SHETLAND NHS BOARD

**Minutes of the Meeting of the Audit and Risk Committee held at 2.00pm on
Tuesday 24th September 2024 via Microsoft Teams**

Present	
Mr Joe Higgins [JH]	Non-Executive Director (as Chair of CGC) (Interim Chair)
Mr Lincoln Carroll [LC]	Non-Executive Director
Mrs Natasha Cornick [NC]	Non-Executive Director
Mrs Kathy Hubbard [KH]	Non-Executive Director
In Attendance	
Mr Colin Marsland [CM]	Director of Finance
Mr Brian Chittick [BC]	Chief Executive
Ms Edna Mary Watson [EMW]	Chief Nurse, Corporate
Mr David Eardley [DE]	Internal Audit
Ms Stephanie Hume [SH]	Internal Audit
Mr Stephen O'Hagan [SO]	External Audit
Ms Donna Rigby [DR]	External Audit
Mrs Pauline Moncrieff	Board Business Administrator (minutetaker)
Mrs Erin Seif	PA to Director of Finance

1. Apologies
Apologies were received from Rachel Browne (External Audit) and Michelle Hankin.

2. Declaration(s) of Interest
There were no declarations of interest.

3. Draft Minutes of the Meeting held on 18th June 2024
The draft notes were approved as an accurate record of the meeting.

4. Action Tracker
Members discussed the action tracker and agreed the following updates:

(201) <u>External audit to consider inclusion of review in relation to improving bids for money</u>
This action should be closed and this proposal be considered as part of the Internal Audit Plan for 2025/26.

(207) <u>RMG to contact risk owners regarding testing of controls for risks SR01(National Standards, SR08(Workforce), SR16(Covid Outbreak) and SR17(Cybersecurity)</u>
BC informed members that the intention was to have a wider holistic strategic conversation around testing adequacy of controls and risk appetite at a Board Development Seminar in January 2025. EMW reported that SR01 had a complete refresh by Kathleen Carolan around 12 months ago; SR08 is still in revision; SR16 is being replaced by the new public health and pandemic risk; SR17 has not had the adequacy of its controls tested.

(212) <u>Members of Audit & Risk Committee to be invited to RMG development sessions</u>
It was agreed to add the membership of RMG to any future Committee or Board Development Sessions around risk management (and vice versa). Action closed.

(218) <u>Mental Health Risk to be drawn up and included in the Strategic Risk Register</u>
EMW reported that work had been progressing to develop a Departmental Risk for mental health and now a Strategic Risk was also being developed with Head of Service and Director of Community Health and Social Care. The plan was to have these approved at the next meeting of RMG in November.

(219) <u>CExec and EMT to discuss outstanding risks audit actions to decide on retention/ closure</u>
(225) <u>BC to discuss operational aspects of maintaining the tracker with a view to presenting at each meeting of A&R Committee</u>
BC explained both these would be achieved by the introduction of the new Audit Action Plan Tracker for both internal audit and external audit actions. All actions will be reviewed and actioned at an EMT meeting prior to Audit & Risk Committee. The Tracker will be a standing items on the Audit & Risk Committee agenda going forward. Both actions can now be closed.

(220) <u>IT Stock Control to be added to the Strategic Risk Register</u>
BC will progress this through RMG.   **ACTION: BC**

(221) <u>Training Programme for 24/25 to be finalised and presented to the next meeting</u>
Next 2 dates finalised as 13/11/24 and 12/2/25 and Members were asked to forward suggested topics to JH or BC (copying in PM).   **ACTION: Committee Members**

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

6. Strategic Risk Register Report   *(Paper AUD 24/16)*
EMW began by explaining that the meeting of RMG scheduled for 11/9/24 had to be postponed one week due to key absences which resulted in a delay to the production of the paper for this meeting. It had also not possible to discuss everything referred to in the paper due to other pressing items on the RMG agenda. As a result, a number of the issues will be deferred to the RMG meeting in November.

EMW highlighted the key points from the report for member's assurance:

- Progress has been made across the organisation to ensure all risks are completed in the new format agreed when the Risk Management Strategy was introduced. (62% achieved)

- A deep dive had been carried out into a risk in the Clinical Governance Committee. It was hoped that this different approach had been considered of value by that Committee and useful for both understanding as well as an opportunity to discuss the risk in more detail.

- Dedicated training sessions around adverse event management and risk management. Organisationally, there had not been a significant uptake of these to date, but these have been built into the calendar on a monthly basis going forward and all new managers are encouraged to attend both of these sessions.

- There are 2 risks highlighted as high risk - Workforce and Information Governance training. After wide discussion at RMG, it had been agreed that as the current wording of the Workforce risk was phrased more as a financial risk, it would not be approved at this moment in time. A revision would be made both to the Finance risks and the draft Workforce risk with the resulting Workforce risk anticipated to be a lower risk and covering a different range of issues. The Workforce risk and the Finance risks will be represented at RMG for approval in November.

- The new public health 'Flu, Coronavirus and other Pandemic' risk was approved by RMG.

- Work is progressing to develop Departmental and Strategic risk around Mental Health.

- An audit of Risk Management policy and practice was carried out in May and EMW would meet with SH soon to discuss management. It was hoped a paper would be presented to the Committee in November.

- At the last RMG it had not been possible to discuss a report containing a list of risks from the NHS Risk Register to the closed off and transferred to the JCAD system. Most of these risks have been either subsumed or updated within the JCAD system. This will now be discussed at RMG in November.

- Inphase, the new system to replace the Board's internal adverse events Datix system, was scheduled to provide a demo at the Sept RMG meeting but this will now be rescheduled to allow both MG members and some other key staff across the organisation to have an opportunity to see the Inphase product and see how it might offer a more corporate solution.

- The Estates risk was discussed at RMG in Sept and further information on the Business Continuity Plan work on the current NHS estate will be shared with Board Members in due course.

- At the last RMG it had not been possible to review Organisational and Strategic and it had been agreed that the Clinical Governance Risk Team would review these and liaise with the individual Executive Directors. A report will then be presented to RMG in November and the information could then inform the discussion at the Board Development Session in January.

Discussion

NC said she was concerned that at month 6 in the year, the Board was not adequately and accurately reflecting the current financial challenges to the Board by not having agreed Finance risks on the Strategic Risk Register (and the draft rating seeming low at 12). Mr Marsland explained the original feedback from the Committee was in regard to the relationship between the finance and the workforce risk and in particular a request that there be more distinction between the two. The underlying issues captured within the risks are fundamentally correct, and the final rephrasing will be complete by the next RMG after discussion at EMT tomorrow and also the following week at the Finance and Performance Committee.

On behalf of Audit and Risk Committee, JH said Members would appreciate efforts be made to have both the Workforce risk and the two Finance risks agreed by appropriate means ahead of the next RMG meeting in November.   **ACTION: CM & EMT**

LC added that managing the broader impact of both these risks on clinical areas (such as Mental Health) was also a challenge for the Board when many of the issues were linked to national funding and recruitment pressures.

In response to a question from JH regarding the findings from the review of all Adverse Events relating to Information Governance issues (linked to SR06 IG Training for NHS Staff), EMW said that Michelle Hankin had presented the information to the Chief Executive and to the Information Governance and Staff Development Managers. The findings were also presented to the Clinical Pathways Group for general organisational awareness but the Clinical

Governance Team had not provided more detailed feedback to specific teams.

CM pointed out that Information Governance was one of the statutory training modules which all Board staff must complete. NHS Shetland had been identified as having one of the lowest rates of completion across Scotland and the Staff Governance Committee action plan tasked Executive Directors to ensure that their staff are compliant with all statutory and mandatory training. It was hoped with the new AfC terms and conditions, there was one day protected in individual's work plans for training which will address these issues. Performance monitoring of IG Training is done through the Information Governance Committee which in turn reports to the Finance and Performance Committee monthly as well as quality reports on all statutory training being presented to the Staff Governance Committee.

BC informed the Committee that the findings from the review were being compared ie. those departments reporting information governance incidents versus the number of staff in the department who had complete (in date) IG training. An emerging picture was that the department with the most IG incidents reported had almost all staff in date for their IG training. The challenge was to understand if this was due to increased awareness and better reporting or a true increase in incidents. There is a wider holistic discussion taking place around how to most effectively manage and controlling this risk including issues such as cyber security.

In response to a question from JH regarding the reporting mechanism for health risks from JCAD to the Audit & Risk Committee, EMW explained that there were still some access issues to the JCAD system and the Planning and Projects Officer has provided the Clinical Governance Team with a quarterly report and will continue to do so until the IT technical issues are resolved. The quarterly report will present the directorate level risks and will be reported to the Committee alongside the Board's Strategic Risk Register.

DECISION: the committee noted the Strategic Risk Register review.

7. Risk Management Group Action Note 5th June 2024 *(Paper AUD 24/17)*
EMW presented the approved minutes from the RMG meeting in June and said the only area not already discussed in the meeting was the update from the Sudden Death Group. EMW provided Members with an update on the work in progress.

Risk Management Group draft Action Note 18th September 2024 (verbal update)
EMW had provided a brief summary of the discussions and actions as part of item 6.

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

Internal Audit
8. Internal Audit Progress Report Quarter 1 2024-25 *(Paper AUD 24/18)*
SH presented the paper and highlighted the main areas for members information.

- Two pieces of audit work from the Audit Plan have been undertaken in the year to date - Freedom of Information and the Management Action Follow-up Report for Q1
- A report on the Risk Management Audit was scheduled to be presented to this meeting, but this work is delayed to due staffing pressures in the Internal Audit team. The plan is to present the report on this audit to the next meeting in November.

- In Q2 the plan is to present the Risk Management report the Management Action Follow-up Report for Q2
- Two pieces of work remain on the plan for the year - Financial Savings Review and Blueprint for Good Governance Action Plan Implementation Report. During the planning for these it had been agreed they would be undertaken around November time. IA have drafted a scope for each and will share with the Chief Exec for comment. The report for both should be presented to the Committee in March.

Discussion

BC suggested it would be beneficial to have a deeper dive into more fiscal areas in conjunction with the Financial Savings Review eg. high spend areas and exploring any learning from audits in other boards.

JH asked if Internal Audit and NHS Shetland were both well placed to be able to deliver the work currently detailed in the Audit Plan for 2024/25 (and if there was a revision to the Financial Savings Review. SH confirmed that there were no concerns that Internal Audit did not have the scope to adapt and deliver the Plan. BC confirmed that from a fieldwork and presentation perspective there were no NHS concerns, however the organisation needed to be more proactive around taking forward actions particularly from the Financial Savings Review for example.

DECISION: the committee noted the Internal Audit Progress Report Q1 2024-25.

9. Internal Audit Management Action Follow-up Report Q1 2024-25   *(Paper AUD 24/19)*
SH presented the report which details all progress since March 2024 and summarised the main points for Members attention.

The report states that IA did not receive updates on 10 actions, but SH confirmed that since the report was produced IA had subsequently received updates on all these actions. Of these 10 actions, there are 3 Grade 4 assessed as partially complete, 1 Grade 3 assessed as partially complete and 4 Grade 2 assessed as partially complete and there was 2 grade 3 assessed as incomplete (none agreed as complete by management). The due dates for all 10 actions have been moved from the original completion date of the end of September, some extended by one month and some moved out to 2025. The Committee will receive and update on these actions as part of the Q2 Follow-up report in November.

SH said there were still some actions dating back to 2021/22 but acknowledged that areas like Business Continuity Planning do take a period of time to embed within an organisation, but Members were assured that there was progress being reported in the updates received by IA. JH commented that he was concerned that the completion dates were extended because some related to immediate cyber security risks which were a priority.

Discussion

LC said there were some completion dates given as 'TBC' and he suggested that have an estimated date (even if revised at a later stage) was better than no date. JH added that the new Audit Action Tracker may go some way to strengthening this position. One improvement might be for formal communication to action owners should come from the Chief Executive office.

NC said she was concerned that the 34% no response rate from actions owners resulted in Members not being provided with the information they required to complete their governance

role on the Audit & Risk Committee. SH explained that the plan going forward was for IA to produce the Follow-Up report 2-3 weeks before the Committee papers are due out to allow

Executive Directors a period of time to address any 'no responses' before papers are presented to Members by way of assurance.

DECISION: the committee noted the Internal Audit Management Action Follow-up Report Q1 2024-25.

14. Audit Action Plan Tracker   *(Paper AUD 24/20)*
BC explained this item was on the agenda as an oversight and should have been removed following recent discussions with SH and Karl Williamson regarding the new Audit Action Tracker process through EMT (as described earlier by SH).

CM commented that the External and Internal Audit Action Tracker had been produced by Karl Williamson on a separate spreadsheet and would be discussed at EMT tomorrow along with the IA Management Action Follow-Up Report Q1 in order to make Executive Directors aware.

DECISION: the committee noted the Audit Action Plan Tracker reporting process.

10. Internal Audit Report 2024/25: Freedom of Information   *(Paper AUD 24/20)*
DE presented the report which includes examples of good practice and gives Members positive assurance that NHS Shetland is performing well by having a clear policy, roles and responsibilities for staff in place plus a process for issuing reminders.

Two small improvement actions were identified and it was acknowledged that there were challenges in balancing finite resources and the capacity to handle FOI requests in a timely manner within the relevant deadlines in the statutory regulations. The report also acknowledges that management within the Board have these areas under consideration and potentially a more medium term solution eg. software to address this.

IA have raised a yellow graded recommendation In terms of the publication scheme duties under FOISA itself and clarification of roles and responsibilities within the scheme to ensure it continues to be up-to-date. Having more published information could help preempt some FOIs and manage demand on teams.

Discussion
LC commented that many people may not realise which meetings are open to the pubic to attend to receive information in real time.

In response to a comment from LC regarding the timescales for issuing reminders for FOIs, BC suggested a better solution may be alternative ways of working using AI solutions to improve processes and establish more timely notifications and instead signposting people to information already in the public domain. DE added that any AI the Board proposed to use must also be compliant with data protection policies and procedures.

Some members said they recognised that management of FOIs did not hold the highest risk rating and CM pointed out that information governance and FOI both have their external regulator, which is independent of government, and can issue fines at their discretion. The Information Governance Group is exploring different options to streamline the FOI process.

DECISION: the committee noted the Internal Audit Report 2024/25: Freedom of Information

External Audit
(no reports)

Audit Scotland
11. National Fraud Initiative in Scotland 2024 *(Paper AUD 24/21)*
CM explained the National Fraud Initiative event takes place every 2 years across the public sector in the UK and the exercise focuses on looking at fraud and risk errors.

Most subjects covered in the report are primarily issues which affect local government, but areas such as creditors and payroll are also relevant to the NHS.

The report details some of the areas of proactive work to minimise fraud within the health service and also highlights steps to identify ophthalmic and dental claims which are not valid and seek recoveries for the NHS.

The Board's self-assessment will be submitted to Audit Scotland before the deadline and any queries will be responded to and an update on progress and outcomes of the NFI will be presented to the Committee in due course.

DECISION: the committee noted the National Fraud Initiative in Scotland 2024.

12. Tackling Digital Exclusion *(Paper AUD 24/22)*
CM presented the report for Members information.

DECISION: the committee noted the Audit Scotland Tackling Digital Exclusion report.

13. Integration Joint Boards Finance and Performance 2024 *(Paper AUD 24/23)*
CM presented the report for Members information.

DECISION: the committee noted the Audit Scotland Integration Joint Boards Finance and Performance 2024 report.

[14. see above]

Standing Items

15.   Counter Fraud Services Annual Report 2023/24 *(Paper AUD 24/25)*
CM presented the report and commented that the challenge for all organisations was the ability to detect all actions of fraud due to increasing levels of sophisticated method to commit fraud. The result is that the amount of fraud identified and corrected is often the 'tip of the iceberg'.

Fraud is a continual issue which is regularly highlighted to all staff in NHS Shetland through email to inform them of issues which affect everyone and promote a culture of fraud awareness and prevention.

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

16.   Audit and Risk Committee Business Plan 2024-25 *(Paper AUD 24/26)*

CM explained that the Business Plan has been updated to reflect the business which is presented to the Committee plus the confirmed dates the training sessions. This will be further updated once the topics for the training sessions are known.

CM said the Plan would be updated to specify which IA reports were due at each meeting.

ACTION: Internal Audit/CM

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

Other Items
17. National Fraud Initiative Self-Appraisal Checklist   *(Paper AUD 24/27)*
[see 11.]

18. NSS Write-off – Lloyd's Pharmacy Liquidation   *(Paper AUD 24/18)*
CM presented the letter from Caroline Lamb, Chief Executive of NHS Scotland which explains the write-off of funds owed to the NHS as a result of Lloyd's Pharmacy liquidation. The sum attributed to NHS Shetland was understood to relate to prescriptions issued off island.

DECISION: the committee noted the letter and the detail within.

19. AOCB
There was no further business.

20. Date of next meeting: Tuesday 26th November 2024 at 2.00pm by Microsoft Teams.

[the meeting concluded at 3.30pm]