

HIGHLAND NHS BOARD	Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 www.nhshighland.scot.nhs.uk	
MINUTE of MEETING of the NHS Board Audit Committee Through MS Teams	8 December 2020 10.00am	

Present: Mr Alasdair Christie, NHS Board Non-Executive (In the Chair)
 Mr Alexander Anderson, NHS Board Non-Executive
 Mrs Ann Clark, NHS Board Non-Executive

Other Non-Executive Directors Present: Prof Boyd Robertson, NHS Board Chair
 Mrs Sarah Compton Bishop

In Attendance: Mr I Addison, Head of Area Accounting
 Mr Chris Brown, Azets
 Ms Jo Brown, Grant Thornton
 Mrs Ruth Daly, Board Secretary
 Mr Adrian Ennis, Improvement Director
 Mrs Fiona Hogg, Director of HR and OD
 Mr David Garden, Director of Finance
 Miss Stephanie Hume, Azets
 Mr Paul Kelly, Azets
 Mr Gorge Morrison, Head of Finance, Argyll and Bute IJB
 Mr David Park, Deputy Chief Executive
 Mr Iain Ross, Head of eHealth

1 WELCOME, APOLOGIES AND DECLARATION OF INTERESTS

Mr A 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.

The Committee **Noted** that the meeting would be audio recorded for administrative purposes and that the recording would be deleted once the Minutes had been completed.

2 MINUTE AND ACTION PLAN OF MEETING HELD ON 10 NOVEMBER 2020

The minute and action plan of the meeting held on 10 November 2020 were **Approved**.

3 MATTERS ARISING

There were no matters arising.

4 EXTERNAL AUDIT

4.1 External Audit Planning Update Report by Joanne Brown, Grant Thornton, External Audit

Joanne Brown, External Audit, provided a brief summary of the report outlining the approach proposed for audit planning for the 2020/21 financial year. Audit Scotland had delayed publishing their planning guidance due to Covid19, and External Audit were therefore not yet able to present the final plan for 2020/21. Further consideration was being given by Scottish

Government to extend the annual accounts reporting deadline to end August 2020/21 and the Committee was also advised that the leasing standards, IFR16, would also likely be deferred.

Draft planning guidance proposed that areas of wider scope focus could include leadership and capacity, risk management and the Healing process. Ann Clark sought clarification of the scope of External Audit's interest in the Healing Process. It was confirmed that this had been flagged in last year's annual report. Bearing in mind the associated confidentiality issues, the likely interest would be on the level of financial pay-out, the source of the funding, and whether this would impact on the financial position. This was not considered as a wider-scope risk at this point in time.

Referring to Internal Audit additional days of activity, Alex Anderson asked for advice on which areas should be considered a priority. It was confirmed that External Audit only considered the wider scope and coverage of Internal Audit activity, however additional support for risk management might be an area for further consideration. Reference was also made to the Audit Scotland publication on the role of Audit and Risk Committee during Covid19 as a helpful guide.

The Committee Noted the planning update report.

5 INTERNAL AUDIT

5.1 Internal Audit Summary Report (attached) Report by Azets, Internal Auditors on behalf of David Garden, Director of Finance

The Report summarised Internal Audit work and the Audit Reports issued since the last Audit Committee. Progress had been made against the annual audit programme, and Internal Audit remained on track to deliver the Internal Audit plan for 2020/21 by the June 2021 Audit Committee. Five reviews had been completed since the last Audit Committee meeting:

- Financial Ledger Income and Receivables –
- Culture
- Service Redesign/Remobilisation
- PMO/Financial Savings
- GDPR and Information Management.

The Financial Ledger Income and Receivables review did not include any Grade 3 risks, for this reason a summary was included in the covering report.

Reports to future Committee meetings would include audits on Performance Data Audit and the Draft 2021/22 Internal Audit Plan. It was confirmed that an additional 79 hours were available for further Internal Audit support and the deployment of this resource would be considered at the next Governance Committee Chairs group meeting.

The Committee Noted the work undertaken.

5.2 Individual Reports for Consideration

5.2.a Culture Transformation

Stephanie Hume spoke to the circulated report and highlighted that the review sought to reflect the situation at a single point in time and had identified three control objectives graded at amber:

- An integrated and 'SMART' culture transformation action plan taking account of the recommendations and observations from the three independent reviews, which has been discussed and approved by the Board. Some issues had arisen in terms of linking the plans to the three independent reports carried out on NHS Highland.
- Processes to manage, monitor and oversee the culture transformation action plan at an operational level. A risk register was in place and presented to each meeting of the Culture Programme Board. There was a need to ensure the update fields were completed as

standard. The scoring only related to the risk before mitigating action had been taken and the register made no reference to the impact of Covid-19 on the organisation's culture.

- Reasonable and regular reporting of the culture transformation action plan to senior managers and the Board, supporting appropriate challenge and scrutiny. Evidence of challenge and scrutiny was not always explicit within the Board's minutes.

Fiona Hogg welcomed the report and acknowledged the challenges due to Covid-19, the launch of the Healing Process, and the transition between the first and second plans. Only since the Healing Process, Guardian Service and Employee Assistance Process were in place could the organisation reflect on its workstreams and action plan. The report raised no surprises and included actions the organisation was keen to pursue. The External Culture Adviser was currently working on a summary of the commitments delivered so far and those still outstanding from all three external reports. She confirmed the achievability of the Internal Audit report plan due dates.

Sarah Compton Bishop confirmed that many of the actions would be picked up in the Staff Governance Committee. In terms of recording scrutiny at meetings, there was a need to balance thorough presentations with proper challenge and further consideration could be given to this through work on Board values.

Alex Anderson asked whether there were KPIs for the achievement of the plan's commitments. Fiona Hogg confirmed that progress was being made on how best to measure achievements within the plan. The organisation was aiming to achieve more robust culture metrics with local ownership and actions. Key KPIs had largely been timeline-driven, and monthly/quarterly data was now available. However, the challenge for the new workstreams would be to create robust KPIs.

Ann Clark commented on the scope of the audit which focussed primarily on processes and less on the wider contextual work to support improvements in culture. Reviewed Standing Orders clarified the use of 'In Committee' private Board meetings to discuss more sensitive issues, and the Board Chair's contact with the Whistleblowing Group had been an essential part of the work outwith the Board's governance structure. Chris Brown concurred and stressed the importance of the Board being assured of the effectiveness of all these elements.

Prof. Boyd Robertson welcomed the report and acknowledged the particularly sensitive and highly confidential nature of the work which had been undertaken. There was a need to strike a balance between scrutiny at public Board meetings, and in-depth discussions undertaken at Board Development Sessions. He shared the concerns at how discussions on culture were recorded publicly, and stressed the delicate balance necessary to adhere to processes, take decisive action and uphold complete confidentiality.

Following consideration of the report, the Chair asked that the Internal Audit Report should be sent to all Board members.

The Committee noted the Internal Audit Report.

5.2.b Service Redesign and Remobilisation

Stephanie Hume spoke to the circulated report which focussed on the current Remobilisation Plan and the processes to ensure it was being reported on and delivered in line with expectations. Assurance was gained that NHS Highland's procedures reflect good practice in a number of areas and that co-ordination and management of the Plan had been well designed. There were 5 overall actions raised, of which 3 were grade 3:

- Resource pressures and demonstrable prioritisation – it was recommended there should be a structured and transparent process for the prioritisation of the remobilisation plan and service redesigns alongside the associated allocation of resources.
- Costing of the Remobilisation Plan – it was recommended that management ensure a full assessment of the cost of remobilisation is completed as soon as possible and regular monitoring of expenditure is implemented (including at the highest levels of the formal governance framework).

- Medical and Nursing Workforce planning it was recommended that management should undertake an exercise to identify the workforce baseline establishment for medical and nursing staff.

The Chair welcomed the good progress being made and that management actions had been taken forward speedily.

The Committee **noted** the Internal Audit Report.

5.2.c PMO / Financial Savings

Stephanie Hume spoke to the circulated report which focussed on the work undertaken around the PMO work on medical locums via the Medical Workforce Productivity Workstream. The PMO had made recommendations to tighten controls associated with a number of processes and the audit focussed particularly on how well these had been embedded and followed.

The audit's five control objectives were highlighted, of which one was amber relating to the monitoring of rates and hours worked. This information was currently held on a number of different systems with no interface to allow for complete and accurate reporting. The recommendation was for a suite of reporting to be generated to link the bookings made with the information presented to grip and control and (where possible) the data from finance.

A Grade 3 recommendation related the need to undertake an analysis of the resources required to support the workstream in developing baseline establishments for workforce planning for medical staff.

During discussion, the Chair welcomed the early target dates for the management actions. Adrian Ennis confirmed that an improvement plan was currently in place specifically relating to the tasks outlined in the audit report. Progress had already been evidenced with analysis of booked rates versus actual. With regard to the baseline establishment refresh, work was currently underway to establish the best method to address the issues identified.

Alex Anderson queried the achievability of the deadline of 31 January 2021 for the workforce planning action. It was acknowledged that this would be challenging, particularly at this time of year. However, it would be helpful to establish what was required and the level of medical leadership necessary prior to flagging any issues with the timeframe. He also confirmed that the nursing establishment review was currently well underway with progress being made.

Fiona Hogg acknowledged the work around workforce planning, and this would be addressed holistically within the context of winter pressures and remobilisation. A Workforce Board would be established from January 2021. David Park advised that the situation was currently very dynamic, and demands were constantly changing making it difficult to establish a stable baseline for services. Every effort would be made however to work towards this.

The Committee **noted** the Internal Audit Report.

5.2.d GDPR and Information Management

Paul Kelly spoke to the report on the third review of GDPR and Information Management. There were five control assessments, of which four were graded amber and one yellow. In relation to the key findings, some areas of good practice had been identified: a self-assessment process implemented by the Data Protection team to oversee compliance with data protection policies and procedures; GDPR awareness presentations by the Data Protection Officer (DPO); and a Data Protection Impact Assessment tool had been implemented. Areas of improvement were highlighted, notably the need for additional resources, stronger governance through the Information Assurance Group (IAG), and higher priority to be given to mandatory information governance training rates.

During discussion it was confirmed that the GDPR Project Board no longer existed with GDPR now being governed by the IAG. Ann Clark sought confirmation that the timeframes for completion of management actions were realistic in the light of the need for additional

resources. She also queried whether further consideration should be given to the reporting line of the IAG. The Group was accountable to the Clinical Governance Committee and yet had a cross-organisational focus. Iain Ross confirmed that resources were now being addressed and the Data Protection team now had two members. He also confirmed his confidence that the dates for management actions were achievable. He would also be willing to reconsider the reporting arrangement for the IAG, the next meeting of which would take place on 23 December 2020 with regular meetings thereafter.

Responding to a concern from Alex Anderson on the priority given to mandatory training, David Park advised that further attention would be given to compliance with mandatory training and to establish where risks could be mitigated. A raising of the profile of data protection risks would be helpful in maintaining vigilance across the organisation.

The Committee noted the Internal Audit Report.

5.3 Internal Audit Planning Update

Chris Brown invited the Committee to consider the areas identified for utilising the remaining 79 days within the 2020/21 Internal Audit Plan as follows:

- IT Devices Stock Control and counter fraud considerations
- Board Assurance Framework, including the way explicit assurance is provided to the Board
- Immunisation Process – further clarification on this would still be needed
- Audit Committee Training, as flagged up in Audit Scotland guidance and the Blueprint for Good Governance

The Chair queried if this was the best time of year to audit the immunisation process for meaningful data to be gathered. Dave Garden confirmed that he would seek further clarity on the focus of the proposed audit.

Ann Clark sought clarification whether Internal Audit had discussed with management the advice in Audit Scotland reports and considered whether any risks identified applied to NHS Highland. In particular, she sought assurance on the issue of home-working in the context of counter fraud guidance and whether normal controls and IT security could be implemented under these circumstances. It was confirmed that the Audit Scotland reports formed the basis of discussions with management.

Alex Anderson queried the potential to reconsider the complaints process to evidence improvements were now embedded. Stephanie Hume confirmed the complaints review had been considered in May 2020 and could be prioritised for an early review in 2021/22 to give management the full time to look at the previous audit recommendations.

Chris Brown confirmed the proposed areas of focus for the 2021/22 Internal Audit Plan as follows:

- Culture
- Remobilisation
- Service Redesign
- PMO
- Statutory/Mandatory Training
- Procurement and Tendering
- Workforce recruitment

The Committee noted the report and the proposals for remaining Audit days in 2020/21 and proposed areas for 2021/22.

6 MANAGEMENT FOLLOW UP REPORT ON OUTSTANDING AUDIT ACTIONS
Report by Iain Addison, Head of Area Accounting on behalf of David Garden, Director of Finance

Iain Addison provided a brief outline to the report and gave updates on the details contained therein. In particular, a Board Development session had been held focussing on counter fraud activity. The follow-up report would be brought back again to the January 2021 meeting.

Dave Garden confirmed that the Head of eHealth had taken ownership of the Records Management audit. Many of the outstanding actions had been cleared and further agreement would now be necessary with Internal Audit on revisions to some of the recommendations. This audit had been taken to the Information Assurance Group and actions would be reported back to the next meeting of the Group on 23 December 2020.

The Committee **noted** the report.

7 COUNTER FRAUD UPDATE
Report by Barbara Milne, Technical Accountant as Fraud Liaison Officer

Iain Addison spoke to the quarterly fraud report and the undernoted appendices:

- Appendix No. 1 Fraud Report
- Appendix No. 2 CFS Quarterly Report
- Appendix No. 3 CFS Rolling COVID – 19 Intelligence Alert No 29
- Appendix No. 4 NFI Self-appraisal Checklist

The Quarterly Report indicated that the numbers of fraud cases being investigated across the NHS in Scotland. Any reports associated with the findings would be reported to the Committee in due course. He also drew attention to the National Fraud Initiative self appraisal checklist.

Ann Clark requested time at a Committee development session on this subject. Responding to a specific question it was confirmed that an internal audit on our approach to counter fraud had been undertaken within the last year. Ann also sought advice on how the self appraisal exercise would be carried out and it was reported that a draft approach would be shared with Audit Committee members and Executive Directors in due course.

Ann also asked if any recommendations had emerged from the counter fraud review on the NFI exercise and whether the actions had been completed. It was reported that one area for improvement had been identified relating to checks against the payroll system. This action was still outstanding and would require specific resources to enable completion.

The Committee **Noted** the terms of the report.

8 CODE OF CORPORATE GOVERNANCE
Report by Ruth Daly, Board Secretary

R Daly confirmed that the draft Code had been submitted to the Board in September 2020 and had been considered by all Governance Committees during the last cycle of meetings. The draft Code was submitted to the Committee now for approval prior to final ratification at the Board in January 2021. It was noted that the terms of reference for Highland Health and Social Care Committee were still in draft form and Ann Clark confirmed that this was acceptable provided their status was made clear in the document.

Ann Clark sought clarification on details included in the Scheme of Delegation relating to references to Chief Officers which needed to take account of recent management restructure and the creation of a Chief Officer for Acute Services. References to delegating functions to Argyll and Bute IJB with no reference to reciprocal arrangements for north Highland and the need for HHSCP to agree the strategic commissioning plan.

The Committee **approved** the revised Code of Corporate Governance for submission to the Board in January 2021 subject to final revisions as raised during discussion by Ann Clark.

9 AUDIT SCOTLAND

The full suite of suite of Audit Scotland reports were available for access through the following link – <https://www.audit-scotland.gov.uk/report/search>

The new Auditor General's focus on inequalities had been noted through the reports and it would be important to ensure this featured in reports to the Committee in due course. This issue would be considered by the Chairs Group.

10 SECTION 22 UPDATE Update from David Garden, Director of Finance

Ann Clark commented it was not anticipated that a further Section 22 report would be received. The Committee extended their thanks to the team for their efforts.

The Committee **Noted** there was no formal update on the Section 22.

11 PUBLIC AUDIT AND POST-LEGISLATIVE SCRUTINY COMMITTEE UPDATE Update from David Garden, Director of Finance

Dave Garden confirmed that the information requests had been submitted and no feedback had as yet been received.

The Committee **Noted** the update.

12 ANY OTHER COMPETENT BUSINESS

Prof. Boyd Robertson advised the Committee that three new Non Executive Directors would be joining the Board in January 2021 some of whom would be asked to join this Committee. He also confirmed that the Board had approved the co-option of a lay member to the Committee in the new year.

The Committee **noted** the position.

13 DATE OF NEXT MEETING

The next meeting would be held on **Tuesday 12 January 2021** at **10am**, through Teams.

The meeting closed at 11.45am