

SHETLAND NHS BOARD

Minutes of the Joint Audit and Committee Chairs meeting held at 10:00 on Tuesday 18th May 2021 via Microsoft Teams

Present	
Mr Colin Campbell	Non-Executive Director (Chair)
Mr Lincoln Carroll	Non-Executive Director
Mrs Natasha Cornick	Non-Executive Director
Mrs Jane Haswell	Non-Executive Director <i>[till 11:00]</i>
Miss Shona Manson	Non-Executive Director
In Attendance	
Mr Malcolm Bell <i>[till 10:30]</i>	Non-Executive Director (Chair of Staff Governance Committee)
Mr Chris Brown	Azets (Internal Audit)
Mr Michael Dickson <i>[from 10:15]</i>	Chief Executive
Mr Colin Marsland	Director of Finance
Mrs Amanda McDermott	Chair of Area Clinical Forum
Mrs Pauline Moncrieff	PA to Director of Finance (minutes)
Mr Gary Robinson	Board Chair (Chair of Remuneration Committee)

1. Apologies

Apologies were received Karl Williamson.

2. Declaration(s) of Interest

There were no declarations of interest.

3. Draft Minutes of meeting held on 22nd May 2019 (previously approved in principle by the Audit Committee on 18th June 2019)

The minutes from the previous minutes from 22nd May 2019 were formally approved.

4. Matters Arising

There were no matters arising from the previous minutes or Action Tracker.

Internal Audit

5. Internal Audit Report: Follow up Report Q4 2020-21

Mr Brown informed the committee that 32 actions had been carried forward into this follow-up. It had only been possible to close 2 actions which means 30 are outstanding. 7 actions have been flagged as awaiting response and some responses have been received since the papers were issued. Internal Audit feel there appears to be some confusion as to the correct procedure for responding to management actions. Some action owners wait for Internal Audit to send them the tracker before they reply, on this occasion the tracker was sent out 10 days before the paper deadline which did not allow enough time to allow some people to respond.

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As part of the next follow-up in Q1 of the 2021/22 review, Internal Audit will discuss with Mr Marsland how to encourage action owners to submit updates and feedback prior to the tracker being sent out.

ACTION: Internal Audit & Mr Marsland

Of the 30 outstanding actions, 9 are high risk (Grade 3 or above) which have passed their due deadline; 6 of these are partially complete and 3 are awaiting response (Internal Audit have received responses since the report and these are partially complete).

Members asked what the procedure was for escalation of issues to management in order to obtain formal assurance from the Chief Executive that the overdue actions will be dealt with as a priority and a refreshed timeline for these actions will be completed. Mr Brown agreed there needed to be continued emphasis on addressing the priority area and if for any reason actions are being de-prioritised, the committee need to take a view on the level of risk that the organisation is being exposed to and whether resources should be reallocated in order to address these. The Audit Committee need to escalate significant concerns through the management structure with Internal Audit playing a part in that.

Mr Brown said from an Internal Audit perspective it was not in their remit to hold management to account for the delivery of their actions and they have no influence to do so. The role of Internal Audit is to receive updates from management in order to give Audit Committee assurance and in the case of a high risk issue, Internal Audit validate the evidence received in order to provide independent assurance for the Audit Committee

Mr Dickson said it was correct for the committee to escalate concerns but it was unclear why the management response received at the Special Audit Committee at the end of March have not be fed through to Internal Audit. Mr Brown explained that this was partly due to the translation of the issues highlighted in the internal audit report differed slightly to those updated on in the action plan presented to the Special Audit Committee. It was agreed that Mr Brown would have a discussion with Mr Dickson outwith the meeting regarding the internal reporting function and updates received by EMT.

ACTION: Internal Audit, Mr Dickson & Mr Campbell

Mr Campbell said one difficulty some members had with the information in the report was that it was for the period up the end of the financial year and it was recognised that significant progress had been made between then and now. The committee acknowledged that, in terms of the updates on the mental health actions awaiting response, this was not technically accurate as the response was not an adequate one and the committee's processes subsequent to this timeframe have actually addressed these and taken the mental health actions forward.

Mr Campbell challenged the fact that the Financial Monitoring Report action was reported as still awaiting a response at the end of the financial year, explaining he had a conversation with Internal Audit when it was acknowledged that a report had been received from the DoF. The information in the report presented today does not accurately record the true position at the end of the financial year. Mr Brown reported that Internal Audit had received an update on the actions in March, but it had not been clear how the issues were being addressed or how had been implemented so the update was interpreted as a 'work in progress'. When the report was issued, Internal Audit was

expecting to get an update position since March, hence why it is marked it as awaiting a response.

Members agreed it would be useful for the committee to receive clear updates from Internal Audit in the event that updates were not addressing the original management actions in the audit plan or where there are changes to an action plan.

Members also agreed that there should be clear lines of communication between the Audit Committee, Internal Audit and the Executive Management Team in order to assist the progress of actions, flag potential issues and therefore avoid escalation to the Board, close off actions in a timely fashion. Mr Brown reminded members that the role of Internal Audit was to help management identify improvement opportunities, develop an action plan to address these and provide independent validation. In the reporting of that to the Audit Committee, management are committing to implementing the audit recommendations in the Management Action Plan. It is the responsibility of management to report any changes to the action plans, deferrals, re-prioritisation, and must report that to the Audit Committee.

The Committee noted the Internal audit Follow-up Report Q4 2020/21.

[10:30 Malcolm Bell left the meeting]

6. Chief Internal Audit Annual Report 2020/21

Mr Brown presented the reporting explaining it was a summary of all the work Internal Audit have done in 2020/21. The reports states that, with the caveat that they cannot provide absolute assurance to the committee, is that there are no major weaknesses in a system of control. The audit is not conducted across the whole system every year, but Internal Audit can provide reasonable assurance that there are no major weaknesses.

The Internal Audit opinion is that 'NHS Shetland has a framework of controls in place that does provide reasonable assurance regarding governance, internal controls and effective and efficient achievement of objectives in the management of risks' with the caveat 'except in the area of statutory and mandatory training' and financial reporting where we identify some substantial weaknesses that required improvement.

Internal Audit remained independent of the organisation during the course of the year and we conformed to the Public Sector Internal Audit Standards and all work was carried out in conformance with those standards. The appendices in the report summarise the number of days for the year for each review, Azet's own quality assurance assessment and KPIs.

The Committee noted the Chief Internal Audit Annual Report 2020/21.

7. Internal Audit Annual Plan 2021/22

Mr Brown said there were no significant changes to the previous plan other than removing the time for a Property Transaction Monitoring review from 21/22 which is only applicable if any transactions have taken place. It was confirmed that there had not been any transactions so that planned time was removed and 2 days contingency added

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in to each of the 3 years. Mental Health Services follow-up has been added for 2022/23 as requested at the Special Audit Committee. The plan is not 'written in stone' so if members wish to add or change anything, then this is possible.

Members discussed the potential to move to face-to-face training as restrictions lift. It was agreed that the joint training and engagement with NHS Orkney and NHS Western Isles had been very helpful and the online approach had made this much easier. Mr Brown said Internal Audit would be happy to facilitate in whichever format was preferable to boards in order for this to continue and suggested a blended approach may be an option.

The Committee agreed the Internal Audit Plan 2021/22 with the addendum of the addition of the mental health audit in 22/23.

External Audit

8. External Audit Annual Accounts Audit Plan 2020/21

Mr Marsland reminded the committee that the paper had been discussed at the last meeting of the Audit Committee in 15 April 2021. This was an opportunity for those members who where did not attend that meeting to see the content and comment. The report contains the points raised by External Audit in terms of the scope of their review and what they expected to see in terms of the board's annual accounts this year. Members were asked to keep these points in mind in the context of reviewing the Draft 2020-21 Performance and Accountability Report (agenda item 14).

The Committee noted the External Audit Annual Accounts Plan 2020/21.

9. Changes to Accounting Policy and Reporting for 2020/21

Mr Marsland reported that a new Financial Reporting Manual (FReM) had been issued this year and had adhered to in terms of the annual accounts and the content of the Performance and Accountability Report. Members were informed that one of the issues which the FReM reminds boards of is accessibility compliance which came into effect in 2018, for example the font size used in their annual accounts document.

The Committee noted the Changes to Accounting Policy and Reporting for 2020/21.

10. 2020/21 Performance Report (Governance Committee Reports)

Mr Marsland explained that as part of the new process, each of the governance committees of the organisation must produce a standard report to ensure attendees at this meeting can satisfy themselves with the governance processes in all three.

Members noted that CCPGC did not meet in 2020/21 so had not submitted an annual report. The Audit Committee report had been updated since the version members had received at the meeting on 30th March 2021. Attendance statistics had been updated to take account the March meeting and a note added to acknowledge the concerns in regard to mental health as discussed at that same meeting.

The Committee noted the Audit Committee 2020-21 Performance Report.

11. Risk Management Summary Report 2020/21

Mr Marsland said the report had previously been presented at the Board Meeting on 27th April 2021 by Emma Garside.

Mrs Haswell confirmed that the issue that she had raised at the Board Meeting had been actioned. Emma and Dr Kirsty Brightwell are pulling together the amended corporate risks onto the one page as well as exploring the possibility of delivering an audit training session on risk management.

Mr Campbell informed members that he had met with Emma Garside and Dr Brightwell with a view to Audit Committee being given oversight of the Corporate Risk Register. There is a need for a training session on this also and Mr Campbell has met with Internal Audit to discuss the facilitating the session and also what the committee's role and expectation would be in terms of the register.

The Committee approved the Risk Management Summary Report 2020/21.

12. Counter Fraud Service Patient Exemption Checking Analysis of Fraud or Error in 2020

Mr Marsland said the paper explains how work had not been carried out in 2020/21 due to Covid 19 and the hope was to resume the process in 2021/22.

The paper would normally give an estimate of the potential fraud that has occurred or could have occurred in the ophthalmic and dental service. Historically, Shetland have been below the national average for these, but there is no room for complacency.

The Committee noted the Counter Fraud Service Patient Exemption Checking Analysis of Fraud or Error in 2020.

13. Local Fraud Annual Report 2020/21

Mr Marsland said the key things for members to note this year are that there is a sharp uptake in the number of staff who have completed the online fraud training on Turas. At the meeting of CFS and the Fraud Liaison Officers, it was highlighted that NHS Shetland has the highest completion rate in the whole of Scotland for the course.

CFS have run some additional online training courses in respect of anti-bribery, Once for Scotland Investigation Policy and sickness absence all of which have had participation from NHS Shetland staff. Senior managers and HoDs will be encouraged to complete this training because it sets out what the roles and responsibilities are. This will also be progressed through the APF Chair to ensure all the union representative have completed the course.

Also worth noting is that there are no outstanding cases from previous years and CFS highlight that fraud reporting is down 32% which is mirrored in other parts of the UK.

The Committee noted the Local Fraud Annual Report 2020/21.

14. Draft 2020-21 Performance and Accountability Report

Mr Campbell began by saying the report was very well written and contained all the necessary information members would require to see and in a jargon-free way.

Mr Marsland presented the report which takes into account the FReM guidance. As part of the guidance, NHS Shetland was asked to look at other boards' reporting styles and put them in context. NHS Grampian was chosen because they are a larger board and sits on the Technical Accounting Group (TAGRA) for Scotland. NHS Orkney was chosen partly because the board is a similar size, but also until last year the Chair of TAGRA was the DoF in NHS Orkney. The reason NHS Ayrshire and Arran was chosen is because Deloitte are also conducting their external audit so NHS Shetland can consider their report prior to our own.

Some key points in the annual report for members' attention include:

- The bar charts and graphs take account of the recommendation that when doing trend analysis this should be done over 5 years.
- In order to ensure the report is access compliant with the regulations, thanks must go to Erin Seif for the considerable amount of administrative work in formatting the Word changes required.
- In terms of the information that is still outstanding, the outpatient numbers are yet to be confirmed by ISD as is the day case figure.
- The total for drug and alcohol patients seen in 3 weeks is the figure till December 2020 rather than March 2021 which is not yet available
- There were over 10,000 people vaccinated in the flu campaign which will be added in to the appropriate section in the report.
- The performance target for mental health psychological therapies reduced again this year, but that was partly due to covid 19

Mr Marsland described the information contained in each section of the report and encourages members to flag any issues of accuracy in order to these can be amended before the second version is submitted to External Audit.

In response to a question from Mr Carroll regarding the number of reported cases of flu, Mr Dickson reported that there had been a negligible numbers of cases. This was not solely due to the excellent uptake of the vaccine but also handwashing, social distancing and wearing coverings which all helps to reduce the transmission of flu.

Mrs Cornick said the parts of the report that she liked were Mr Dickson's acknowledgement of NHS Shetland's resilience throughout the pandemic being fueled by our remoteness rather than it making us more vulnerable. The section on

recruitment and retention issues was well written in a transparent way and was the clearest description the issues that had been included in recent annual reports.

Mr Campbell said his only concern from an Audit Committee point of view, was the issue of labour turnover and the rate for NHS Shetland is the highest in Scotland. Mr Marsland confirmed that the figure does not include locums and this has been an issue for a number of years. In contrast to this, NHS Shetland has the lowest sickness absence rate in Scotland for a territorial board.

Mr Campbell said his only caveat to the point of labour turnover would be that some form of trend analysis take place via the exit interviews because this would be a concern from a staff governance point of view. Mrs Haswell added that this was a repeating pattern across Shetland so members should be careful to take it in the Shetland context and staff often move between organisations.

[11:00 Jane Haswell leaves the meeting]

Mr Carroll reported that the DoCH&SC is now involved with the Developing the Young Workforce group which looks at how we encourage young people to consider all roles across the the NHS, not just in terms of medical or nursing careers.

The Committee noted the Draft 2020-21 Performance and Accountability Report

Other Items

15. Review of the Joint Meetings Purpose

Mr Marsland presented the paper and explained that similar to other areas of the organisation, the committee should review the effectiveness of the meeting and any lessons learned.

NHS Shetland is one of the few boards who have this sort of meeting, the purpose of which is to ensure that the Non-Executive Directors have the opportunity to see the content of the Performance and Accountability Report before it is presented to the Audit Committee. It gives members the opportunity to change any of the narrative or giving additional information that they think should be included. In terms of membership of this group, it is currently the governance committee chairs plus all members of the Audit Committee.

The committee was asked to consider whether it would be appropriate for all Non-Executive Directors to attend this meeting. The second question for members to consider was whether this particular meeting added value to the governance of the board's annual accounts process or whether members would be content for Audit Committee to receive the report before the board.

Members discussed the membership of the joint meeting and agreed that it would be more appropriate to have the discussion when all parties were present so Mr Bell and Mrs Haswell had the opportunity to comment. Mr Campbell suggested that Mr Marsland could create a survey to be circulated to all board members for feedback.

ACTION: Mr Marsland

Members agreed that it was important to have sufficient time to consider the content of the Performance and Accountability Report before the year-end accounts meetings and so should remain. It was also agreed that style of content and format of the report gave the committee adequate assurance so required no alteration for next year.

Mr Robinson added that he had been confused at the change in the title of the papers this time as it could read like the meeting was a Joint Governance Committee. The agenda and papers were also not titled consistently throughout the pack. In the past, it had been referred to as the Joint Chairs and Audit Committee which Mr Robinson thought more accurately described the meeting.

The Committee agreed that there should be continue to be a Joint Chairs and Audit Committee next year.

16. AOCB

There was no other further competent business.

Date of next meeting: the provisional date for next meeting of the Joint Chairs and Audit Committee will be 17 May 2022.

The meeting ended at 11:20am.