

SHETLAND NHS BOARD

Minutes of the Meeting of the Audit Committee held at 10:00 on Tuesday 30th November 2021 via Microsoft Teams

Present	
Mr Colin Campbell [CC]	Non-Executive Director (Chair
Mr Lincoln Carroll [LC]	Non-Executive Director
Mrs Jane Haswell [JH]	Non-Executive Director
In Attendance	
Mr Colin Marsland [CM]	Director of Finance
Mr Michael Dickson [MD]	Chief Executive
Dr Kirsty Brightwell [KB]	Medical Director (till 10:35) (minute refs. 6 to 9)
Mrs Emma Garside [EG]	Clinical Governance and Risk Lead (minute refs. 6 to 9)
Ms Stephanie Hume [SH]	Internal Audit
Mr Conor Healy [CH]	External Audit
Ms Elizabeth Young	Internal Audit
Mr Chris Brown	Internal Audit (till 11:00)
Mrs Pauline Moncrieff	PA to Director of Finance (minutes)

1. Apologies

Apologies were received from Natasha Cornick and Karl Williamson. Shona Manson was unable to connect due to technical issues.

2. Declaration(s) of Interest

There were no declarations of interest.

3. Draft Minutes of the Meeting held on 28 September 2021

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

4. Action Tracker

(163) CM reported that this was being dealt with through IGSG and will proceed through the clinical governance route. IT cybersecurity sits within the remit of the Clinical Governance Committee and will remain there until such time as any governance restructure. **It was agreed this action could be removed from the Action Tracker.**

5. Matters Arising

LC referred to the item in the previous minutes regarding mental health services with respect to the National Care Service consultation. The potential impact on local services which are already under pressure remains to be of concern as discussed at the recent IJB Audit committee meeting.

6. Strategic Risk Register report (Paper AUD 21/15)

EG presented the report which is being presented to Audit Committee before going to the Board meeting in December. The following points were highlighted to members:

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- Presented in a slightly amended format to include some updates as part of the Risk Management Strategy
- Included 2 new risks that were agreed by the Risk Management Group in September (cyber and Covid Outbreak)
- Includes all the risks that were agreed by the Board in April
- The summary of changes that are included are the changes that have taken place since April 2021
- Some risks have decreased in score and descriptions are provided
- Some risk responses to change and prioritisation updated
- 3 risk descriptions updated using the new format agreed at the last RMG meeting which is in line with the Orange Book.

CC commended the quality of the risk papers presented at the meeting and thanked the team involved in producing and presenting the information.

In response to a question from LC regarding moving the workforce risk from 'tolerate' to 'treat', KB explained that it was recognised by EMT that this was an overarching risk in all directorates and that it had been agreed to move this risk to 'treat' as a lot of work had been done within the medical workforce and strategic work had also begun within nursing.

LC expressed concern at the board's ability to recruit to the lower paid vacant jobs and how to make these posts attractive to applicants. Concerns had also been raised at IJB Audit recently specifically around the cost of locums within the medical and mental health services. Brian Chittick has agreed to escalate this on behalf of IJB as there is the potential for this to become a risk for IJB. KB acknowledged these comments and assured LC that this would all be taken into consideration by the board when taking a strategic approach to workforce.

There was some discussion and explanation of the considerations behind the lowering of the workforce risk rating from 16-12 and KB clarified these were around capacity to redesign as opposed to the workforce itself.

LC raised the issue of potential pressure on the workforce where some staff were supporting NHS Orkney and suggested this could become a risk for NHS Shetland. MD said it was unclear what the specific concern was and what assurance was being sought. The issues raised were operational matters and MD reminded the committee that in terms of their responsibility, operational matters sit with the executive. If the committee wish to escalate this as a risk they must be able to quantify what that risk is and it was not evident across either board that issues were not being well managed or things being missed.

CC said it was the responsibility of the Audit Committee is to look at the process and the process of risk management is robust. Sustainable workforce has been one of the biggest challenges facing the board (as referenced in the DoF's report to the board) and he suggested that RMG look at this risk at their next meeting and consider the grading of the workforce risk.

ACTION: RMG

Decision: the committee noted the 2 new strategic risks; noted the changes to the existing risks; and approved the Strategic Risk Register for onward reporting to the December Board.

7. Risk Management Group action notes from 3rd November 2021

EG explained RMG meetings had been aligned with the meetings of the Audit Committee so members will receive the draft notes following each RMG meeting. EG highlighted the main issues from the notes for the committee's information.

Decision: the committee noted the draft RMG action notes.

8. Risk Management Group Terms of Reference update (*Paper AUD 21/16*)

KB explained that RMG meet at least 3 times per year (with the intention to meet quarterly) and will produce a regular summary report for Audit Committee and for the board.

Members agreed that it would be advantageous for RMG to meet quarterly. EG explained that when agreeing the frequency of meetings it was acknowledged that risk would not be reported to the Audit Committee in June. The likelihood is that there will be a 4th RMG meeting which does not align with the June Audit Committee.

Decision: the committee agreed the RMG terms of reference update.

9. Risk Management 6 month update (*Paper AUD 21/17*)

EG reported that after discussion RMG, it had been agreed that in addition to a summary against the priorities and the objectives, the risk management work plan should be included as an appendix to the report in order to provide more detailed narrative around the work being done.

Members agreed it was a very informative report and the action plan with deadlines is a useful addition for the committee.

Decision: the committee noted the 6 month update.

10. Review of Standing Orders/SFIs (*Paper AUD 21/18*)

CM explained that the paper related to the Scheme of Delegation which the board reviews annually. The principal changes are:

- a) As agreed by the Endowment Committee as part of the Scheme of Delegation - in the event of the MRI scanner going out to tender, it allows the CExec and DoF to sign off any such tender up to the value of the bid to the donations received by the MRI Scanner Appeal.
- b) An amendment to the value of the invoices that the Cexec and DoF can sign off for SIC invoices to ensure the board meets its payment terms.

In response to a question from JH around parity with other boards, MD said that as NHS Shetland moves towards replacing the GBH, it was expected to see invoice levels rise, often quite significantly and it was important to regularly review the Scheme of Delegation to ensure proper controls are in place. If an invoice was received for more than £1.6m then it can be jointly signed off and the Chair of the Board and the Audit Committee advised.

Decision: the committee approved the revised Scheme of Delegation before its presentation to the December Board meeting.

Internal Audit

11. Internal Audit Progress Report 2021-22 (Paper AUD 21/19)

CB informed the committee that there had been a temporary change in the Head of Internal Audit roles as he had been seconded to the Scottish Funding Council as interim Director of Finance for 6 months. Responsibility for most of his internal audit work has been passed to his colleague Elizabeth Young who is one of Azets' directors and specialist Head of Internal Audit. Elizabeth has huge experience in the health service and public sector and will be attending future Audit Committee meetings with SH continuing to present reports.

On behalf of Audit Committee, CC welcomed EY to the meeting and also thanked CB for his support to the committee so far.

EY presented the Progress Report and drew members' attention to the following:

- a) Bank/Agency/Locum staff on-boarding audit was due to come to this meeting but has been delayed and is still with MD for management response.

MD apologised for the delay which was due to annual leave and difficulties in terms of coordinating it with key players but it would be brought forward for the next audit committee meeting. **ACTION: MD/IA**

- b) There is a proposal to change the Audit Plan for the year in relation to the Infection Control Audit that was scheduled for Q4. The committee is being asked to approve to removal of this from the plan so as not to duplicate work that has been done through another existing HIS audit. The committee is also asked to consider whether there is anything they wish to replace that review with bearing in mind the fact that the internal audit plan for 2022/23 is currently oversubscribed.

Members discussed the number of days 'saved' from the Infection Control Audit and SH confirmed there were around 10 days sitting in the plan that can be utilised for another piece of work. EY said that if the committee was content with the level of assurance that IA would be providing, then these days could be taken forward into next year's plan.

JS informed the committee that the action plan from the HIS Infection Control audit would be considered and followed-up by Clinical Governance Committee if necessary.

Members agreed that it was not feasible to propose a new audit in this financial year and instead the available days should be implemented in the next financial year in an area that sensibly requires auditing. It was acknowledged that IA have already been asked to revisit the mental health audit in 2022/23.

Decision: the committee noted the summary of activity since the last meeting and noted the reviews planned for Q4.

12. Internal Audit Management Follow-up Report Q1 (2021/22) (Paper AUD 21/20)

SH gave the committee a summary of progress:

- 20 actions were followed up in the review and 6 of those actions were closed off;

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- 14 actions remain outstanding but this demonstrates positive progress compared to previous reviews;
- 6 actions are complete, 10 actions partially complete and 4 are not yet due when the review was completed;
- Of the 14 actions reviewed, 6 were high or very high risk;
- There has been positive progress in terms of the percentage of actions completed since May and the assistance of management has been much appreciated;
- There is also a decrease in the number of actions that remain open and overdue;
- One very high risk action is open (related to Mandatory and Statutory training) and there are 5 high risk actions (1 is not yet due but a focus is required to strive to reduce these actions down);
- The 3 Business Continuity Planning actions will be superseded within the next 6 months once the audit has been undertaken;
- The majority of the actions sit within 2020/21 as would be expected. There will be an increase in the number of actions to be followed-up towards the end of 2021/22 due to the Bank Staff On-boarding review and the reviews from this year to be added on.

Decision: the committee noted the Internal Audit Management Follow-up Report Q2 2021/22.

13. Internal Audit Planned Audit Review Report (Paper AUD 21/21)
(deferred to Audit Committee in March 2022)

14. Draft Internal Audit Plan 2022/23 to 2023/24 (Paper AUD 21/22)

SH presented the report explaining that the plan was in draft stage and is based on the final plan that the committee signed off in May 2021.

The plan is oversubscribed as it stands but IA will have discussions with the DoF to determine the number of days the board wish to carry forward from this year before bringing the plan back to the committee for approval.

The committee was asked to consider if they were content with the proposed reviews included in the plan for next year, and if there was anything they wish added. SH indicated EMT had suggested something around workforce as reflecting in the earlier conversation and Kathleen Carolan and Lorraine Hall will feed back what this should include. Once the committee have made their comments, IA will revise the plan and submit to EMT before presenting to the committee again in March. **ACTION: Internal Audit**

Members discussed the draft plan and considered potential areas for review in 2022/23 and 2023/24. Two areas suggested as options to be deferred to 2023/24 are Communications and Adverse Events because the board must conduct a financial audit each year to comply with External Audit guidance.

Members considered cybersecurity as a possible area but CM informed them that SGov have introduced an annual review on cyber issues within public bodies which gives a detailed report and action plan for boards. The action plan assisted the Head of IM&T to review performance against some of the outstanding audit actions that existed at that time. An IA review would be duplicating work already being done. JH added that cyber security

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is reported into the Clinical Governance Committee who would have the ability to escalate to both the board and Audit Committee should that decision be made.

In response to a suggestion from CC, EY said IA would be able to give advice on whether the board met legal compliance with Health & Safety Regulations, but were not qualified to make determinations about detailed processes and risk assessments already made. What IA could look at would include the governance aspects around the process, management aspects such as adequate audit regimes being in place, whether inspections have been carried out, there is clear reporting and monitoring in progress and it is being reported in the right forum.

With regard to the audit(s) to be deferred to 2023/24, members felt the priority for review would be Communication but agreed to defer the decision to EMT. **ACTION: EMT**

Decision: the committee considered the Internal Audit Draft Annual Plan 2022/23-2023/24 and agreed to defer the management decision to EMT.

External Audit

No further reports

Audit Scotland Report

No further reports

Standing Items

- 15. Audit Committee Business Plan 2021-22** *(Paper AUD 21/23)*
CM reported that the External Audit Plan for 2021/22 will now come to the March meeting. A paper will come to the next meeting asking members to review the business plan for 2022/23. The External Auditors will change in 22/23 and will only take office in October so it is likely that the External Audit Plan will come to the March meeting in 2023. The private meeting between the IA and EA and committee members will also potentially need to move to March in the next business cycle.

Decision: the committee reviewed the plan and agreed there were no changes required.

Other Items

- 16. Any Other Competent Business**
- 17. Private Meeting between members and auditors**
- 18. Date of next meeting:** The next meeting of the Audit Committee would be: Tuesday 29th March 2022 at 10:00am.

The meeting concluded at 11:15