

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	10 December 2024 9.00 am	

Present:

Susan Ringwood, NHSH Non-Executive (Chair)
 Emily Austin, Non-Executive (Vice Chair)
 Alexander Anderson, NHSH Board Non-Executive
 Alastair Christie, NHSH Non-Executive
 Garret Corner, NHSH Non-Executive
 Albert Donald, NHSH Non-Executive

In Attendance:

Gareth Adkins, Director of People and Culture
 Louise Bussell, Nurse Director
 Charlotte Craig, Business Improvement Manager, Argyll & Bute IJB
 Ruth Daly, Board Secretary
 Fiona Davies, Chief Executive
 David Eardley, Azets, Internal Audit
 Claire Gardiner, Audit Scotland, External Auditors
 Stephanie Hume, Azets, Internal Auditors
 Paul Kelly, Azets, Internal Auditors
 Gerry O'Brien, Non-Executive
 David Park, Deputy Chief Executive
 Boyd Peters (items 2.6 and 4)
 Liz Porter, Assistant Director Financial Services
 Iain Ross, Head of eHealth (items 2.5 and 4)
 Pamela Stott, Chief Officer, North Highland
 Stephen Chase, Committee Administrator

The Chair requested that item 4 be taken after item 2.6

1.1 WELCOME, APOLOGIES AND DECLARATION OF INTERESTS

Heledd Cooper.

1.2 DECLARATION OF INTERESTS

There were none.

1.3 MINUTE AND ACTION PLAN OF MEETING HELD ON 10 SEPTEMBER 2024

The minute of the meeting held on 10 September 2024 was approved as an accurate record.

The Committee

- The minute of the meeting held on 10 September 2024 was approved as an accurate record.
- **Noted** the rolling actions and workplan.

1.4. MATTERS ARISING

There were no matters arising.

1.5. MEMBERSHIP

The committee endorsed and acknowledged that the Board at its last meeting had approved the appointment of a new Chair, S Ringwood, and Vice Chair, E Austin, to the committee and that E Austin would assume the role of Chair from 2025 onwards.

INDIVIDUAL INTERNAL AUDIT REPORTS

2.1 Internal Audit Progress Report

S Hume spoke to the report and noted that three reviews had been completed since the last meeting, all of which were on the agenda for the present meeting. Work was on track to deliver the audit opinion for June 2025 but two delays had been identified to the plan.

- The Default Procurement Processes audit had been due to be presented at the September meeting however, there had been delays in receiving evidence and arranging interview times. The work on the audit was now complete and the final quality review process was underway with the expectation that it would be issued to management in the next week. The report will be presented to the March 2025 meeting.
- The audit of Children Services had been due to start field work at the start of October, however, further discussion had been deemed necessary with key contacts to establish the focus of the work and agree timings for the work with management and with Highland Council. It was hoped that the audit findings could be presented to the June 2025 meeting.
- The plan for the next quarter was set out, which in addition to that noted above, included awareness of fraud risks, supplementary staffing and the final internal audit plan. No delays to this work were currently expected and these items were to be presented to the March meeting. Key themes had been identified from the audits completed to date and compared with themes from previous years which included aligning financial performance data and ensuring compliance and understanding among staff of policies and procedures and roles and responsibilities.
- It was noted for the committee that the number of grade three reports may lead to the Internal Auditors having to consider revising the most recent Audit opinion from full/reasonable assurance. Any changes to the likely audit opinion would be reported to the committee.

In discussion, the delay to the audit of Children's Services was considered, with a number of members expressing concern about the extended period of time over taken by the scoping and rescoping process, and the potential impact on resourcing and efficiency regarding the most recent delay to fieldwork. It was noted that conversations with the Highland Council had indicated a feeling that there would not be much value added to the overall service in an audit of this area. The Chief Executive noted that she had joined discussions with the Highland Council's Deputy Chief Executive, from which it had been agreed that a focused piece of work about the transition of young people from Children's Services to Adult Services would give a more suitable and targeted focus than the previous broader scope and provide a clearer demarcation of roles and responsibilities for any recommendations that may arise

from the audit for NHSH and a strengthening of integration work between the partner organisations.

- There was some challenge voiced by members regarding whether or not the outcome of the most recent discussion between NHSH and the Highland Council provided a satisfactory level of assurance regarding progress with the audit. In response it was explained that the targeting of process around the transition for service users from Children's Services to Adult Services was recognised as a challenging area of work for all health boards and would be a productive area of investigation for governance oversight.
- A suggestion was raised that the auditors speak to Third Sector and Carer groups to gain a more triangulated understanding of the challenges.
- Support was offered to the Internal Auditors from the Chief Executive to progress the work if any further delays were indicated. It was confirmed that there was support from the Highland Council at the highest level for the audit to progress, however implementing the audit work had faced challenges in terms of staff availability at the Council.
- The Chair recommended that the matter be escalated for awareness by the Board that the Committee had found the three-year delay unacceptable and that Children's Services therefore lacked assurance, however there had been more positive recent movement noted.
- Regarding the indication that the number of amber gradings had been mounting up, the Assistant Director Financial Services noted that she would discuss the issue and potential mitigating actions at the next meeting between the Director of Finance and Internal Audit.

The Committee

- **Noted** the report, and
- **Recommended** that the issue of delays to the audit of Children's Services be escalated to the Board for awareness.

2.2 Complaints Feedback Process

D Eardley spoke to the report and noted the importance of the subject of the audit in terms of ensuring legislation was met relating to the Patient's Rights (Scotland) Act 2011, and for reflecting on good practice and learning for staff. It was noted that NHS Highland had established processes in place in relation to complaints handling, however there was a lack of a structured process observed relating to action management following conclusion of a complaints investigation. A number of the areas were identified which required attention which included roles and responsibility articulation, clearer documented procedures, oversight of action management and completion, appropriate scrutiny and challenge by members of committees, and methods of shared learning across the health board. The review indicated a root cause of the findings relating to an unclear division and understanding of responsibilities between the Feedback Team, action owners and investigators.

During discussion, the end dates for actions were discussed. The Medical Director rejoined the meeting and noted that he would report back to the committee to confirm the end dates as there was a suspicion that there was an error in version control regarding the stated dates.

- Sharing and embedding learning and improvement actions was a topic of discussion and it was agreed that finding a consistent management view would be essential to enable this and avoid common themes repeating.
- It was noted that the report had highlighted inconsistencies of process with regard to the allocation of complaints and that there was no streamlined process to establish the most appropriate member of staff to allocate an item at a clinical level and an appropriate back up of support in terms of training to resolve issues such as complaints and

The Committee

- **Noted** the report and that the Medical Director would confirm the end dates for management actions.

4. RISK MANAGEMENT 6-MONTH UPDATE

The Chair requested that item 4 be taken at this juncture before the Medical Director had to leave for another meeting.

The Medical Director drew the committee's attention to the SBAR circulated ahead of the meeting and noted the work ongoing which had been shared previously with the Executive team. It was commented that work at an operational level was moving to ahead with a view to implement training and embed risk awareness among staff groups, starting with the Acute setting. The Medical Director reported that he had recently attended some national training about how to incorporate risk appetite at board level and embed risk frameworks further down into the different levels of an organisation.

The Committee

- **Noted** the update.

2.3 Attendance Management

D Eardley introduced the paper and noted that the report confirmed NHS Highland utilised the Once for Scotland (OFS) Attendance Policy in line with national guidance, with the policy outlining the expectations of managers in dealing with staff absences (including how these should be recorded). It also confirmed that management were utilising the reporting produced on absences, with an aim to identifying initiatives to encourage attendance as outlined in the draft Health and Wellbeing Strategy 2024-27. However, only 55% of staff across NHS Highland had completed the Once For Scotland Attendance Training, and from a review of a sample of absences issues were identified with retention of absence documentation and supportive contact throughout absences. It was also identified that there were a high level of absences recorded as 'unknown causes/not specified.' This impacted the quality of absence management and reporting in addition to being a notably high proportion of total absences. The situation received further impact from only some departments using SSTS for absence recording.

In discussion, the impact of staff absence at the operational level upon strategy was commented on and that the Staff Governance Committee had regularly raised aspects of the issues outlined in the audit report, in particular, the recording of absences where causes were not specified. Confidence was expressed by the Director of People that with more

guidance for staff and reassurance in terms of a process for confidentiality that the practical aspects raised by the audit could be addressed. It was also noted that the capability policy would need to be addressed alongside the attendance policy to address matters of occupational health and longer-term issues.

- It was commented that there was no formal timeline in place for the SSTS (Scottish Standard Time System) staff absence record. It was noted that there had been challenges rolling out SSTS at the same time as the new eHealth Roster, and that the latter now had a new timeline for completion of March 2025. As a result of this, additional work was required to address SSTS.

The Committee

- **Noted** the report.

2.4 Cyber Security

P Kelly introduced the report and noted that the scoping process had settled on aspects of the recent NIS (Network and Information Systems) report and network security to improve performance in these areas, and thereby better compliance and work towards an improved future NIS score. All but one of the control objectives were Amber rated with a total of eight improvement actions.

The Head of eHealth noted that management had found the report to be very helpful especially in terms of emphasising the need to evidence and document good practice. Policies would now be Standard Operating Procedures with checklists. It was felt that the stated dates for completion of actions were achievable and the technical teams were currently putting a plan together to work towards the completion dates to be monitored on a monthly basis by the senior leadership team.

Regarding the Celera software that had been bought for NHS Scotland to manage the Internet of Things, the National Cyber Centre of Excellence had been asked if the process of implementation could be accelerated and there was confidence that implementation dates would be met. It was commented that the Medical Physics department had been involved in discussions around the implementation of Celera in order to understand any potential vulnerabilities in support and to consider how these might be managed.

During discussion, it was noted that the report had highlighted issues at multiple levels in terms of a lack of evidencing of compliance and that the committee would need to be kept abreast of the work to address the audit actions.

- It was noted that the formal report from the recent cyber incident experienced by the Dumfries and Galloway would not be seen until March 2025 and that any learning arising from the incident could only be addressed then. Confidence was expressed that a similar situation was unlikely to arise for NHS Highland due to having multi factor authentication in place.
- In summarising, the Chair welcomed the improved position from the NIS report and the work still to be done to improve evidencing of practice.

The Committee

- **Noted** the report.

2.5 Audit Planning

S Hume provided assurance to the committee that work was on track to deliver the Internal Audit opinion and that a meeting had been had with the EDG to consider areas of focus for 2025/26. Potential areas were set out for 2025/26 in the report based on an audit needs assessment of areas that had not been considered for some time and those areas identified as having a higher risk on the Board's strategic risk register.

The Director of People sounded a note of caution regarding the plan presented and that the recent meeting between Internal Audit and EDG had discussed some other areas that would need further discussion before a clearer picture of plans would be ready and which potential audits would add the most value to the work of the Board.

The Committee

- **Noted** the updates.

2.6 Management Actions

S Hume noted the high number of actions on the tracker, and noted that while there had been discussions outside the committee with management evidencing progress the number of actions at grade 3 was of concern.

The Head of eHealth provided an update to management actions arising from the Shadow IT audit and that there was one remaining item, to complete the migration of Medical Physics to a new ambulatory blood pressure monitoring system. It was noted that the system had gone live the previous day and that all technical work was complete, however the Medical Physics team would now need some time to complete training on the new system to complete the migration from systems and meet formal compliance. Therefore, this action would be formally closed once this latter point had been addressed.

The Assistant Director Financial Services provided updates on the audits of Patient Services and Patient Property and Funds. It was noted that all work was on track for completion at the end of December. A piece of work that had been due to close in October had been delayed by some maternity leave but this work was now working towards completion. An update would be brought to the EDG for review before a full implementation of changes and an update would be provided to the next meeting of the committee.

In discussion, caution was expressed about the rising number of outstanding management actions and the need to avoid the Board becoming the subject of a Select Committee as it had been in the past. The committee requested that revised completion dates ought to show a history if there was more than one revised date for an action which would indicate whether or not the work of the committee had been respected or not by management.

The Committee

- **Noted** the updates, and

- **Requested** that revised completion dates for management actions ought to show a history.

2.7 Care Home and Ward Audits

The Assistant Director Financial Services provided a brief verbal update and noted that a fuller report would be brought the committee on a more regular basis and a plan would be presented for 2025-26. It was commented that there had been five in person visits in the past year by the Finance team to care home managers to address training needs and expectations around dealing with resident's property and possessions and the recording of information.

The Committee **noted** the update.

3. EXTERNAL AUDIT PLANS

C Gardiner provided a verbal update to give assurance to the committee that the External Audit planning process had commenced but noted that it was currently running slightly behind schedule due to the impact of COVID, and the recent sign off of Council audits. A meeting would be held with the Assistant Director Financial Services and the Technical Accountant after the present meeting to work through a risk assessment procedure. It was confirmed that the External Audit plan would be presented to the March meeting of the committee, with a planned sign off by the end of June in line with national time scales.

An offer to have a member of the performance audit team from Audit Scotland present the latest iteration of the NHS in Scotland overview was made. It was agreed that E Austin as incoming Chair would contact C Gardiner to confirm a suitable time for the presentation to be given.

The Committee

- **Noted** the update,
- **Agreed** that a presentation of the NHS in Scotland report come to a future meeting of the committee.

4. RISK MANAGEMENT 6-MONTH UPDATE

The item was considered above.

5. ARGYLL & BUTE IJB AUDIT & RISK COMMITTEE 6-MONTH UPDATE

The Business Improvement Manager for Argyll & Bute IJB provided a brief overview of the paper and noted that the IJB's Audit & Risk Committee had received audit reports on Adult Support Protection Client Funds, that its standard business timetable had been through NHSH's annual governance statement, and that the committee had continued to give focus to risk management.

The Committee

- **Noted** the report, and
- **Accepted substantial assurance.**

6. COUNTER FRAUD

The Assistant Director Financial Services introduced the paper and noted that International Fraud Awareness Week had taken place between 17 and 23 November. The Technical Accountancy team had visited Raigmore dining room on the Wednesday to raise awareness among staff. Information and posters from Counter Fraud Services had been received which would be circulated to wards, hospitals and other centres.

A new section had been added to the report for current case updates and recent events.

There were currently eight open cases with Counter Fraud. Four cases had progressed to full investigations which were in progress, and two of the cases could be in excess of £5,000. It was commented that further detail would come to the committee in due course.

In discussion, the Chair commented on the connection between counter fraud and the discussion above around sickness absence and potential fraud, and the importance of noting the impact on the organisation as well as the need to show concern for staff welfare.

- It was noted that an update on progress to ensure adherence to the 12 components of Counter Fraud Standards had been provided to the committee at the September meeting, and that NHSH was on track to achieve the standards and further ahead than other health boards. It was commented that some of the standards are a matter of ongoing progress and that some of the partially completed standards were reliant on further information from CFS (Counter Fraud Standards). New training tools were in the process of being embedded and communication plans for staff were under consideration.
- The Director of People and Culture noted that there was a priority delivery group looking at sickness absence within the Counter Fraud report. He noted that the report had referred to Once for Scotland policies and that it was difficult to detect if someone had chosen to fraudulently engage with these policies. The first 7 days of absence were self-declared after which a GP or fitness to work note was required.

6.1 Operation Dunnet Update

The Chief Executive supplied an update from the Director of Finance concerning the latest information, with regard to Operation Dunnet. There was an ongoing criminal investigation in which CFS were involved that was pursuing three potential charges:

- The first charge concerned a fraudulent scheme with reference to obtaining employment by fraud. CFS were satisfied that this had been proved to a criminal standard and this part of the investigation was now complete. Contact had also been made with CLO to consider reclaiming spend or civil action with the recruitment agency.
- The second charge related to theft or embezzlement with reference to one invoice to the amount of £88,201.80. The invoice was cancelled and the funds (instead of being sent back to the Board), were retained by Switch Shop and used against a further 8 invoices outwith the Board's PCOS system.

CFS were unable to provide the Board with sufficient assurance that any of the goods were received. The final delivery of goods for the final invoice, amounting to just under £16,000, was sent directly to the home address of the suspect. It had been difficult to ascertain whether any of the goods within the invoice or the other seven invoices were retained by the suspect.

- The third charge also related to a fraudulent scheme, with reference to making false statements in respect of bracket switch devices, which could only be obtained from G

Watson Limited. These items were never provided. This related to switches provided by the suspects company at a much faster timescale than could be provided by any other company. A tender waiver process was followed and signed and it had been difficult currently to ascertain where the goods were received and utilised. This part of the investigation remained ongoing.

- In reviewing the above, the Director of Finance noted the following areas of process to be addressed:
- Firstly, that internal processes showed weakness around purchase orders, invoices and credit notes,
- Secondly, internal processes showed weaknesses around goods being receipted without being seen and that senior staff had asked store staff to mark as items as GRN on the PCOS system, and
- Thirdly, that, a total of four single tender waivers were signed off to the value of over £90,000 to the same company.
- Once all of the information is received from CFS, these areas will be reviewed internally and processes strengthened. Work had already commenced in these areas.
- It was noted that CFS did not believe that any NHS Highland employees had been in collaboration with the suspect to defraud NHSH and that all staff had been completely open and helpful during the investigation.

It was also noted that there were three outstanding actions for CFS through December and January, to complete the criminal investigation and interview the suspect, to report the findings to the Crown Office, and liaise with the CLO in respect of potential civil action against the agency.

During discussion it was commented that it was not known if the prima facie evidence to enable a prosecution had been submitted to the Crown Office, but that further updates would be provided as the information became available.

The committee

- **Noted** the report,
- **Noted** the update 6.1 regarding ongoing investigations, and
- **Accepted** substantial assurance on the ongoing Counter Fraud activities undertaken across NHS Highland, and that NHS Highlands complied with the majority of the standards.

7. BLUEPRINT FOR GOOD GOVERNANCE IMPROVEMENT PLAN UPDATE

The Board Secretary provided an update to the improvement plan and noted that the plan had been presented to the most recent meeting of the Board in July 2024. It was commented that there were only a few items remaining on the plan to be fully attended to, and those items that were still outstanding were ones that had have a longer time scale beyond 2024.

It was commented that the Audit Committee was to provide informal oversight to a couple of the outstanding actions, relating to risk appetite and translating risk appetite into a workable process for the organisation. There would need to be further discussion at Executive Director level in terms of the risk appetite situation and how the Board translates that into a process for the organisation. The Board Chair had noted at the most recent meeting of the Board a

keenness to hold some time in a development session in the coming months to address this topic.

The Committee

- **Noted** the update.

8. COMMITTEE TERMS OF REFERENCE

The Board Secretary noted that the committee had updated its Terms of Reference at the last meeting and that the copy circulated had been provided for information.

Some minor changes in terms of the governance route for some of the sub committees had been made. The Terms of Reference for other governance committees would be considered at the next cycle of meetings with a view to bringing revisions as part of a reviewed Code of Corporate Governance to the committee in March.

The Committee

- **noted** the update.

9. AUDIT SCOTLAND REPORTS

The Chair drew the committee's attention to the link for papers at the Audit Scotland website that had been selected by the Vice Chair for the committee member's interest.

The Committee

- **Noted** the update.

10. ITEMS ESCALATED FROM OTHER COMMITTEES

The committee noted that it wished to escalate the issue of delays around the Internal Audit of Children's Services to the Board as discussed in item 2.1 above.

No further items were reported.

The Committee

- **Agreed** that the item should be escalated to the Board.

11. ANY OTHER COMPETENT BUSINESS

The Chair thanked those present for their support during her time on the committee as she was soon to step down from the Board. The Chief Executive thanked S Ringwood for her contribution to the committee, to the work of the Board, and for her chairing of the present meeting on behalf of the committee. The Vice Chair echoed the thanks to the Chair and benefit of her knowledge before she assumes the Chair role in the new year.

12. DATE OF NEXT MEETING

The next meeting will be on **Tuesday 11 March 2025** at **9.00 am** on a virtual basis.

The meeting closed at **10.56 am**.