a mental health incident and one from a surgical site incident and these both had robust action plans.

**Risk Management Group draft Action Note 13<sup>th</sup> November 2023***(verbal update)*

MH highlighted the main points from the most recent meeting of RMG.

- Discussed the estate risks and learned the different approach being adopted by Estates.
- Considered the 2 existing Forensic Medical Examination risks and these were subsequently taken to EMT for discussion. BC has looked at this organisationally and also with the other Chief Execs across Scotland in the context of provision of care and service.

- Discussed the review of the finance risk to make this more financially focused and not just focusing upon failure to recruit. This review is also being undertaken by CM.
- Discussed risk management in the mental health service and the historic perspective behind JCAD and the risk being downscaled to directorate and then closed. RMG had agreed that a strategic risk was needed to reflect the current situation in mental health and the Interim Director of CH&SC has been asked to develop this feed back to EMT. The CG team have offered support to assist writing the risk.
- Noted that that there had been an increase in people raising concerns following the whistleblowing and Speak Out Week which was very positive and the feedback received has been noted. RMG wish to create a feedback loop for reporting outcomes of whistleblowing in order to have an oversight of reporting activity within the organisation.

MH confirmed that the plan at the Dec meeting is to conduct a holistic review of risk SR08 (Workforce) including the wording to reflect what the risk is focused on, what the outcomes are trying to achieve from the risk management, mitigations and where work aligns to other challenges around finance.

CC and BC extended the committee's thanks to EMW, MH and the CG team for their hard work to change the perspective of risk management across the organisation and develop more robust frameworks.

**Decision: the committee noted** the updates from the meetings of RMG on 11<sup>th</sup> September and 13<sup>th</sup> November 2023.

#### **10. Corporate Governance Handbook: Section 6 – Standing Financial Instructions**

(Paper AUD 23/27)

#### **11. Corporate Governance Handbook: Section 5 – Scheme of Delegation**

(Paper AUD 23/28)

CM said that as part of the annual governance review, the Audit and Risk Committee reviews both the Scheme of Delegation and the Standing Financial Instructions of the organisation. Any changes are presented to the Board in December for the agreement. There are no proposed changes to the Standing Financial Instructions. The Scheme of Delegation has some minor amendments following an internal audit recommendation primarily reflecting changes to job titles, financial authority of salary sacrifice agreement invoices, and formally recognising the process of the Patient Travel Officer authorising small value claim forms where appropriate.

#### **Discussion**

JH suggested that the SFIs should include a statement regarding the board's duty to deliver a balanced year end budget. CM stated that the overall financial governance is covered in section 88 of the National Health Service (Scotland) Act 1978 which states that boards have a statutory obligation to meet as part of this charter and therefore it is not necessary to set this out within the SFIs. The SFIs for all 22 boards are very similar due to a drive to consolidate and standardise the application across Scotland. This should be the case other than the fact that in some Schemes there will be different degrees of authority based on the size of the board.

BC commented that he and CM would have a further conversation about how to make staff feel accountable for the overarching responsibilities in the SFIs and the drive to maintain the financial balance at the end of year. This may be through induction or some other training which is more important in the current financial environment. Members should feel assured that

there is also other activity aligned to the Scheme of Delegation and the standing orders of the organisation which forms part of the picture of cultural accountability.

CM reported that an email would be issued to all existing budget holders (and all new budget holders when they start) which includes a declaration for them to sign to confirm that they have read and understood the SFIs of the organisation. This is part of the training to be reinstated for a more robust plan to ensure the controls are effective because all controls in the NHS rely on staff trust and honesty in complying with the regulations.

**DECISION: the committee agreed** there are no changes required to the Standing Financial Instructions.

**DECISION: the committee agreed** that the proposed Scheme of Delegation be submitted to the Board in December 2023 for final approval.

### Internal Audit

#### **12. Internal Audit Progress Report Quarter 2 2023-24**

*(Paper AUD 23/29)*

SH presented the report which updates the committee on progress with the current year's internal audit plan. Members learned that 2 pieces of work have been completed to date, fieldwork is complete on 1 review (payroll), 4 of the audits are planned and 2 are in the process of planning. Members were assured that work is still on track for delivering all the audits by the March meeting and some would start next week. The opening meeting for the retention review would take place today. Other reviews are scheduled between now and the beginning of February. The Q3 follow-up will be presented at the next committee.

#### Discussion

CM pointed out that in this year's audit plan, it was originally intended to be a review of retention and recruitment but this was split into conducting retention this year and recruitment next year. The current plan for next year does not appear to include recruitment. SH replied that this would be explained in the paper on the Internal Audit Plan later on the agenda.

CM commented that although the paper states that the audit plan has not been shared (at the time of writing) with EMT, it has been shared for comment and feedback.

**DECISION: the committee noted** the Internal Audit Progress Report Quarter 2 2023/23

BC said that in the past some work had been done IJB to pull together some audits into an audit action tracker in order to align better accountability and facilitated better progress in many of the actions. BC proposed to review the actions with a view to producing a board update paper to the Audit and Risk Committee regarding progress and identifying learning. **ACTION: BC**

Members acknowledged that many of the responsible officers are also the managers with the least capacity due to current challenges around winter planning, the financial position etc and that because of this, work may take a bit longer to complete.

NC asked that for those actions where there is a status of 'no response' given in the report, the committee must still have oversight and therefore should be made aware of the extant information on why eg. there is no further movement. BC said he would write to action owners

to make them aware of the committee's request but members noted that IA do get responses from management in most instances. **ACTION: BC**

BC added that some of the actions involve quite substantial organisational changes which also take time and some updates have to include changes to the whole cultural landscape. It may be helpful to consider how achievable and realistic the audit recommendations are, where they link to the timeline for completion and also aspects of risk management in order to understand the need to prioritise if necessary.

### **13. Internal Audit Follow-Up Quarter 2 2023-24** *(Paper AUD 23/30)*

SH presented the report and pointed out to members that the paper states that 12 actions would be followed up, and that one action was complete subject to receiving the evidence. This evidence was received after the report was issued meaning one action is now complete and only 11 open actions (7 partially complete, 2 incomplete and 2 not yet due).

SH drew members attention to the risk categories status by grading and suggested that prioritising these high risk grade actions would be recommended. In addition if there has been progress and the action is effectively partially complete, it may be that the organization has done enough to potentially mitigate the risk down a grade. IA are happy to work with management to prioritise and discuss realistic timescales as well as allow management to shift focus to other areas.

### **Discussion**

CC commented on two outstanding actions.

- A revised timescale deadline was required for the 2021/22 Bank/Agency/ Locum Onboarding audit to reflect the delay due to national processes.
- Progress has been made on all 2021/22 Business Continuity Planning actions as reported to another committee recently which was encouraging.

**DECISION: the committee noted** the Internal Audit Follow-Up Report Quarter 2 2023/24

### **14. Internal Audit Strategic Internal Audit Plan 2024/25** *(Paper AUD 23/31)*

SH presented the paper and invited the members to give feedback on whether the audits included in the plan cover their assurance needs as a committee or whether there were other areas they wished included and then discussed with EMT in order to ensure full coverage of all aspects and timescales. The Recruitment and Retention audit had been scheduled within 2023/24 but it was decided to focus on retention this year and recruitment in 24/25.

**ACTION: Internal Audit to add recruitment audit assignment to the plan for 2024/25**

Members discussed ideas for potential audits for inclusion in the plan for 2024/25. SH will combine these with a list of similar audits conducted in other boards and would share these with BC and EMT for prioritisation before presenting at the March meeting. **ACTION: Internal Audit**

**DECISION: the committee noted** the draft Strategic Internal Audit Plan 2024/25 and suggested additional areas for potential focus.

### **Audit Scotland Reports**

*(no reports)*

### **External Audit**

*(no papers)*

**Standing Items**

**15. Audit Committee Business Plan 2023-24**

*(Paper AUD 23/32)*

CM presented the paper which is considered at each meeting for review and update.  
CC reported that the training session in December 2023 would be on cyber security.

**DECISION:** the committee noted the Business Plan 2023/24.

**16. Draft Audit Committee Business Plan 2024-25**

*(Paper AUD 23/33)*

CM presented the paper which assumes at present that a provisional meeting in May might not be required in order to close out the audits if required depending on progress with assignments, feedback from managers etc before the end of the year. Going forward, the plan is to not require the May meeting in order to close off the business cycle for the current year.

CC commented there was a likelihood than an extra meeting of the Audit and Risk committee would be required in order to receive the audits currently progressing through the system.

**DECISION:** the committee noted the draft Business Plan 2024-25

**Other Items**

**17. Bad and Doubtful Debtors update**

*(Paper AUD 23/34)*

CM presented the report and reminded members that at the joint meeting of the Audit Committee and the Committee Chairs in May, a paper had been presented for agreement of the bad debt provision for the year. That paper detailed at the time the highest debt, as a bad or doubtful debtor. The board is currently going through the process of debt recovery and will update members in due course regarding the likely bad debt provision issue related to the amount owed. Members noted that this was an issue that will require to be recognised in the annual accounts.

**Discussion**

In response to a question from JH regarding the challenge for 2024/25 if the debt is not recovered, CM explained that if the board creates a Doubtful Debtor or writes the debt off, there will be an adverse impact on the board's ability to break even. Under the rules, the board must assess the likelihood of payment and make an assessment and if External Audit conduct a review based on all the facts available and will come to their conclusion. If EA decide that this is over the materiality threshold, the board will be asked to create a bad debt and to change the annual accounts accordingly.

SO commented that External Audit would be presenting an audit plan for next year to the March committee meeting which will detail the materiality thresholds by which this must be viewed throughout the process and report on accordingly as the audit progresses.

**DECISION:** the committee noted that the report.

**18. Any Other Business**

There was no further business.

**19. Date of next meeting** is Tuesday **26<sup>th</sup> March 2024 at 10:00am** by Microsoft Teams.

*[The meeting concluded at 11:30]*