

<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 September 2021 9.00am</b>	

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

**Other Non-Executive  
Directors Present:**

Prof Boyd Robertson, NHS Board Chair

**In Attendance:**

Mr Iain Addison, Head of Area Accounting  
 Mr Chris Brown, Azets  
 Ms Ruth Daly, Board Secretary  
 Ms Fiona Davies, Interim Chief Officer, Argyll and Bute HSCP  
 Mr David Garden, Director of Finance  
 Ms Fiona Hogg, Director of People and Culture  
 Ms Stephanie Hume, Azets  
 Ms Mirian Morrison, Clinical Governance Development Manager  
 Mr David Park, Deputy Chief Executive  
 Ms Maria Wright, Azets  
 Mr Stephen Chase, Committee Administrator

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

Mr 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.

Apologies were received from Sarah Compton-Bishop.

**2 MINUTE AND ACTION PLAN OF MEETING HELD ON 22 JUNE 2021**

The minute of the meeting held on 22 June 2021 was approved.

It was agreed that the following item on the Action Plan had been completed and can be removed:

- Internal Audit: discussion around fast tracking of actions.

**3 MATTERS ARISING**

The Vice Chair asked if the committee wanted to formally recognise the work which had gone into the completed Audit – this was agreed by the committee.

**4 INTERNAL AUDIT**

**Reports by Azets, Internal Auditors on behalf of David Garden, Director of Finance**

**4.1 Progress Report, August 2021**

Stephanie Hume gave a brief overview of the circulated papers.

The three audits (discussed below) were carried out since the last committee meeting, with seven planned audits and four to report to the 7th December committee (Whistleblowing Arrangements, Significant Adverse Events, Service Redesign, Cloud Managed Service).

**The Committee**

- **NOTED** the report.
- **APPROVED** the plan for the next quarter.

#### 4.2 Property Transaction Monitoring

Stephanie Hume spoke to the circulated paper.

- It was noted that this area had been given a Grade A rating with most management responses complete.
- There were some issues to address but these were Covid related: for example, the agreement that electronic signatures can be accepted in transactions (since put in place), and the use of detailed pro formas.
- Thanks were given to the staff involved in the audit.

D Garden noted that he will circulate the report and thanks to staff.

The Chair noted that this was an excellent report which provided proper assurance.

**The Committee**

- **NOTED** the report.

#### 4.3 Procurement and Tendering

Chris Brown spoke to the circulated paper.

- Testing confirmed that delegated financial authority for purchase orders had been appropriately applied and that transactions subject to increased approval during COVID-19 were also compliant. Good use of national contracts and frameworks was also noted.
- There are some significant issues consistent with past issues which relate to overall oversight: procurement is delegated to teams, but central procurement is not getting access to reports in the way the Internal Auditors would expect to see, therefore there is variability of compliance with the process.
- Three issues were identified:
  1. A lack of data quality and access
  2. This makes it difficult to test
  3. Compliance with value for money – root cause of not having access to regular training in procedures
- An amendment to the paper was noted: the first part of the 2nd sentence, 4th paragraph, item 1.1, p. 30 of the collated papers (p.4 of the report) should read, “Given that absolute direction has not been achieved using legal advice...”

In discussion, the following matters were raised:

- The Chair expressed concern that the Head of Procurement and Logistics is unable to provide full evidence-based assurance over delegated procurement activities for spend of around £135million per annum. S Hume clarified that the report is not saying evidence cannot be shown but that the process for evidencing is not direct.
- It was noted that licensing issues should have been addressed this was thought to be surprising as a Standard Operating Procedure would normally be considered necessary for compliance with Scottish Government. It was clarified that the licensing issues relate to Estates.
- It was confirmed that NHS Highland are not outliers in terms of a national procurement system.
- It was asked if it can be flagged as an issue that the use of intranet by NHS Highland is not up to date or fit for purpose.

- With reference to p.39 of the collated papers regarding Strategy and Performance Reporting it was asked what role the FRP Committee will play in the management action to develop a new procurement strategy for NHS Highland beyond 2022.
- A development session on procurement was agreed with the intention of holding it before the next annual report – Board and Committee Services will make arrangements.

#### **The Committee**

- **NOTED** the report
- **AGREED** that a development session on procurement was agreed with the intention of holding it before the next annual report – Board and Committee Services will make arrangements **ACTION:** Board and Committee Services will make arrangements.

#### **4.4 Healing Process**

Maria Wright spoke to the circulated paper.

- Management should ensure there is a protocol around the GDPR requirements of personal data relating to the Healing Process. Consideration should be given to developing an information asset register for the Healing Process and with agreed storage and retention timescales. If it is not deemed appropriate for the Healing Process data to be managed under existing NHS Highland data protection procedures, management should assign a member of staff within the Healing Process to be responsible for this.
- Of the sample of cases it was noted that all outcomes were satisfactory but there were delays with none achieving the 30 day timescale, particularly around financial payments.
- It was noted that there is no effective closing off point to signal when a payment is complete from HR back to Finance.
- There are no major issues with culture-related actions not captured in the Culture Programme Action Plan, however process outwith items have no formal reporting process back to the Culture Team.

F Hogg noted that a process has been set up to meet regulatory guidance. There is now a more stable workforce population to pick up on actions especially work for GDPR and tightening up communications. Communications will be carried out individually internally, and with partners.

The Chair noted that the report gave a great deal of assurance, and provided sensible dates. The committee members echoed this sentiment and thanked to Fiona, Emma and Pam for their very challenging work.

#### **The Committee**

- **NOTED** the report.

### **5 CORPORATE GOVERNANCE**

#### **5.1 Committee Terms of Reference**

In discussion, it was noted that the Terms of Reference did not include an assessment of the internal audit and that this could be something to consider in order to assist with the effectiveness of the audit service.

- It was agreed that R Daly and D Garden will devise a wording for the Terms of Reference to present to the next committee meeting.
- It was noted that the Information Assurance Group report to both the Audit Committee and the FRP, and was asked if this overlap was an area for potential confusion. R Daly noted that in the case of the FRP this reporting was on digital matters.

#### **The Committee**

- **NOTED** the report and work undertaken.
- **Action:** R Daly and D Garden will devise a wording for an additional item on assessment of the internal audit for the Terms of Reference to present to the next committee meeting.

## **6 EXTERNAL AUDIT**

### **6.1 Final Annual Audit Report, 2020/2021**

The Final Annual Audit Report for 2020/2021 was formally approved by the committee.

#### **The Committee**

- **APPROVED** the report.

## **7 COUNTER FRAUD**

### **Report by Iain Addison, Head of Area Accounting on behalf of David Garden, Director of Finance**

Item discussed as part of item 10.

## **8 RISK MANAGEMENT PROCESS**

### **8.1 Risk Management Framework Progress**

The Clinical Governance Development Manager provided an update on the current situation:

- On 23rd August an EDG development session was held which discussed the risk appetite and tolerance of the Board.
- It was noted that the Risk approach needs to be developed in lay terms to be useable and effective.
- The Risk Management group is being re-established and work is underway with the chief officers to have level 2 in place.
- A Strategic Risk Register has been developed with the Argyll and Bute Health and Social Care Partnership for the IJB to bring it in line with NHS Highland.
- There has been some slippage due to the loss of the Risk Manager but the process is now back on track.

In discussion, the following points were noted:

- Risk appetite findings from the EDG development session referred to above will be brought back to the Board. It was noted that this will be a key driver for change.
- The Chair asked how departments can 'buy in' to the new Risk Approach, and if the committee can help in any way with this.
- Levels 1, 2 and 3 of the risk registers are being closely monitored with training on risk management using Datix.
- It was asked how operational level risk is managed in relation to corporate risk which is the main focus of governance committees. Operational Risk Registers with timings unit wide will need to be available for governance committee Terms of References.
- Each governance committee has been assigned risks with level 2 and 3 risks all set up, however this work is behind schedule due to the empty Risk Manager post.
- Discussions are underway regarding recruitment for Risk Manager between M Morrison, F Hogg and Boyd Peterson.
- The Chair noted that he is keen to see the Risk Manager role filled soon.
- F Hogg has developed a risk register model with the Staff Finance Committee with an action to adapt this model to refine the system of reporting to governance committees.
- It was noted that the Risk Register provides target levels but no dates – these will be added using Datix for proper monitoring.
- F Hogg noted that trialling is being discussed around Statutory Mandatory Training.

Chris Brown congratulated the team on progress in addressing the Risk Management process, noting that this is not a simple thing to do.

#### **The Committee**

- **NOTED** the report.

## 9 AUDIT SCOTLAND

The full suite of Audit Scotland reports can be accessed through the following link – <https://www.audit-scotland.gov.uk/report/search>

## 10 MANAGEMENT FOLLOW UP REPORT ON OUTSTANDING AUDIT ACTIONS

The Head of Area Accounting provided an update noting 18 outstanding actions.

In discussion, A Clark noted that an internal workshop had met the previous day to discuss feedback to leadership ahead of the Board meeting in September regarding outstanding items.

It was noted that reports need to be careful in their wording to show how every action has been taken to get to the current point.

### Maternity Service Redesign

- The Director of Nursing will be invited to speak to this item at the next meeting.

### Business Continuity Planning

- D Park noted that remaining actions have been delayed in part due to the departure of Peter McFee.
- The new Head of Resilience is now in post and there is confidence these actions can be closed off by next committee meeting.

### Counter-Fraud

- A Board development session was held to eliminate the audit issue 'Fraud Risk Assessment'.
- Awareness sessions to address the staff training issue are being promoted but are not yet being taken up. This needs to be pushed by the Fraud Liaison Officer (FLO) and assistance from Audit members and Board members is needed to encourage people to attend.
- HR and Fraud liaison are putting in place documenting procedures to ensure any potential fraud is monitored and reviewed, with an expected completion of the end of the calendar year.

It was asked if this latter issue was implemented in the Internal Audit report key controls (see Item 4.4, p.34 of the collated papers).

*Action:* IA and SS to discuss outwith and circulate email to confirm the situation.

### Payroll and Expenses

A new manager has been in post since June undertaking a detailed review with SOPs put in place. The widened scope of the project means an expected April 2022 completion.

It was asked if it wise to include these additional actions. F Hogg and S Hume will discuss best available options.

### Financial Ledger – Income and Receivables

There is a delay with payments via the website coming online (this is in process and will assist with receiving income from debtors)

### PMO Financial Savings

D Garden will meet with Jane Gill to clear the outstanding action by the next committee meeting.

### Performance Data

- I Addison noted that there had been no further detail received (data had been originally expected in July 2021); the sponsor of the item is Donna Smith.
- D Park will follow this up with Lorraine Cowie for the December agenda.

#### GDPR and Information Management

- Iain Ross has identified the required actions but there has been no update on completion dates as yet.
- D Park noted the impact of an External review of data breach.
- Realistic timelines should be put forward. An action to follow up with Iain Ross.

More substantive reports were requested and attendance at the 7th December meeting by the relevant sponsors for items 2.2 (Maternity Service Redesign), 2.9 (Performance Data) and 2.10 (GDPR & Information Management).

It was suggested that the action status reports needed a clear weighting mechanism to indicate the level of assurance and/or risk.

#### **The Committee**

- **NOTED** the update.
- **AGREED** more substantive reports to be provided and attendance at the 7th December meeting by the relevant sponsors requested for items 2.2 (Maternity Service Redesign), 2.9 (Performance Data) and 2.10 (GDPR & Information Management).
- **Action:** I Addison and S Sands to discuss outwith and circulate email to confirm the situation regarding key fraud control reports.

#### **11 ANY OTHER COMPETENT BUSINESS**

None.

#### **12 DATE OF NEXT MEETING**

The next meeting will be held on **Tuesday 7 December 2021** at **9am**, online via Teams.

The meeting closed at **10.10 am**.