

**SHETLAND NHS BOARD****Minutes of the Meeting of the Audit Committee held at 10:00 on  
Tuesday 27<sup>th</sup> September 2022 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
<b>In Attendance</b>	
Mr Colin Marsland [CM]	Director of Finance
Ms Elizabeth Young [EY]	Internal Audit
Ms Stephanie Hume [SH]	Internal Audit
Mr Michael Dickson [MD]	Chief Executive
Mr James McConnachie [JM]	Business Continuity & Resilience Officer ( <i>item 6</i> )
Mr Andrew Humphrey [AH]	Datix & Systems Officer ( <i>item 16</i> )
Mrs Pauline Moncrieff [PM]	PA to Director of Finance (minutes)

**1. Apologies**

Apologies were received from Jane Haswell.

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

There were no declarations of interest.

**3. Draft Minutes of the Meeting held on 16<sup>th</sup> June 2022**

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

**4. Action Tracker****(175) Submission of papers to IJB Audit Committee**

IA have met with the internal auditors from the Shetland IJB along with CC, CM and LC. The NHS Shetland audit plan has been shared with the IJB auditors and agreed which audits may have relevance to the IJB as well as the NHS Board for the current year. For these audits IA will provide a summary of their findings with the IJB auditor for them to feed into the IJB Audit Committee and they have confirmed they are happy to also share any relevant findings. Going forward, both internal auditors agreed to consider, at the planning stages each year, if there are any audits where a joint approach could be taken, such as auditing the same area from both sides. This would be done in agreement with the Audit Committee during the approval process of the Internal Audit Plan. Members agreed this action should be considered as closed.

**(185) Audit Committee training sessions (2022/23 Training Plan)**

IA recently met with CM and agreed that IA would review their bank of previous training provided for other health boards and clients before compiling a list of proposed topics for the committee to consider for inclusion in the training plan. It is hoped to offer 4 or 5 different sessions throughout the year and members were invited again to suggest any topics. CC added that he intended to have a discussion with the Board Chair around the benefits of inviting all Non Exec board members (from all 3 island boards) to attend future

training sessions. Members were also made aware that there was a library of previous Azets training sessions available which could be accessed for training ideas/materials. Members agreed this could be removed from the action tracker.

(186) Audit cycle for production and presentation of audit reports to the Audit Committee to be added to the IA progress report including process to agree management responses

This action will be completed at the November Audit Committee, where this will be reflected in the IA progress report. There are no substantive reports being presented to the September Audit Committee.

## 5. Matters Arising

There were no matters arising from the previous minutes or action tracker.

## 6. Business Continuity Report – Management Actions Update

JM gave a detailed update on progress with the management actions to date.

- Recommend the Business Continuity Framework is reviewed, updated and implemented  
- There is now version 0.2 of the draft Business Continuity Policy which has been presented to the Resilience and Business Continuity Working Group, and the Health & Safety and Well-being Group. The draft was due to be presented to the Area Partnership Forum earlier this year but the meeting was cancelled due to a lack of quorum. It is due to be presented to the Finance & Performance Committee in late November for final approval. The policy will lay out exactly what is required from the business continuity management system in relation to the roles and responsibilities, escalation procedures, the business impact analysis system and the regularity of review of the Business Continuity Plans.
- The workplan for the Business Continuity & Resilience Officer will be presented to the Business Continuity and Resilience Working Group with more detail on timescales than in the version provided previously to IA. JM informed the committee that he continues to have meetings with departments in order to provide support to complete BIAs and submit BCPs. However, system pressures remain throughout the health and social care service which impacts on teams' capacity to focus on business continuity.

As part of the work around the board's winter planning procedure, JM hoped to co-ordinate testing a selection of the board's high adverse impact areas as a way to ensure business impact analyses are completed, the BCPs are updated and validated to then move through the cyclical process.

- Business Impact Assessments in relation to RPOs and RTOs including the maximum tolerable periods of disruption. This is part of the BIAs which are currently being circulated to business continuity leads within departments. This was adopted from NHS England and adapted for NHS Shetland with some working from home added as a potential mitigation. Work continues looking at the board's prioritised activities, the threats to them, how to risk assess, what the mitigations are and how that leads into the Business Continuity Plans.
- Lessons Learned - a testing and exercising bundle for Business Continuity Plans will be presented to the Business Continuity Working Group, at the end of October. There is a toolkit for managers if they wish to do a crucial elements test, tabletop exercise or a read through of their Business Continuity Plan.

JM felt that the Business Continuity Plans were not being completed at an acceptable rate overall and was something which should be addressed in order to establish a timescale for submission. It is hoped that testing will help embed BCP within the organisation and act as an incentive to complete BIAs and therefore expedite validation. With the support of leadership to select key risk areas according to predicted pressures, this would be very opportune time for the board to set a schedule of testing over the next few months. Thereafter the draft policy could be presented to the Finance and Performance Committee with added efficacy.

The committee felt assured that progress was being made with business continuity planning in terms of the concerns raised by external and internal audit.

#### **7. Statutory and Mandatory Training – Management Actions Update**

CM informed members that Lorraine Allison was the lead manager for this task but was on leave this week. Lorraine Hall had fed back that this issue is a standing item on the agenda of the Staff Governance Committee who are working through the assignment. CC added that the Statutory and Mandatory Training Group have held their initial meeting. It was agreed that Lorraine Allinson should be invited to give an update at the November meeting.

**ACTION: PM**

MD reported that there had been some significant developments in terms of strengthening the health and safety team in support of delivering mandatory training around health and safety. Acknowledging there could be a delay for these to take effect, the board could expect to see a sustained focus on ensuring compliance from a health and safety perspective and particularly in mandatory training key issues of violence and aggression, lone worker and moving and handling. Teams have been brought together from NHS Orkney and Shetland which offers greater resilience and is a positive step forward in terms of provision of health and safety trainers.

#### **Internal Audit**

#### **8. Internal Audit Progress Report Quarter 1 2022-23** *(Paper AUD 22/12)*

EY reported that IA had completed the field work for its audit of management of board performance and draft report would be presented to the November meeting.

**Decision:** the committee noted the report.

#### **9. Internal Audit Follow-up Report Quarter 1 2022-23** *(Paper AUD 22/13)*

SH provided a summary of the progress made in implementing agreed management actions since the last Audit Committee meeting in May:

- IA had followed up 15 actions (12 from May plus 3 from reports presented in May)
- The paper states 2 actions have been closed and 13 are being carried forward, however an update on a further 1 action had subsequently been received and this action is now closed. 12 actions will therefore be carried forward.
- Based on the 13 actions, the completion rate was 13% (2 complete, 3 partially complete, 8 not yet due, 2 with no response were classified as partially complete)
- 2 with no response: 1 was later agreed as complete therefore 1 where no response was received (in relation to Statutory and Mandatory Training and members have received an update at today's meeting).

- Percentage completion of actions: IA have no major concerns due to the fact that they are receiving updates for the majority of actions and for every follow up review.
- Status by grading: 6 are high grade and not yet due for completion. 1 partially complete is now completed. The majority of the remaining risks are graded as moderate and a few partially complete are limited as a grade one or low risk.
- Summary of actions: the outstanding grade 3s are not yet due and the information governance one is the action now complete.

NC asked if the committee could receive a regular update on progress with all actions including those not yet due (or partially complete), in order to assure members and inform where pressure may be required. SH explained that the past, due to the number of outstanding actions, the decision had been taken to only follow up actions which were due. Going forward, IA were happy to ask management for an update on progress across all grades of actions. This will be included in the appendix to the follow-up report each quarter.

**ACTION: SH**

**Decision:** the committee noted the report.

### **Audit Scotland Report**

#### **10. Accounts Commission for Scotland: Integration Joint Boards:**

##### **Financial Analysis 2020/21**

*(Paper AUD 22/14)*

CM said this was the first time the Accounts Commission for Scotland have produced a report on IJB finances. The board routinely receives the NHS financial report annually, so this information gives members a more holistic view of the picture within Scotland and an understanding of the issues being faced. The report provides information for IJBs which are also relevant to the NHS in terms of future planning and delivery.

In response to a question, CM explained the Barnett Consequential was a formula created in the 1970s and is a distribution model created whereby if the NHS in England was given an amount then the percentages for Scotland, Northern Ireland and Wales followed based on the model. The formula has been subject to consultation several times since the 70s due to changes in the populations of the relevant countries and there is an argument that the formula is slightly outdated now.

Members agreed that the message from the report that all IJBs must put in place robust, detailed, long term financial plans helping design sustainable services, was an impossible ask due to the number of uncertainties such as how the National Care Service might change the landscape affecting IJBs.

**Decision:** the committee noted the report.

#### **11. Audit Scotland: Scotland's financial response to Covid-19**

*(Paper AUD 22/15)*

CM explained the report provides a holistic overview of the SGov's response to addressing Covid-19 and sets out how resources were managed and where spend was targeted. There is a parliamentary review into Covid-19 which will also produce a report in terms of some subjects tackled in this report. With regard to the £2 billion held in reserve in response to health services in the IJB, SGov is expecting to fully utilise all these reserves related to IJB in the current financial year and there will be no future funding available for Covid-19.

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

**12. Audit Scotland: Fraud and Irregularity Report 2021-22** *(Paper AUD 22/16)*

CM reported that the Auditor General had looked at how fraud and reporting had been affected during the Covid-19 period, the increase in cases of fraud or opportunities for fraud and how public sector bodies manage these. The report summarises the position in relation to those cases which come under the control the SGov as opposed to the UK Government.

The indication was that there had been a low level of fraud, but the report can only include the information captured and the challenge is that not all fraud is captured at source at the time it occurs. The report is a snapshot of fraud actions and describes how systems have to be flexible in order to manage resources effectively while taking into account the board's obligations as a public sector body to ensure funds are used correctly.

In response to a question regarding the true number of fraud cases, CM said the report mentions 7 cases of fraud Scotland, but these are only the cases identified as relating to Covid-19. It was very likely there are further cases of fraud that have either not been captured in this report or not identified yet.

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

**External Audit**

13. No papers in plan

**Standing Items**

**14. Audit Committee Business Plan 2022-23** *(Paper AUD 22/17)*

CM said the plan was being presented for members to review and amend as a standing item on the agenda. Members noted that in the original plan, the Counter Fraud Services Annual Report was due to come to this meeting, however the information had arrived in June in time for it to go to the June Audit Committee meeting.

Once the dates of the training sessions are agreed these will be fed into the plan.

**DECISION:** the committee agreed the proposed Business Plan and KPIs.

**15. Pharmaceutical Services Payment Verification Annual Report 2021-22**

*(Paper AUD 22/18)*

CM explained that Practitioner Services Division provide quarterly information regarding activity with regard to pharmacy contract and meet with the Director of Pharmacy. CM had attended the year-end meeting where activity reports on NHS Pharmacy First Scotland, Acute Medication Services and Medicine Care and Review were considered. There are no material issues specific to Shetland arising from these reports.

Work is ongoing with PSD to look at the issue of £100 not collected medication and reviewing the national process which had previously been identified as an area of potential risk to the service.

Members learned that the board's spend on gluten items is no longer covered in the PSD verification report.

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

**16. Risk Management Group Action Note**

(Paper AUD 22/19)

CM presented the action notes from 29<sup>th</sup> June which were previously agreed by the Risk Management Group on 7<sup>th</sup> September. Members also received the Strategic Risk Register summary spreadsheet listing the highest rank risks of the organisation in terms of management. Members noted that finance is the highest ranked risk due to the fact that the board is currently forecasting an overspend on the year end budget.

NC praised the clinical governance team for the clear, detailed information presented in the report. Committee members could feel assured of the level of focus dedicated to risk management within the organisation.

There was discussion on the format of the Strategic Management Strategy and the Strategic Risk Register reports. The strategy is currently presented as a Word document with an additional column for risk response. Members agreed that the SRR report Excel document format was cumbersome and difficult to navigate so asked if it would be possible to streamline the information into a Word document. **ACTION: AH**

Members agreed that the previous training session on risk delivered by Emma Garside for audit committee members had been very useful. NC suggested this should be offered on a more regular basis for all new Non Executives as part of their induction process.

AH explained that the risk assessment forms had been redesigned to more closely match the Risk Management Strategy and part of that is a much clearer process around risk escalation and de-escalation. There are 4 levels of risk from strategic, organisational, directorate and departmental with a process for how a risk can move up and down the various risk registers. If a risk is departmental, it can go direct to the Risk Management Group if deemed appropriate.

**DECISION:** the committee noted the RMG Action notes.

**Other Items**

**17. Any Other Competent Business**

There was no further business for discussion.

**18. Date of next meeting**

The date of the next meeting is Tuesday 29<sup>th</sup> November 2022 at 10:00 on MS Teams.

*The meeting concluded at 11:00*