

SHETLAND NHS BOARD**Minutes of the Meeting of the Audit and Risk Committee held at 2.00pm on Tuesday 18th June 2024 via Microsoft Teams**

Present	
Mr Colin Campbell [CCa]	Non-Executive Director (Chair)
Mr Lincoln Carroll [LC]	Non-Executive Director
Mr Joe Higgins [JH]	Non-Executive Director (Interim Chair of CGC) [from 2.50pm]
In Attendance	
Mr Colin Marsland [CM]	Director of Finance
Mr Brian Chittick [BC]	Chief Executive
Ms Michelle Hankin [MH]	Clinical Governance and Risk Team Lead
Mr Stephen O'Hagan [SO]	External Audit
Ms Rachel Browne [RB]	External Audit
Mr Karl Williamson [KW]	Head of Finance and Procurement
Mrs Erin Seif	PA to Director of Finance

Mr Campbell thanked colleagues from External Audit and Mr Marsland for their efforts in getting the committee papers issued to members in time for the meeting.

1. Apologies

Apologies were received from Natasha Cornick and Edna Mary Watson.

2. Declaration(s) of Interest

There were no declarations of interest.

3. Draft Minutes of the Meeting held on 26th March 2024

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

4. Action Tracker

Members noted the action tracker. Updates would be provided as part of papers being presented later on the agenda and the proposed new Audit Management Action Plan Tracker.

(201) External audit to consider inclusion of review in relation to improving bids for money

RB reported that she had asked the question of other NHS auditors who attended sector meetings to ascertain if they had examples of good practice but no feedback had been received as yet. An audit review would more appropriately sit with internal audit to carry out. RB said if it was not possible to obtain any information from other NHS boards, it may be possible from other public bodies.

ACTION: Update action tracker to reflect this distinction

5. Matters Arising

There were no matters raised from the draft minutes or Action Tracker.

6. Strategic Risk Register review

(Paper AUD 24/01)

MH presented the paper and highlighted the key points for member's assurance:

- SR08 (Workforce) [action 205 on the Action Tracker] – continues to be a high score reflecting the increased challenge faced in recruitment and retention of staff across the organisation. The risk has been reviewed at RMG, follow up meetings held with HR and the Clinical Governance team and the revised risk will be presented to EMT for approval.

- SR14 (Estates) – score remains at 12 and following guidance issued by SGov, whole system infrastructure planning and work to progress the Programme IA has been paused. The Head of Estates had delivered an update to RMG in March and he is now developing a 5-year Infrastructure and Asset Business Continuity Plan.
- SR06 (Information Governance Training) – score increased to 16 to reflect that despite continual efforts to increase compliance in mandatory training, rates still remains low. MH had undertaken a review of adverse event reports related to information governance issues between 1 April-12 Dec 2023. The paper outlined the findings of the review.
- SR02 (Finance) [action 205 on the Action Tracker] – score remains unchanged and following discussion at the standing committees, revision of the wording of these risks had commenced and presented at the last RMG. Work will continue with the Clinical Governance team and the risks will be presented to RMG in Sept for review and approval.
- Mental Health risk [action 218 on the Action Tracker] - currently being reviewed by the Director of Community Health and Social Care and the clinical governance team. Once the actions identified in the risk and the measures to mitigate these are agreed, the risk will be presented to RMG for review and approval during this quarter.
- Adequacy of Controls – risk owners are being invited to review the adequacy of controls, particularly where identified as inadequate.
- SR16 (Covid Outbreak) – risk score has decreased from 16 to 12 due to the low prevalence of Covid in the community and the DPH is further reviewing this risk before presenting to RMG in September.
- SR01 (National Standards) - some gaps in control had been identified and these are being reviewed via considering shared pathways and development of alternative models of care.
- SR17 (Cybersecurity) – following recent events nationally and reporting of the affected organisations, members were reassured that NHS Shetland has multiple layers of technical controls in place to reduce the risk of cyber attack and these are detailed in the paper. However, it was acknowledged that measures need to adapt and progress in order to mitigate against the likelihood of attack and reduce the risk through enhanced security controls, monitoring and recording testing.
- JCAD [action 208 on the Action Tracker] - the Clinical Governance team had reported there were still challenges accessing the JCAD system but identified some practicalities of how to maintain oversight of the risks on JCAD. The Director of Community Health and Social Care is assisting the Clinical Governance team to marry up the risks between the systems and once it is confirmed the links are correct, the risks will be closed on Datix and formally handed over to JCAD to provide an assurance trail. JCAD will provide the Board with a quarterly report which RMG can consider and include in information provided to governance groups for assurance purposes.

Discussion

In response to a suggestion from LC for a wider conversation with all NEDs in order to give them an understanding of the Board's strategic vision around workforce, BC said that the Board and the governance committees receive updates on progress through the Quality Report presented at each Board Meeting eg. work around Developing Young Workforce, nursing teams engaging with schools, international recruitment etc. This work links to the Strategic Workforce Plan and part of the gap in knowledge already identified is around the workforce needed for the future, which should be addressed in the Plan. BC agreed it could be useful to dedicate some time at a future Board Development Session once the framework is agreed. CC added that the Finance and Sustainability Group also has strategic and sustainable workforce planning as part of its remit.

DECISION: the committee noted the Strategic Risk Register review.

7. Risk Management Summary Out-turn Report 2023/24 and Draft Risk Management Workplan 2024/25 (Paper AUD 24/02)

MH presented the report and highlighted the key points to members including establishing formal feedback loops from Clinical Governance Committee to the Clinical Governance team to provide greater awareness and oversight and sharing of action notes from standing governance committees. Focus had been on promotion and implementation of the Risk Management Strategy, adoption of the risk description, development of supportive resources including Datix user guides, report writing templates and one-to-one. Many internal team processes were reviewed in an effort to streamline and develop these further including developing how risks are presented for ease of understanding and access, defining and updating reporting processes. Moving forward there is a focus on learning and supporting development, sharing lessons learned, and how we provide this feedback across the organisation. RMG had discussed risk cultures and appetites and the Board's ability to be brave and make risk making decisions.

Discussion

CC commented that the robust approach of having a collaborative workshop with all Board Members to discuss the SR08 Workforce risk was best practice and should be advocated as such to other Boards.

In response to a question from CC regarding development of a strategic risk around IT Stock Control, BC agreed to take this forward with RMG and other colleagues as part of a wider piece of work on asset and contract management as a whole to demonstrate best value. **ACTION: BC**

CC commended MH and the Clinical Governance Team on the content and layout of the Risk Management Workplan 2024/25 which provides the Committee and NHS Shetland with assurance that there is robust oversight of risks within the organisation.

DECISION: the committee noted the Risk Management Summary Out-turn Report 2023/24 and Draft Risk Management Workplan 2024/25

8. Risk Management Group Action Note 18th March 2024 (Paper AUD 24/03)

MH presented the approved minutes from the RMG meeting in November including a detailed discussion held with the Head of Estates around the estates risk.

Risk Management Group draft Action Note 5th June 2024 (verbal update)

MH explained that discussion had been held regarding the changes around the Sudden Death Group and the challenges around reporting (including drug related deaths). A notification process has been established via the police and emergency services into the Clinical Governance team and subsequently an unexpected death notification form has been developed via Datix to enable clinicians to more easily report deaths to the Clinical Governance team and allow more timely reviews.

Other business discussed included assigning a Director who is responsible for ensuring that lessons learned from sudden death or adverse event reviews are shared wider in the organisation. This is now an amendment to the CRAT forms.

A new Datix system is being adopted nationally for risk and adverse event reporting called InPhase. This has been flagged to the IT department as requiring implementation in 2025/26. It is hoped to provide a demonstration on the system at the RMG meeting in September.

Decision: the committee noted the updates from the meetings on 18 March and 5 June 2024.

Internal Audit

(no reports)

Annual Accounts Review

9. NHS Ayrshire and Arran NSI Third Party Service Audit Reports *(Paper AUD 24/04)*

CM presented the paper and explained that NHS Ayrshire and Arran was the provider of the single shared finance system used by all 22 health boards in Scotland. As part of their responsibilities, they provide a service report which has been presented to their Audit Committee and a summary of Outturn Report is shared with this committee. Copies of the full document are available on request. NHS Shetland obtain assurance through the service report provided by NHS Ayrshire and Arran who are content that the system is safe and no exceptions are noted.

DECISION: the committee noted the NSI Third Party Service Audit Reports

10. NHS Shared Services Scotland Third Party Service Audit Report PSD and IT

CM presented the paper which includes Service Audit Reports in respect of Payment to Primary Care Contractors (Practitioner and Counter Fraud) and National IT Services. The letter presented outlined the issues identified by NSS auditors found with regards to both services. Members noted that the full detailed reports were available on request.

One issue affecting an independent contractor of NHS Shetland had been identified and has been addressed by Practitioner Services Department at NSS.

As part of their national obligations, NSS are responsible for the national IT contracts and one issue was identified regarding to accessing shared systems and an action had been put in place to address these and the risks are low and unlikely to affect the financial outturn of the board.

DECISION: the Committee noted the NSS Third Party Service Audit Reports.

10.11. External Audit (ISA 580) Report

(Paper AUD 24/06)

RB presented the paper which comprised of two reports which summarise the work of External Auditors of the Board's annual report and accounts, and to report their findings on all external audit work for 2023/24.

The cover letter summarises the status of the audit and gives the proposed audit opinion for NHS Shetland's 23/24 financial statements and sets out the suggested wording for the Letter of Representation to be signed by the Accountable Officer and presented alongside the signed accounts. External Auditors proposed a clean unmodified opinion on the financial statements.

The report on the significant findings from the audit are detailed in the External Audit Report and covers all aspects of the audit and is also referred in the wording of the audit opinion. The External Audit Report remains in draft until the audit opinion and accounts have been agreed and signed off by the Board and External Audit.

RB informed Members that they now had the opportunity to declare if they were aware of any instances of fraud (actual or suspected) that had not already been brought to the attention of External Audit. There were no instances reported.

RB presented the key points from the Annual Audit Report and management actions in detail and thanked the staff in Board's Finance team and colleagues in NHS Shetland for their support in preparing the accounts on time.

Discussion

KW thanked the external audit team for another smooth audit process with shared understanding the business and procedures of the Board and the use of Cloud based storage to access information required had worked well.

With regard to the audit recommendation regarding NIS compliance, BC reported the Board does not currently have a Responsible Officer for the action and asked CM to confirm who has accountability for leading on this work before the paper is presented to the Board. CM indicated the Director with executive scrutiny will be Director of Human Resources and Support Services.

ACTION: CM

In relation to related parties transactions, CM reminded the Committee that it was important for Board Members to keep their Declaration of Interest up-to-date.

CC commented that from an Audit and Risk Committee point of view, the External Audit Report was reasonable and fair and highlighted the correct issues for the Board.

DECISION: the committee noted the External Audit (ISA 580) Report **and agreed** the Management Action Plan for 2023/24.

12. Letter of Representation from the Accountable Officer to External Auditors

CM presented the paper and said members were asked if they were content the issues raised in the letter from the Accountable Officer for NHS Shetland reflected an accurate understanding of the views of the entire board.

DECISION: the committee agreed the letter of Representation from the Accountable Officer to External Auditors.

13. Shetland NHS Board Annual Report and Accounts for the Year Ended 31 March 2023

CM presented the draft annual accounts which had been viewed in part at the Finance and Performance Committee in May. The main point for members to note, was a governance issue with regard to IT stock as highlighted by the Internal Audit.

There also remains an external issue with the CETV valuations for an Executive Director, which it was hoped would be resolved before submission of the accounts.

CM stated that the Board is required to give a fair, honest, open and transparent view of the organisation's overall performance during 2023/24. Members were asked to confirm if they agreed that the narrative in the annual accounts accurately reflected the previous year and was balanced in its account.

DECISION: the committee accepted and approved presentation to the Board for ratification of the draft Annual Report and Accounts for 2023/24.

14. Sponsored Bodies Audit Committees Reporting Significant Problems (*Paper AUD 24/09*)

CM presented the draft letter from the Chair of the Audit and Risk Committee to the NHS Sponsored Body Audit Committee. As part of the annual process, the Board is asked to report to any significant issues considered to be of wider interest to NHS Scotland and also Scottish

Government as a whole. The letter advises that NHS Shetland is not aware of any wider context issues which required to be reported.

Discussion

In response to a question for JH regarding the definition of significant, CM explained it was an issue considered requiring to be addressed more widely throughout Scotland eg. boards who notified their findings from cyber attacks, a major issue regarding delivery of a service or wider governance. CM confirmed that there were no issues which met the criteria from last year's financial cycle.

DECISION: the committee agreed the proposed letter for 2023/24.

Standing Items

15. Audit Committee Business Plan

(Paper AUD 24/10)

CM presented the paper and highlighted the main changes to the plan.

- Removal of the May meeting
- Addition of the Internal Audit training dates (topics still to clarified)

Discussion

CC confirmed that Environmental sustainability was the topic for the August training session. BC added that the Audit Management Action Plan tracker may be an additional standing item for inclusion (agenda item 21 on today's agenda).

DECISION: the committee approved the Business Plan 2024/25.

Other Items

16. Local Fraud Report

(Paper AUD 24/11)

CM presented the report saying that the fraud training course was promoted to staff throughout the year and the number completing the course has increased from the previous year. However, the overall figure of 4 in 10 people completing the training in the last financial year was a slightly lower percentage of the workforce.

The report also highlights the work has been carried out between the board and Counter Fraud Scotland and gives information on the local fraud cases in relation to both the ophthalmic service and the dental service.

The Board continues to utilise all available information from CFS in materials used to regularly promote to staff both for information governance and also fraud awareness eg. Cyber Awareness Week linked to the BBC's campaign on being scam aware.

Members noted that there were ongoing local cases of fraud being investigated by CFS. All Boards in Scotland are developing their Fraud Standards of Work in conjunction with the Counter Fraud Services.

Discussion

In response to a question from JH regarding the number of staff (involved in procurement) who have completed the CFS procurement fraud online training course, CM replied that he would speak with the Head of Estates to ensure that this training was part of the individual CPDs for members of the procurement team.

A review had been carried out to identify those staff who have a procurement role and highlighted the training to the appropriate manager.

ACTION: CM to speak to HoE

DECISION: the committee noted the Local Annual Fraud Report 2023/24.

17. Counter Fraud Services Patient Exemption Checking Analysis of Fraud or Error in 2023/24

CM presented the paper and explained that as part of their annual process, CFS conduct a review of the dental and ophthalmic claims for free or subsidised NHS treatment. Through a robust system using AI technology, CFS aim to identify high value claims, whether or not there is an acceptable level of inappropriate claims in the system and to clawback the information. Both these areas are non-cash limited, and are still part of the overall resources of the SGov and there is a small amount of money that will come back to the Board to set against it non-cash limited budgets in respect of the recoveries made by the CFS.

DECISION: the committee noted the Counter Fraud Services Patient Exemption Checking Analysis of Fraud or Error in 2023/24.

18. Counter Fraud Services National Q4 Fraud Report 2023/24 *(Paper AUD 24/13)*

CM explained that CFS normally produce an annual report, but this year they had not yet done so and it was expected to be presented to the September meeting. In lieu of receipt of the report, the CFS Quarter 4 report was shared with the committee for information which outline some of the activity conducted during the year.

CM highlighted the main points for Members to note in the Q4 report.

Discussion

In response to a question from CC regarding the number of fraud reports in NHS Shetland, CM described the circumstances surrounding the local investigations.

DECISION: the committee noted the Counter Fraud Services National Q4 Fraud Report 2023/24.

19. Pharmacy Services Payment Verification Annual Report 2023-24 *(Paper AUD 24/14)*

CM presented the report and explained that each quarter the Practitioner Services Department (PSD) and the Director of Pharmacy, the Primary Care Pharmacist and CM then meet with a SGov representative to discuss. The status of any issues identified are summarised over the four quarters in the report presented. Members noted there were no material issues that Pharmaceutical Services department at SGov are reporting to the Board and there are ongoing discussions with the Director of Pharmacy and the Primary Care Pharmacist.

DECISION: the committee noted the Pharmacy Services Payment Verification Annual Report 2023-24.

20. Bad Debts Report *(Paper AUD 24/15)*

CM presented the report which updates members on what was disclosed in the Annual Accounts as the organisation's bad debts provision. Work is ongoing with CLO with regard to debt recovery over the majority of the Board's debts. The largest debt of present has not gone to the CLO as the Board is still in discussion with the individual regarding the repayment plan. CM summarised the outstanding and bad debts, the issues relating to their causes, potential debt write offs etc as detailed in the report.

DECISION: the committee noted the Bad Debts Report.

21. Audit Management Action Plan Tracker (June 2024)

(Paper AUD 24/16)

BC presented the paper and explained it brought together into one spreadsheet all the outstanding management actions from both an external and internal audit perspective in order to provide assurance to the committee by formalising responsibility, accountability and completing actions in a timely manner.

In addition, a RAG rating has been introduced to describe where the audits are progressing or not with narrative explaining. The aim is that once audit actions have been reported as complete at 2 successive Audit & Risk Committee meetings, they are removed and archived.

Discussion

Members discussed the new tracker and agreed it would be a valuable addition from a governance perspective and helpful for the Committee to receive an update at every meeting moving forward (ie. quarterly).

In response to a question from CC, BC explained that as not all action owners were members of EMT, the intention was to host a 'live' action tracker on a Teams channel and task relevant staff to update there.

LC suggested it might also be good practice to invite managers/action owners to provide updates to the Committee in order for members to gain a full understanding of progress (particularly for overdue actions).

BC agreed to raise this item at EMT tomorrow (and at the next RMG) for further discussion of the operational aspects of maintaining the tracker and up-to-date information being presented to Audit & Risk Committee. **ACTION: BC**

DECISION: the committee approved the introduction of the Audit Management Action Plan Tracker.

22. AOCB

There was no further business.

23. Date of next meeting: Tuesday 24th September 2024 at 2.00pm by Microsoft Teams.

[the meeting concluded at 3.40pm]