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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 | 8 March 2022 9.00am | |

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

Other Non-Executive Directors Present: Ms Ann Clark, NHS Board Non-Executive
 Ms Sarah Compton-Bishop, NHS Board Non-Executive
 Ms Gaener Rodger, NHS Board Non-Executive

In Attendance: Mr Iain Addison, Head of Area Accounting
 Ms Joanne Brown, Grant Thornton
 Ms Louise Bussell
 Ms Lorraine Cowie
 Ms Ruth Daly, Board Secretary
 Ms Pam Dudek
 Mr David Eardley, Azets
 Ms Tara French
 Ms Ruth Fry
 Mr David Garden, Director of Finance
 Ms Fiona Hogg, Director of People and Culture
 Ms Stephanie Hume, Azets
 Ms Heidi May
 Mr David Park, Deputy Chief Executive
 Mr Boyd Peters
 Mr Simon Steer
 Ms Katherine Sutton
 Mr Alan Wilson
 Mr Stephen Chase, Committee Administrator

Please note, the agenda items have been renumbered from the circulated agenda for consistency.

1 WELCOME, APOLOGIES AND DECLARATION OF INTERESTS

Apologies were received from Alex Anderson and Boyd Robertson.

*Graham Bell attended in Alex Anderson's stead.

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 7 DECEMBER 2021

The minute of the meeting held on 7 December 2021 was approved. The minute was amended to show G Rodgers as 'in attendance'.

Action Plan:

- Significant Adverse Events will be addressed at the May meeting and will be a standing item of the agenda.
- G Rodgers noted that actions directed to Clinical Governance Committee in the Action Plan were completed.

The Committee

- **APPROVED** the minute of the meeting held on 7 December 2021. The minute was amended to show G Rodgers as 'in attendance'.
- **NOTED** The rolling Action plan.

3 MATTERS ARISING

There were no matters arising.

EXTERNAL AUDIT

4 External Audit Plan for Financial Year ending 31 March 2022 & Interim Audit Update

[pp.9-40]

Report by Grant Thornton, External Audit

The Chair noted how well laid out the paper was with attention to the timeline which assists with tracking progress.

J Brown noted that,

- The paper built on the format and layout from last year and that there were no changes around the Significant Audit Risk Assessment.
- The one topic that consistently arises in discussions at the Parliamentary Audit Committee is Raigmore. Therefore, a short covering statement will be incorporated in the final report outlining the financial position and the actions being taken to address any concerns. There are no concerns on the part of External Audit.
- This is the last year for Grant Thornton as external auditors and they will work closely with whoever is external auditor for NHS Highland as part the handover process and Grant Thornton will liaise with the Director of Finance.
- Audit Scotland have asked Grant Thornton to look at procurement, specifically fraud arrangements, the External Audit team will look at any work Internal Audit and management have carried out in this area so that work is not repeated. This will be included in the final report.
- Provisional audit fees have been agreed with the Director of Finance subject to Audit Committee approval. This has looked at the baseline fee plus an increase similar to the increase applied last year around the additional work on valuations and the lack of a valuation expert. J Brown will pull the information together and circulate it outwith the meeting.

In discussion, assurance was sought that all the necessary preparatory work has been done for the adoption of IFRS16 (p.26). This was confirmed by D Garden who agreed to bring information back to the committee.

I Addison noted that any leases that the Board enters into now will have a capital requirement and therefore the approval process for managers, will not be quite as straightforward. This has been highlighted at various senior management teams. Scottish Government have yet to come back to identify exactly what funding will be made available.

The Committee

- **APPROVED** the report.
- J Brown will circulate information about provisional audit fees outwith the meeting to committee members.

INTERNAL AUDIT

5. INTERNAL AUDIT

It was decided that a proposed training session on Risk Management would be given at a later date to enable discussion around the wants of the committee for the training.

Discussion was had about what issues the committee would like to be addressed by the training during which the following points were raised:

- Risk appetite and tolerance is an area of current interest for the Board and how to embed this in the organisation.
- Risk Management in a time of high risk, with reference to the impact of the pandemic and the continued operational pressures.
- Understanding the risk escalation process and its thresholds, what to keep an eye as operational risks are raised to strategic risks.
- The potential for confusion arising from parallel conversations on Risk was raised and the need for a joined-up approach.
- How does the committee and the Board use the risk strategy on an ongoing basis and ensure capacity to avoid starting over from scratch.
- It was noted that B Peters has been in discussion with the Risk manager at NHS Grampian who will share ideas at the Board Development session next week.
- The Risk Management post has been reviewed and is ready to advertise.
- The Chief Executive noted that the daily level of operational risk is huge.
- The difference between a governance committee and management overview of risk was raised, especially for the Audit Committee understanding the level of risk that is being accepted, and insights from other organisations would be valuable.

The Medical Director as lead executive for Risk gave a presentation which gave an overview of the current Risk Management position for NHS Highland. The key messages included 12 recommendations,

- To refresh the Board Strategic Risk register and ensure all risks are linked to NHS Highland strategy and objectives
- That the Risk Manager (should) confirm the processes in place at each Risk Level for assigning owners and recording the risk
- That Operational Management Committees should ensure regular reviews of the risk register and horizon scanning are included in key operational group agendas and within governance committee workplans
- Risk Owners should identify and agree with operational managers a target risk score for risks at Levels 1 and 2 to optimise effort and resource deployment in the management of the risk
- The Risk Management Strategy and Policy should be made available to staff with additional information to support a systemised approach.
- The Risk Management Policy should provide clarity for Chairs of Governance and Operational Management Committees on risk assurance standards and any formalised actions to be taken where insufficient assurance has been provided
- The Risk manager should support Risk Owners in developing their risk reports to provide assurance over the management of the risk
- The Audit Committee should ensure that it regularly receives assurance over the effectiveness of the risk management system, in line with its Terms of Reference and progress with the Risk Management Action Plans
- The Risk Manager role should be adequately described within the Risk Management Policy and Job Description and the responsible senior manager should ensure that the risk function has sufficient resource and authority to deliver the agreed risk action/project plans

- The Risk Manager should prepare and agree with the Risk Management Steering Group an approach and plan to ensure that the risks in DATIX are rationalised
- The Risk Manager should develop and agree with the Risk management Steering Group an appropriately resourced training and awareness plan to support embedding of the risk framework
- The Risk Management Steering Group should agree a forward-looking project plan which looks at medium to longer term actions to embed risk management at strategic level and include cascading to an operational level.

D Eardley thanked the committee for its comments which will feed into plans for the future training session.

5.1 Progress Report

[separate from papers]

D Eardley gave an overview of the report and noted that Internal Audit is on track to deliver by the end of June.

A report on the PMO Financial Savings Audit will come to the May committee meeting.

The Committee

- **NOTED** the report.

CORPORATE GOVERNANCE

5.2 Draft Internal Audit Plan 2022/23+

[pp.41-93]

Following feedback from a previous version of the plan which came to committee the Internal Audit team felt that this gave a good steer for improvements to the plan and discussions with the Director of Finance and his team they have been able to further scope out some of those initial pieces of work that were discussed in previous iterations of the plan, and there are meetings in the diary for further scoping work. Objectives are shown in appendix 8 of the plan in bold.

The Audit Committee was not asked to approve this version of the plan but was asked for any fine-tuning comments before the final version is submitted for approval.

In discussion, the following points were raised:

- It was asked why some medium to high-risk areas which will be due for review, such as Infection Control, SLAs, Business Continuity Planning, and IT Security are not included in the plan. D Eardley noted that there is an aspect to the Internal Audit of being able to highlight different areas and that therefore reports could be shuffled to highlight thematic areas. Discussion will be had with D Garden and I Addison to ensure that discussion and scrutiny is happening in the right places.
- With regard to the Accommodation Process (point C13), it was asked why this as an operational process had been picked out. S Hume noted that this was an assurance concern of A Wilson for Estates Management.
- It was suggested that the audit of Environmental Sustainability (B10) could be rephrased to take account of health boards having to fall in line with Scottish Government plans for Net Zero emissions. D Eardley answered that this audit was at the request of EDG but that the team is open to discussion as to how this work is focussed.
- With regard to IT Security it was asked if the matter of Cloud Vulnerability and product 'end of life' needed more consideration. D Eardley answered that he would make a note with his colleagues to speak with IT especially in light of heightened global tensions.

- It was asked if the matter of control could be considered from a thematic point of view especially in terms of control loosening the further the operation is from the centre. D Eardley answered that he would consider a response to this with S Hume.

The Committee

- **NOTED** the report.

5.3 Care at Home Assessment Model Report

[pp.94-116]

S Hume provided an introduction to the report which reviewed the models that are being used kind of across a few different areas within the organization to look for a consistent approach applied across the organization and within the Health and Social Care Partnership. Of the seven recommendations in the report three were grade 3 recommendations (1.1, 3.1, and 5.1).

- Point 1.1 focussed on Caithness, Inverness and Lochaber which identified that there was a different model in North Coast from South and Mid Highland, which while not a problem in itself does create differences of approach and assessment, and there is no standardised paperwork across teams, districts or professions, which creates more paperwork and differing assessment models. The recommendation is that models be standardised but with scope for flexibility where this is deemed necessary.
- Point 3.1 concerned compliance with Care Plan Review Timelines and this is something that came to committee previously in Internal Audits. Capacity is as a fundamental issue in relation to this finding: mechanisms are in place to monitor the care plan review dates, and these are flagged up when in they are due and overdue for review. However, there is not the capacity to ensure that every single review is happening which is not in line with statutory requirements. COVID-19 had further impacted on staffing with redeployment making staff unavailable to carry out reviews. Therefore, a consistent level of oversight is required with effective management reporting on the status of 6 monthly reviews and so as to address what resources are needed to ensure reviews can take place.
- Point 5.1, concerned demand and capacity analysis. It was found to be satisfactory on a case-by-case basis but there is a lack of information about demand and capacity for Care At Home packages more widely. The four options which NHS Highland has a legal duty to offer are outlined in the report. The demand for option 3 is not being appropriately recorded and therefore demand and capacity are not fully understood by the organisation. Therefore, the audit recommends formal metrics for management reporting and management should consider how information on demand for Care At Home is recorded.

In discussion, the following points were addressed:

- The Chair noted that there are no dates to be completed, so these cannot be accepted by the committee today. P Dudek will discuss this with D Park.
- The timeliness of the report was noted in terms of helping to resolve issues of clear governance routes.
- There is a need to link all of the work that goes on as a result of this audit to the Self-Directed Support strategy.
- It was noted that this is a positive report because the organisation needs to know exactly where it stands. There are not any huge surprises in the report but it brings it together those areas to work towards.
- It was noted that the report goes to the fundamental principle of equity of access and equity of service into a A2.
- S Steer noted that Care At Home is a huge and complex piece of work providing care to 1,600 people through 19 providers. The report shows that NHS Highland was right to be concerned about a number of areas of inconsistency in the treatment of individuals.

- It was noted that a report is going to the Joint Officers Group which will help provide time lines.
- S Ringwood noted what an important area this was to address and referred to experience of navigating the system to receive family care.
- The Board commissions audits in order to identify all areas of good practice and challenges in specific services. This audit provided the board with a clear understanding of the service and made recommendations for improvement. It is evident from this report and from our day-to-day experience that adult social care systems are under real pressure and care at home services in particular have been impacted by the pandemic with recruitment and retention of staff an ongoing difficulty. NHS Highland is committed to implementing the recommendations of the internal audit and exploring new approaches to effectively do this.

The Chair noted that it was a good report and in summarising noted that two of the actions do not have dates and that there is a question as to if the September 22 deadline is doable. The Chair suggested that these matters could be reviewed and reported to the next committee meeting.

D Eardley agreed and noted that Internal Audit will never bring a report to committee that has not been signed off and approved by the review sponsor and lead officers so as to ensure that there is as good a chance as possible to bring something that is accurate.

The Committee

- **NOTED** the report.
- **AGREED** that the report be reviewed with a timeline to be presented at the May meeting. P Dudek and D Park will discuss appropriate timescales with Internal Audit.

CORPORATE GOVERNANCE

5.1 COMMITTEE ANNUAL WORKPLAN 2022/2023

The Committee

- **APPROVED** the Work Plan for 2022/2023.

6 COUNTER FRAUD

I Addison introduced the report and thanked Sarah Macauley for her work. Training is underway to embed Counter Fraud work with modules in the TURAS system, and staff have been encouraged to make use of the training.

I Addison noted that the two appendices show the quarterly report to December 2021 showing the national basis for Counter Fraud analysis for all boards, and the second appendix shows Intelligence on Covid related issues with advice and guidance for the Board.

There are no current Counter Fraud cases which exceed £5,000.

The Committee

- **Noted** the update.

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>

D Garden offered to pull out the annual NHS reports from this material for the May meeting.

The Committee

- **Noted** the item.

11. MANAGEMENT FOLLOW UP REPORT ON OUTSTANDING AUDIT ACTIONS

I Addison, provided an overview of the update paper and noted that it is hoped that all outstanding actions will be complete before the next committee meeting in May.

Counter-Fraud

Actions are now complete.

Payroll and Expenses

A couple of actions are due to complete in April.

Staff Redeployment

One outstanding action which will go to the Area Partnership Forum for completion.

Financial Incomes and receivables

There is one action outstanding to provide an online payment facility for payment of invoices. This is pending the launch of the new NHS Highland website and therefore the item will be moved to the Corporate Risk Register.

PMO Financial Savings

One action has been progressed and is expected to complete by the end of March.

Risk Management

See discussion in item 5 above.

NMAHP

All identified actions are now complete.

IT Stock Control

All identified actions are now complete.

Board Assurance Framework

One item is due for completion by the end of the month.

Immunisation

One item is due for completion by the end of the month.

Business Continuity Planning

D Park provided an update on and noted that the organisation is in the middle of a long incident which has posed issues of resilience and infrastructure but progress is being made. It is expected that most actions will be closed off by the next meeting and D Park offered to bring a report.

GDPR Information and Management

The Terms of Reference of the Information Assurance Group have been changed in line with that of the Audit Committee's and D Park offered to bring a paper to the next committee meeting to include an update around GDPR.

Community Planning

L Bussell noted that plans were being made to add resources to address problems with the current set up which is not sustainable with current pressures and needs a more dedicated focus. It was suggested that a report be brought to the meeting after next.

Maternity Service Redesign

Revised management responses will be brought to the next meeting.

Performance Data

A separate report was provided by Lorraine Cowie which was circulated ahead of the meeting. A number of the items are in train for completion.

L Cowie noted that there are 6 items outstanding some of which relate to the IPQR and the timeliness of reporting. The report given to the committee groups the actions thematically to give assurance on closed off items and to evidence those items en route to completion.

In response to questions, it was answered that the aim of the IPQR is to tailor the presentation of relevant information for each committee.

With reference to the minutes for the January meeting, S Ringwood asked if a more visual presentation could be brought to the Management Actions update to give a better sense of assurance. I Addison answered that he had been in discussion with S Sands about how best to do this and would apply this learning to future updates.

The Committee

- **Noted** the update.
- **Agreed** that D Park will bring updates on Business Continuity Planning and GDPR to the May committee.
- **Agreed** that L Bussell will bring an update on Community Planning to the September meeting.

10 ANY OTHER COMPETENT BUSINESS

None.

11 DATE OF NEXT MEETING

The next meeting will be held on **Tuesday 3 May 2022 at 9am**, online via Teams.

The meeting closed at **10.52 am**.