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| <b>HIGHLAND NHS BOARD</b>  | Assynt House<br>Beechwood Park<br>Inverness IV2 3BW<br>Tel: 01463 717123<br>Fax: 01463 235189<br><a href="http://www.nhshighland.scot.nhs.uk">www.nhshighland.scot.nhs.uk</a>  |
| <b>MINUTE of MEETING of the NHS Board Audit Committee</b><br>Microsoft Teams | <b>11 March 2025 9.00 am</b>  |

**Present:** Emily Austin, Non-Executive (Chair)  
 Alexander Anderson, NESH Board Non-Executive  
 Heledd Cooper, Director of Finance  
 Garret Corner, NESH Board Non-Executive

**In Attendance:** Gareth Adkins, Director of People and Culture  
 Ruth Daly, Board Secretary  
 Jamie Fraser, Azets, Internal Auditors  
 Patricia Fraser, Senior Audit Manager, Audit Scotland, External Auditors  
 Claire Gardiner, Audit Scotland, External Auditors  
 Stephanie Hume, Azets, Internal Auditors  
 L Johnston, Audit Scotland, External Auditors  
 Arlene Johnstone, Head of Service (Learning Disability/Autism)  
 Jo McBain, Director of AHPs  
 Joanne McCoy, NESH Board Non-Executive  
 Bernadette Milligan, Audit Scotland, External Auditors  
 Brian Mitchell, Board Committee Administrator  
 Gerry O'Brien, NESH Board Non-Executive  
 David Park, Deputy Chief Executive  
 Iain Ross, Head of eHealth  
 Simon Steer, Head of Adult Social Care  
 Pamela Stott, Chief Officer (Community)  
 Nathan Ware, Corporate Governance and Records Manager

### 1.1 WELCOME, APOLOGIES AND DECLARATION OF INTERESTS

Apologies were noted from A Christie, B Donald and D Eardley.

The Chair welcomed G O'Brien and J McCoy to the meeting, noting attendance as substitutes for those Non-Executive Director Committee members unable to attend, to ensure quoracy.

### 1.2 DECLARATION OF INTERESTS

There were no declarations of interest made.

### 1.3 MINUTE AND ACTION PLAN OF MEETING HELD ON 10 DECEMBER 2024

The Minute of the meeting held on 10 December 2024, associated Rolling Action Plan and Committee Work Plan were **Approved**.

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| <b>The Committee Approved</b> the draft Minute, Rolling Action Plan and Committee Work Plan. |
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## 1.4. MATTERS ARISING

There were no matters raised in relation to this Item.

## 2 INTERNAL AUDIT PROGRESS REPORT AND INDIVIDUAL REPORTS

### 2.1 Internal Audit Progress Report

S Hume spoke to the report, advising as to the position as at 27 February 2025 and indicating three reviews had been completed since the previous meeting, in relation to Devolved Procurement Processes, Awareness of Fraud Risks and Supplementary Staffing. Work remained on track to deliver the Internal Audit Plan for 2024/25 by the June 2025 Audit Committee. It was noted discussions were ongoing in relation to the scope of the Children's Services Review. The plan for the following quarter was outlined, and internal audit themes identified as part of the 2024/25 audit process were indicated as relating to aligning financial and performance data, policies and procedures, and roles and responsibilities. An overall update on progress against the 2024/25 audit plan was provided along with an indication of the relevant audit outcomes to date and relevant Key Performance Indicator (KPI) status. An update in relation to global internal audit standards, updated and published in January 2025 was provided. The impact on local review arrangements was highlighted, including relevant root cause analysis activity. The Committee was invited to note the circulated report, endorse the plan for the next quarter and provide any relevant comment.

The following was discussed:

- Cyber Security – Network Controls. Advised the number and nature of matters identified, and progress against relevant actions would inform the overall audit opinion for 2024/25.
- Children Services Review. Advised current discussions were progressing regarding the scope of the audit, which was to be focussed on Transitions packages, with a further discussion scheduled for later that week. All relevant parties were aware of the relevant fieldwork requirements and associated timescales involved. Confirmed root cause analysis activity will be involved.

**The Committee otherwise Noted** the content of the circulated report.

### 2.2 Awareness of Fraud Risks (Advisory Audit)

S Hume spoke to the circulated report which provided an indication the relevant review background and scope, as initially agreed with management. The Executive Summary went on to outline a number of areas of good practice, alongside recommendations for improvement. Noting the opportunities for improvement outlined, it was stated management should be undertaking exercises to consider the fraud risks within key processes, ensuring these were documented for each process. The Management Action Plan indicated relevant findings and associated recommendations in relation to risk assessment processes and documentation; outdated Policies and Procedures; and fraud awareness and training.

The following was discussed:

- Nature of Review. Advised Review was requested by and agreed with management. Strong working arrangements in place with Counter Fraud Services team. Noted Counter Fraud report on formal agenda for this meeting. Existing NHSH Counter Fraud Policy to be reviewed in light of the findings presented.
- Reporting on progress. Advised it was anticipated any formal high-level reporting would be through this Committee.

**The Committee otherwise Noted** the content of the circulated report.

### 2.3 Supplementary Staffing

S Hume spoke to the circulated report, the Executive Summary for which concluded NHS Highland had demonstrated progress toward reducing spend on supplementary staffing, with sound governance arrangements in place to monitor closely and specifically the spend across service areas. A number of areas of good practice had been identified, along with areas for improvement which if actioned would contribute to continuous improvement and robust controls over supplementary staffing usage. The Review background and scope was also outlined, along with an indication of the relevant sample and data analytics utilised. The report provided a control assessment, indication of key findings including areas for improvement and an indication of the impact on the NHS Highland Corporate Risk Register. The Management Action Plan indicated relevant findings and associated recommendations in relation to review of Policies and Procedures; planned leave coverage; agency shift approvals and lead times; and local level monitoring.

There was discussion of the following:

- **Management Response.** Advised relevant findings, as formally outlined had been in line with expectations and in relation to which relevant actions had been initiated and were in the process of being taken forward including relevant technological aspects. The work and contribution of all those involved in the review was recognised.
- **Staff Group Analytics.** Advised representative sampling agreed in advance with management representatives, with no direct focus on any one group. Staff Bank oversight matters being considered in relation to Allied Health Professions.
- **Timescales for Required Actions.** Advised stated timeframe related to the development and ongoing implementation of an appropriate and clear roll out plan for action. Oversight would be provided by the Staff Governance Committee. Requested detail of plan roll out be provided as part of the final response and to the next meeting.
- **Effective Roster Management.** Advised Health and Social Care Staffing Act implications and links important. Agreed utilisation of effective roster management practice and associated systems/processes key to improvement, noting success in this area within Mental Health Services including relevant governance arrangements.

#### **After discussion, the Committee:**

- **Noted** the content of the circulated report.
- **Agreed** final response to the next meeting include detail of roll out of relevant actions.

### 2.4 Devolved Procurement Processes

J Fraser spoke to the circulated report, the Executive Summary for which concluded there were a number of significant issues regarding the application of procurement policies and procedures within eHealth and Estates services. The report acknowledged the work of management on a number of issues prior to audit fieldwork taking place, with actions being taken forward, with relevant review insights and recommendations to help direct and support such action. The Review background and scope was also outlined, along with a control assessment, and an indication of key findings, areas of good practice and areas for improvement, and an indication of the impact on the NHS Highland Corporate Risk Register. The Management Action Plan indicated relevant findings, risk and associated recommendations in relation to awareness of Procurement Policies and Procedures; review of Policies and Procedures; review of Procurement Strategy; the need to drive better compliance and demonstrably use resources efficiently; the Contracts Register; staff training; and performance monitoring.

There was discussion of the following:

- Known areas for improvement. Advised areas had been identified prior to review, including eHealth now being included within the locus of central procurement team. Acknowledged the value of audit sampling in identifying further improvement opportunities. Training activity was being taken forward, appropriate to individual roles, including online modules.
- Areas Out of Scope. Questioned if other service areas would benefit from review or refresh in relation to circulated review findings. Advised areas reviewed had been specific to those services referenced, with other service areas subject to strong organisational oversight.

**The Committee otherwise Noted** the content of the circulated report.

## 2.5 Internal Audit Actions Update

There had been circulated report, advising as to progress made by management in implementing agreed management actions previously identified. The summary of progress indicated that in relation to the 73 actions identified, some progress had been made in relation to each. 31 of the were now complete with a further action complete subject to evidence being provided to audit, and 2 actions to be moved to the Risk Register for monitoring. Of the 39 actions assessed as 'Action on track of being progressed with revised completion date' 28 had their due dates moved on at least one occasion from that set at the time of finalising the relevant report. Members acknowledged the progress made since the last Committee meeting, and recognised the efforts of all involved. In discussion, the Committee reiterated a request that where revised completion dates had been set these be made more easily identifiable within the report.

There was discussion relating to actions associated with reviews involving the following areas:

- Adult Complex Care Packages. Advised a Plan Do Study Act (PDSA) approach was being adopted with regard to consolidation of actions; ensuring appropriate processes and governance mechanisms were in place; and a transfer of appeals to the Feedback Team. A permanent Complex Care Manager had been appointed. Issues relating to continued relevancy of older actions and governance of the same were also discussed.
- Adult Social Care Services. Advised actions complete on delayed discharge matters; with other actions dependent on other considerations such as implementation of Care First system. A range of activity being taken forward in relation to CM2000 tool. Associated improvements made in relation to Care at Home. Relevant governance and management arrangements were under review.

### After discussion, the Committee

- **Noted** the circulated report.
- **Noted** the updates provided in relation to Adult Complex Care and Adult Social Care Services Review actions.
- **Noted** a further recommendation would be brought to Committee in relation to open actions relating to CM2000.

## 2.6 Strategic Internal Audit Plan 2023/24-2025/26

S Hume spoke to the circulated report, setting out the proposed strategic internal audit plan for the three-year period 2023/24 to 2025/26 and reflecting discussion with the Director of Finance and wider Executive Directors Group as well as discussion at the Audit Committee. The report outlined the internal audit approach, delivery of the plan, proposed internal audit plan, corporate risk register, review timetable for 2025/26, internal audit universe, and proposed internal audit Charter. It was noted the existing plan could be subject to change.

There was discussion of the following:

- Inventory Control Audit. Noted to a live audit, relevant detail of which had yet to be defined.
- Third Sector Allocations Audit. Emphasised the importance of breadth of review scope, possibly including relevant strategic and best value aspects.

**The Committee Agreed to Approve** the proposed Strategic Internal Audit Plan 2023/24-2025/26.

### **3 EXTERNAL AUDIT**

#### **3.1 External Audit Plan 2025/26**

C Gardiner spoke to the circulated report, providing an overview of the planned scope and timing of the 2024/25 audit of NHS Highland's annual reports and accounts. The report outlined the audit work planned to meet the requirements set out in auditing standards and the Code of Audit Practice, including supplementary guidance. Matters relating to materiality were referenced, the relevant timeframe remained on track and overall fee was detailed.

**The Committee otherwise Noted** the content of the circulated report.

#### **3.2 NHS in Scotland Report – Presentation by Audit Scotland**

B Milligan gave a presentation to members in relation to the March 2025 NHS in Scotland 2024 Audit Scotland report, advising as to relevant key messages; summary of associated recommendations; detail on financial performance and outlook; and detail on operational performance and challenges. An update was also provided in relation to a current spotlight on NHS governance, a formal report on which was scheduled for publication in May 2025.

The following was discussed:

- National Activity Levels. Noted not back to pre-Covid levels. Stated as a complex area to study as dependent on multi-factorial pressures and influences. The ability to define and benchmark such issues was equally complex. Positive evaluation of productivity initiatives was an area where review was recommended.

**After further discussion, the Committee otherwise Noted** the content of the presentation provided.

**The meeting adjourned at 10.40am and reconvened at 10.50am.**

### **4 INFORMATION ASSURANCE GROUP 6 MONTH UPDATE**

I Ross spoke to the circulated report, providing an update on the work of the Information Assurance Group and assurance NHS Highland was operating in compliance with applicable Information Security and Data protection legislation. The report covered the period from August 2024 to February 2025. Specific updates were provided in relation to regulatory audit and compliance activity; The Caldicott Guardian; Adult Social Care; Corporate Records; Clinical records Management; Freedom of Information; Subject Access Requests; ratified Policies and other significant areas of discussion as indicated. There had also been circulated Minute of Meeting of the Information Assurance Group held on 10 September 2024. The report proposed the Committee take **Substantial** assurance.

The following was discussed:

- Oversight of Cyber Security Concerns. Advised this was provided through the eHealth Senior Management/Leadership Teams, with relevant activity on track. Noted as very busy area of activity, with increasing demands.
- Service Demand. Advised as to level of Subject Access Requests and Freedom of Information request being received. Activity relating to MS365 continued at pace, noting this was a nationally controlled and supported programme of implementation.

**After discussion, the Committee:**

- **Noted** the content of the circulated report.
- **Agreed** to take **Substantial** assurance.

## 5 COUNTER FRAUD

The Director of Finance spoke to the circulated report, providing the Committee with an update as to the progress of Counter Fraud actions and services in order to highlight instances of fraud and provide assurance on the actions being taken to prevent fraud. The NHS Scotland Counter Fraud Standard contained 12 components against which organisations can assess how effectively they tackle fraud, bribery and corruption. Specific updates were provided in relation to Counter Fraud 12 components; Counter Fraud services; Cyber Scotland week, current cases and recent events; NFI exercise activity; and relevant training actions. There had also been circulated the Counter Fraud Services Quarterly report to 31 December 2024, noting the high response rate from within NHS Highland. The report proposed the Committee take **Substantial** assurance.

**After discussion, the Committee:**

- **Noted** the content of the circulated report.
- **Agreed** to take **Substantial** assurance.

## 6 Annual Review of Code of Corporate Governance

The Chair introduced the circulated report, advising as to a number of asks of the Committee, including approval of a number of revisions to sections of the Board's Code of Corporate Governance for onward submission to the Highland NHS Board on 25 March 2025. R Daly spoke to the report and outlined the proposed revisions to Governance Committee Remits and NHS Highland Fraud Policy. The report proposed the Committee take **Substantial** assurance.

**After discussion, the Committee:**

- **Noted** the content of the circulated report.
- **Agreed** to take assurance from the revisions to the Code of Corporate Governance.
- **Approved** proposed changes to Terms of Reference for Clinical Governance and Staff Governance Committees.
- **Agreed** the updates to the Fraud Policy and Response Plan.
- **Agreed** that the full suite of updated documents be recommended to the NHS Board for approval on 25 March 2025.
- **Agreed** to take **Substantial** assurance.

## **7 DRAFT ANNUAL WORK PLAN FOR 2025/26**

The Chair spoke to the circulated draft Committee Work Plan for 2025/26, noting Risk Management and associated system oversight was to form a Standing Item on future agendas.

**The Committee Agreed to Approve** the draft Committee Work Plan 2025/26.

## **8 AUDIT SCOTLAND REPORTS**

The Chair drew the committee's attention to the link for papers at the Audit Scotland website that had been selected for the interest of Committee members.

**The Committee so Noted.**

## **9 ITEMS ESCALATED FROM OTHER COMMITTEES**

Members **Agreed** to provide the NHS Board with an update in relation to position regarding delays around the Internal Audit of Children's Services.

**The Committee so Noted.**

## **10 ANY OTHER COMPETENT BUSINESS**

There were no matters discussed in relation to this Item.

## **11 DATE OF NEXT MEETING**

The next meeting was to be on **Tuesday 13 May 2025 at 9.00 am** on a virtual basis.

**The meeting closed at 11.10am.**