

<b>HIGHLAND NHS BOARD</b>	Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 <a href="http://www.nhshighland.scot.nhs.uk">www.nhshighland.scot.nhs.uk</a>	
<b>DRAFT MINUTE of MEETING of the          NHS Board Audit Committee</b> Microsoft Teams	<b>7 March 2023 9.00am</b>	

**Present:** Gaener Rodger, NHH Board Non-Executive (Chair)  
 Susan Ringwood, NHH Board Non-Executive (Vice Chair)  
 Alexander Anderson, NHH Board Non-Executive (until 10.07)  
 Alasdair Christie, NHH Board Non-Executive  
 Garret Corner, NHH Board Non-Executive  
 Stuart Sands, Independent Lay Member

**Other Non-Executive  
 Directors Present:**

Boyd Robertson, NHS Highland Chair

**In Attendance:**

Louise Bussell, Director of Nursing  
 Heledd Cooper, Director of Finance  
 Ruth Daly, Board Secretary  
 Pam Dudek, Chief Executive  
 David Eardley, Azets, Internal Auditors  
 Patricia Fraser, Audit Scotland, External Auditors  
 Fiona Hogg, Director of People and Culture  
 Stephanie Hume, Azets, Internal Auditors  
 Kay Jenks, Audit Scotland, External Auditors  
 David Park, Deputy Chief Executive  
 Boyd Peters, Medical Director  
 Catriona Sinclair, Head of Area Pharmacy  
 Nathan Ware, Governance & Assurance Co-ordinator  
 Alan Wilson, Director of Estates  
 Gillian Woolman, Audit Scotland, External Auditors  
 Stephen Chase, Committee Administrator

**1.1 WELCOME, APOLOGIES AND DECLARATION OF INTERESTS**

The Chair welcomed the members and attendees to the meeting.

There were no apologies received.

**1.2 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.

**1.3 MINUTE AND ACTION PLAN OF MEETING HELD ON 7 FEBRUARY 2023 [pp.1-7]**

– The minute of the meeting held on 7 February 2023 was approved as an accurate record.

The rolling actions were noted:

- Counter Fraud is now a standing item on the agenda.
- The Chair will discuss development session and training opportunities outwith the meeting and update the committee accordingly.
- Dates will be added to the actions by the Chair and S Chase.

#### **The Committee**

- **APPROVED** the amended minute of the meeting held on 7 February 2023.
- **NOTED** The Rolling Action plan.

## **1.4. MATTERS ARISING**

There were no matters arising.

## **INDIVIDUAL INTERNAL AUDIT REPORTS**

### **2.1 Progress Report**

[pp.8-15]

D Eardley introduced the Progress Report and noted that the plan was on track for completion by June.

- Management had identified areas within Payroll where Internal Audit may be able to suggest solutions, and the report has brought together some of the recurring themes following previous discussion at the committee.
- The review of governance accountability of finance and performance will be carried out concurrently and brought together as one report due to cross cutting themes. This report will now come to the May meeting of the Committee. The team have been liaising with H Cooper who has been coordinating and chasing up outstanding areas.

In discussion,

- The Chair asked about the delay to the Environmental Sustainability audit. It was confirmed that this is due to both senior staff members who had been leading on this issue for NHSH leaving the organisation. Discussions are underway with staff to see how best to take the piece of work forward and agree timescales.
- It was suggested that the additional meeting of the Committee scheduled for 4 July to complete outstanding audit work would be better placed ahead of the Annual Accounts to assist the Board with sign-off of the work for the year.
- S Sands commented that he felt that it was not appropriate that 50% of the audit plan was delivered at this stage in the year in terms of providing the Committee with the necessary assurance and asked if this will be addressed as part of the audit plan for the coming year.
- D Eardley noted that conversations had been had last year about front loading as much of the audit work as possible and that Internal Audit had done this, however some of the audits had encountered delays. Plans are in place to ensure delivery of all audits for the end of the financial year.
- H Cooper commented on the example of the delay to the Environmental Sustainability which was in part due to the staffing issue but also due to a request made to Internal Audit to prioritise the Payroll audit which it was felt was an urgent piece of work. She noted that on taking on the role of Director of Finance last year she had been keen to gain a full understanding of the audit plan and work to focus on areas of greatest benefit to the organisation.
- G Woolman commented from an External Audit perspective, noting that the most important aspect is that everything has been achieved relating to the provision of assurances for the annual governance statement as part of the annual report and accounts. She recommended that P Fraser be party to any discussions between Internal

Audit and the Director of Finance if any part of the plan needs to be reassigned to the 4 July meeting and agreed that the plan for 2022-23 would be better concluded ahead of the Annual Accounts meeting.

The Committee noted the report.

## **2.2 Patient Services, Contracting and Invoicing**

[pp. 16-32]

S Hume provided an overview of the report and noted the three control objectives graded as amber within the report.

- Adult Social Care Activity and Income - a process in place for raising income in relation to services like telecare and support work. It had been found that there is currently no reconciliation being undertaken between the Care First system and those who are being charged for the services. A financial assessment is carried out as part of the initial process to determine whether a patient can pay and how, but it was found that there is no reconciliation between the patient users and the income to ensure that everybody who should be getting charged for a service is actually being charged for the service.
- A review of the Standing Procedure for Income, Cash and Debt Collection is due to be undertaken.
- A scoping document has been implemented to identify areas of improvement for contract management to ensure all contracts are captured on the register and held in a central repository with a clear process between teams to ensure the transfer of information is kept up to date.

H Cooper provided the management response and noted that more negative findings had been expected from the audit and that it had been a useful experience to view the data especially the main areas of focus around the adult social care team and the business support and the finance teams, and gaining a better understanding of the relationship between them.

- It was felt that there is still a risk around what goes onto the Care First system and then translates into raising debt and income.
- H Cooper noted that she had assessed recent proposed debt write-offs in order to determine assurance that a debt should or could not be collected and noted that putting processes in place from the start of a service was the best way to gain assurance with regard to the processes.
- The audit highlighted a gap in the relationship between the Finance team and the Business Services team and work is needed to identify better and closer working. The new Assistant Director of Financial Services will take the lead on this work when they begin in post.
- The Associate Director of Procurement will lead on work around policies regarding debt beginning with an amnesty to uncover contracts and agreements that may have gone under the radar due to the pandemic.

In discussion,

- A Christie noted the importance of timeliness in raising invoices to avoid delays and improve accuracy of reporting, and expressed concern that some debts will have passed the Statute of Limitations and will therefore need to be written off.
- A Christie suggested that NHS Scotland could draw upon Highland Council's experience in debt collection and its awareness of the sensitivities in this area.
- H Cooper asked if A Christie could put her in contact with a suitable team at Highland Council to discuss this idea further.
- A Anderson commented on the high risk that the organisation is suffering in terms of costs relating to debt recovery and that the impact of inflation at the current time could be of concern.

- H Cooper answered that there was no evidence to suggest lost income but that there could be a danger instead of overcharging due to the lack of review.
- The Chair asked if training for staff should be added to the management actions in relation to the reissuing of guidance around the reconciliations of Adult Social Care Activity and Income and Adult Social Care Income Debt Collection.
- H Cooper noted that there had been a reasonable turnover of staff and that the reissuing of guidance was the main focus but that training and further discussion would be offered to the teams involved. In addition, there is an issue to consider whether the Business Service team ought to sit within Finance so that the teams have a better understanding of each other and that there is better cross cover.
- It was clarified that the Adult Social Care team will be involved in the management actions through the Finance and Business Service team's implementation of the management actions.
- It was also clarified that debts considered in the audit are for individuals only and do not include companies who deliver services.

The committee **noted** the report.

### 2.3 Internal Audit Plan 2023/24

[pp.33-63]

D Eardley gave a brief introduction to the plan which reflects feedback from previous iterations seen by the Committee and management forums. He noted that the report showed that at the time of the papers deadline for the Committee further comments had been received from the EDG which were briefly noted in the report (pp.36-37).

During discussion the following points were noted,

- The Chair asked for clarification of those aspects of the plan that were due further consideration as to direction and focus in discussion with EDG and management and those items to come to the May meeting of the Committee, and noted that,
- The new corporate risk register will also come to the May committee for assurance as to the risk process, and to review the Strategic Risk Register, less to seek assurance but to check expectations in relation to the Internal Audit Universe and determine areas that may be due for review.
- D Eardley, gave assurance that the process of feedback to make sure that the right audits are being done at the right time and with as much added value as possible with cross referencing to the risk register. He commented that it had not been possible to receive the latest version of the risk register in time for inclusion in the papers.
- The Chair noted that she would follow up as to why the Risk Register had been unavailable.
- S Hume noted that the risk register was eventually received and did not foresee future delays occurring.
- S Sands asked if Internal Audit should be carrying out the mapping referred to in the work and if it is realistic to think that that can be done in 25 days.
- He also commented that he would receive greater assurance from the Internal Audit identifying key risks to the organization and mapping the plan from this point of reference with cross referencing with the Risk Register more so than relying upon the Risk Register.
- The Chair noted that the reference to Corporate Risk Register should refer to the Strategic Risk Register.

#### The Committee

- **NOTED** the reports.

## ASSURANCE REPORTS

### 3. Argyll and Bute IJB Audit Report

This item was deferred to the May meeting.

### 4. GIFTS AND HOSPITALITY POLICY

[pp. 64-82]

R Daly noted the draft of the document for approval and explained how NHS Highland had relied previously on several different control documents to guide colleagues on these matters.

- It was felt that more clarity was needed to assist colleagues to identify where specific advice sits within the different documents and a guidance document was produced to this end.
- However, it was felt that governance would be better served with the production of a single policy document designed to pull all the guidance and provisions together, and update some previous areas of guidance.
- The draft policy had been shared with the Area Partnership Forum, who suggested that the document should make clear that provisions are to be applied in conjunction with other professional guidance for individual staff groups.
- Once the policy is agreed, the next step will be for it to be made available on the NHS website and be shared with colleagues through the weekly comms update.

In discussion,

- G Woolman commented on paragraph 5.6.1 that the wording be revised to incorporate the NHS Endowment Fund and its policy on donations.
- R Daly agreed that the wording would be updated to reflect the suggestion.

#### The Committee

- **Accepted** substantial assurance and
- **Approved** the report subject to the suggested amendment discussed.

### 5. CODE OF CORPORATE GOVERNANCE

R Daly noted that this was a follow up item from the previous meeting to reflect the update to the Terms of Reference for Staff Governance and Remuneration Committees for assurance to the Audit Committee and to be put forward for approval by the Board.

- D Eardley suggested that the use of the term 'approving' in relation to the Terms of Reference might be given some further thought from a governance perspective, and that a word such as 'endorse' might serve the purpose better to avoid suggesting the primacy of one governance committee over another.

The Chair acknowledged the point and agreed that the Audit Committee endorses the Terms of Reference to be submitted to the Board to signal its approval.

#### The Committee

- **Accepted** substantial assurance and
- **Endorsed** the Terms of Reference for both Staff Governance and Remuneration Committees be submitted for approval by the Board.

## 6. MANAGEMENT FOLLOW UP ON OUTSTANDING ITEMS

H Cooper drew the Committee's attention to the updates shown in the spreadsheet circulated ahead of the meeting, and noted that the next meeting will see a fuller update provided on actions with their associated timescales and grading.

B Peters provided a slide show overview of the 12 main actions arising from the Internal Audit of Risk Management which was circulated to the committee.

He noted,

- the approval of the new document by EDG,
- Internal Audit conducted a Risk Management audit in November 2022 with 12 recommendations, and
- that the Risk Management Steering Group relaunched in November 2022.

In discussion,

- The Chair noted that she would like to see an update at the May meeting and from then have a Risk Management review twice a year,
- And that the Risk Register be in line with the Together We Care strategy and include a comment on Risk Appetite also for the May Committee.
- B Peters commented that risk is something that should be part of all business as usual whatever the committee or department and does not end with the close-off of the Internal Audit on risk. He also noted that the Board is due to hold a development session where aspects of risk will be considered.
- The Chair requested from H Cooper that the management update on outstanding actions to the May committee include detail of plans to address areas where work is 'partially' complete, and suggested that evidence be used with a view to help downgrade risks.
- The Chair also made a plea to executives and management to provide information to H Cooper in a timely manner.

### **The Committee**

- **Accepted** substantial assurance from the report.

## 7. COUNTER FRAUD

This item was considered at the additional meeting of the Committee on 7 February 2023 and will return as a standing item from the next meeting.

## 8. AUDIT COMMITTEE WORKPLAN

The Chair noted,

- the need to move the additional 4 July meeting to before the Annual Accounts on 27 June, in light of discussion above. A new date will be circulated to the members.
- Risk Management Update as a standing item.
- The Information Assurance Group and Resilience Committee will report to the Committee twice a year and this will be added to the work plan.

In discussion, P Fraser offered to provide an overview of the External Audit plans and tips for scrutiny of the Annual Accounts to the May meeting.

## **9. AUDIT SCOTLAND**

The Chair drew the Committee's attention to the information at the link provided in the agenda, and noted

- the Auditing Climate Change Strategy paper published in November 2022, of particular interest to the Chair in her role as Board Sustainability Champion for Climate Emergency and Environmental Sustainability;
- the NHS in Scotland 2022 report, which showed a need for the organisation to be clearer about how long it would take the NHS to recover from the COVID-19 pandemic and to reform services. As NHS boards have limited finances to invest in recovery Audit Scotland note the need from Scottish Government to prioritize what can be realistically delivered and how to be more transparent about the progress made;
- the NHS Highland External Audit for 2021-22, which is now published, audit Plan for NHS Highland, and
- the Final External Audit Plan for NHS Highland 2021-22.

In discussion,

- G Woolman offered one of her colleagues to present the NHS Scotland 2022 report to the Committee and will liaise with H Cooper to find a suitable date.

The Committee noted the information.

## **10. ANY OTHER COMPETENT BUSINESS**

None.

## **11. DATE OF NEXT MEETING**

The next meeting will be on **Tuesday 2 May 2023** at **9.00am** on a virtual basis.

The meeting closed at **10.34am**.