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| HIGHLAND NHS BOARD | Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 www.nhshighland.scot.nhs.uk |  |
| DRAFT MINUTE of MEETING of the NHS Board Audit Committee Microsoft Teams | 6 September 2022 10.12am | |

Present: Mr Alasdair Christie, NHS Board Non-Executive (Chair)
 Mr Gerry O'Brien (Vice Chair)
 Mr Alexander Anderson, NHS Board Non-Executive
 Ms Susan Ringwood, NHS Non-Executive
 Ms Gaener Rodger, NHS Board Non-Executive
 Mr Stuart Sands, Lay Representative

Other Non-Executive Directors Present: Mr Boyd Robertson, NHS Highland Chair

In Attendance: Mr Iain Addison, Head of Area Accounting
 Ms Heledd Cooper, Director of Finance
 Ms Ruth Daly, Board Secretary
 Mr David Eardley, Azets
 Ms Fiona Hogg, Director of People and Culture
 Ms Stephanie Hume, Azets
 Mr David Park, Deputy Chief Executive
 Mr Nathan Ware, Governance & Assurance Co-ordinator
 Mr Stephen Chase, Committee Administrator

1. WELCOME, APOLOGIES AND DECLARATION OF INTERESTS

Alasdair Christie advised that being an elected member of the Highland Council he had applied the test outlined in paragraphs 5.3 and 5.4 of the Code of Conduct and concluded that this interest did not preclude his involvement in the meeting.

2. MINUTE AND ACTION PLAN OF MEETING HELD ON 28 JUNE 2022 [pp.1-10]

The minute of the meeting held on 28 June 2022 was approved pending amendment of the minute and the Annual Report of the Audit Committee to show A Anderson as present.

The Committee

- **APPROVED** the amended minute of the meeting held on 28 June 2022.
- **NOTED** The Rolling Action plan.

3. MATTERS ARISING

There were no matters arising.

- The Chair commented that he felt the item on Unfilled Shifts from the previous meeting should be added to the committee's action plan following the agreement that Clinical Governance would have oversight and provide updates to the Audit Committee.

The Committee

- **AGREED** that the Internal Audit Actions on Unfilled Shifts be added to the Action Plan.

INDIVIDUAL INTERNAL AUDIT REPORTS

4.1 Progress Report

[pp.10-17]

D Eardley noted that work was on track but that the next few months would be a relatively intense period in terms of the quantum of work to deliver reports over the remaining Audit Committees for the year.

- The Chair noted the five reports due for the March committee and requested that, where possible, work be accelerated for inclusion in the December committee to avoid any piling up of actions. The alternative would be to hold an additional meeting of the committee or an extra-long meeting.
- S Sands recommended that the Internal Audit on PMO Financial Savings might be brought forward as it would be beneficial to have this completed before work starts in earnest on the Annual Accounts.
- D Eardley noted that conversations have been had with the PMO team who have indicated that the present time may not be suitable to carry out this audit, however further discussions are to be had with management to assess the feasibility of carrying this work out sooner.
- The Chair noted that it would be worth including A Anderson in these discussions as chair of the FRP Committee.
- H Cooper commented that she would be keen to be involved in these conversations in order to address financial assurance around savings and the financial position of the organisation.
- A Anderson agreed with the above but noted a need to step back give the item some time and thought to make best use of the time of the PMO team and the Internal Audit.

The Chair requested that a paper come to the next meeting from H Cooper and Jane Gill on PMO actions for assurance on processes and evidenced paper trails.

The Committee

- **NOTED** the report, and
- **AGREED** to add a paper from H Cooper and Jane Gill on PMO to the December agenda.

4.2 Endowment Funds

[pp.18-40]

The Chair commented that this was a good report with some achievable recommendations.

S Hume noted how the review's primary focus was on ensuring policy and procedure was adhered to. The end of the report considers planning around the new guidance from Scottish Government in terms of structure and governance of endowment funds.

- I Addison commented that it was a fair report and reflects what has been known about capacity. There is an action plan to address capacity and improve the current processes.
- David Park has taken the lead around the forward planning for the new government guidance.
- The report had gone to the Endowment Committee for information the previous day.
- It was noted that the external auditors of the Endowment Funds Committee receive copies of all papers for the Endowment Funds Committee and will note any actions of wider relevance.
- G Rodger commented that the view of the Endowment Funds Committee was that it was a good audit with few major risks flagged.
- She noted that it was felt by the committee and the Trustees that forward planning is still an issue especially in terms of securing a project manager to move endowments into the

next organisational phase, and that other boards appear to be further along in this area of forward planning.

The Chair asked I Addison to convey thanks to the staff involved in the audit on behalf of the committee.

The Committee

- **NOTED** the report.

4.3 Property Transactions Monitoring

[pp.41-50]

D Eardley spoke to the report and noted that it is a requirement from Scottish Government that items are reviewed in line with the Property Transaction Handbook.

There were no comments on the paper and the Chair thanked Internal Audit for a good report.

- H Cooper commented that training sessions are being held by the Internal Auditors for the three Islands Audit Committee on how to maximise benefits from internal audit, and that NHS Shetland have extended the invitation out to NHS Highland.

The Committee

- **NOTED** the report.

ASSURANCE REPORTS

5.1 Annual Review of Committee Terms of Reference

[pp.51-54]

R Daly noted the existing Terms of Reference that had been circulated.

- One minor addition was suggested to point 7.3 at that point, which states that the committee receives the minutes of the Information Assurance Group. It was suggested that reference also be made to the Resilience Committee.
- The Chair and the committee agreed to the recommendation.
- I Addison asked if a point about the Audit Committee's remit to appoint internal auditors should be added to the ToR.
- R Daly agreed to investigate this and clarify whether this responsibility lies with the Board and/or what role the Audit Committee must fulfil in this regard.
- G Rodger asked about the quorum requirement of the committee and if independent members form part of this.
- R Daly commented that the quorum relates specifically to non-executive directors and not to anybody else and that this applies to all Governance Committees.
- B Robertson asked with reference to point 6.6 what the mechanism is for updates from the IJB Audit Committee and how frequently updates are received. He commented that David Garden had been in regular contact with the Director of Finance for Argyll and Bute IJB and that there was a good working relationship but that with new personnel in both roles it would be worth regularizing and formalising this interaction.
- R Daly agreed to discuss this further with I Addison and Charlotte Craig of Argyll and Bute IJB.

The Committee

- **Accepted** the amendments and suggestions above regarding the Terms of Reference.

5.2 Renewal for Internal Audit Contract for 2023/24 onwards

- D Eardley asked the committee if it would be preferred that he and S Hume step out of the meeting for this item.
- The Chair suggested that it would be okay for both to remain in attendance but not to contribute to the item.
- I Addison noted that the contract for Internal Audit is due for renewal for 2023/24 onwards and it is required that the contract go out to tender.
- Previously, the Director of Finance and the Chair of the Audit Committee, formed a selection panel along with members of the three Island boards in order to establish Internal Auditors for each board as part of one process.
- The committee were asked to approve the process.
- G O'Brien asked if the Audit Committee has the delegated authority to approve the process.
- R Daly clarified that it is the Board which appoints the Internal Auditors unless it has delegated authority to the Audit Committee. Delegation has not been agreed for the current process and therefore it is the Board who will appoint. Any decision made by the Audit Committee in this regard would need to go before the Board for approval.
- H Cooper noted that the Code of Corporate Governance states that the Board has sign off on the appointment but that the Audit Committee should advise the Board.
- S Sands commented on the need for the decision to have independence from executive management, the Director of Finance might lead on the process but sign off ought to rest with the Chief Executive or the Chair of the Board.

The Chair confirmed that the committee agreed on the process and urged movement to the procurement stage.

The Committee

- **Agreed** the process for the appointment of Internal Auditors for NHS Highland.

6. CORPORATE GOVERNANCE – Audit Committee Annual Report

6.1 Final Annual Audit Report

[pp.53-117]

The committee noted the Annual Report.

The Committee

- **NOTED** the report.

7. COUNTER FRAUD

A paper will come to the December meeting of the committee.

8. SIGNIFICANT ADVERSE EVENTS

[pp.118-127]

The Chair noted that this update was in response to the Internal Audit actions and invited G Rodger, as Chair of the Clinical Governance Committee to comment.

- G Rodger commented that she had been in discussion with Mirian Morrison and it was noted that some of the timing of actions had slipped as is mentioned in the paper.

- Progress was noted and timescales have been changed to reflect progress, however it was commented that this will need further clarification in the report.
- The Chair commented that he also sits on the Clinical Governance Committee and noted the progress and direction of travel, and that as this work cuts across a number of areas, the need for the Audit Committee to follow progress.

The Committee

- **NOTED** the report.

9. RISK MANAGEMENT PROCESS

[see separate report]

The Chair noted that he was happy to receive the report and invited comment.

- S Sands noted that he had not received the report but would follow up to the Chair and Vice Chair with any comments outwith the meeting. He commented on his desire to see quick progress in the area of risk management.

10. AUDIT SCOTLAND

The committee's attention was directed to the full suite of Audit Scotland reports, which are accessible via the link below:

<https://www.audit-scotland.gov.uk/report/search>

The Chair noted that there was some interesting material on the website and invited members to take a look and consider if any item was worth investigating further for discussion.

11. MANAGEMENT FOLLOW UP ON OUTSTANDING AUDIT ACTIONS

[pp. 128-130]

I Addison drew the committee's attention to the outstanding management actions report and noted how these actions have varying degrees of risk associated with them.

The Chair requested a push to have the outstanding actions completed and signed off by the next meeting.

- F Hogg provided an update on the three actions around the Healing Process Internal Audit. One has now been completed (the report was sent to the Board in June), and the two outstanding actions on GDPR protocol and the Information Asset Register are expected to be complete before the next meeting.
- With regard to the Whistleblowing action, on procedure (which is one action instead of two as shown in the report), the draft report is in the process of being finalized and will be launched as part of Speak Up Week on 3rd October.
- The Workforce Plan was submitted to Scottish Government at the end of July as agreed.
- The Redeployment and Payroll actions have become part of a long-term piece of transformational work that is now underway. F Hogg suggested that these actions be moved from the list to reflect this change.
- The Chair suggested that F Hogg present a paragraph or two to the next meeting to detail these changes.
- S Ringwood acknowledged the changes made to the presentation of the report and asked that the most significant actions be flagged within the report for ease of reading and to better track progress.
- S Sands acknowledged the suggestion and noted that he had been working with I Addison on this issue. He added that some investment in time or resource would be

beneficial and could help the process of collating the information. This could free up more time to consider the severity of the risk involved in the actions and provide a fuller assurance role to the committee. He also noted that the use of the grading 'partially complete' was not a suitable category.

- The Chair noted that any action marked as 'partially complete' should have additional information or narrative provided in order to give proper assurance of the procedures in place to address the item.
- D Park noted that a lot of improvement had been made regarding outstanding actions over the last 12 months but that it was necessary to instil some more discipline in maintaining focus in between Audit Committees.
- H Cooper noted the opportunity afforded by the digital solutions like Datix to monitor audit actions and commented that there is a training module on this matter. She also asked if there was scope to include follow up capture and monitoring in the specification for the forthcoming procurement process for Internal Audits.

The committee **noted** the updates.

15. ANY OTHER COMPETENT BUSINESS

The committee **noted** the proposed dates for 2023.

7 March

2 May

27 June (Annual Accounts)

5 September

5 December

16. DATE OF NEXT MEETING

The next meeting will be held on **Tuesday 6 September 2022** at **9.00am** on a virtual basis.

The meeting closed at **09.49 am**.