

## Orkney NHS Board

Minute of meeting of the **Audit Committee of Orkney NHS Board** held in the **Saltire Room, Balfour Hospital, Kirkwall** on **Tuesday, 5 March 2019** at **11:30 a.m.**

**Present:** Meghan McEwen, Chair  
Davie Campbell, Non-Executive Director  
Fiona MacKellar, Employee Director  
James Stockan, Non Executive Board Member

**In Attendance:** Christina Bichan, Head of Transformational Change and Improvement  
Gerry O'Brien, Chief Executive Officer  
Chris Brown, Head of Audit and Assurance, Scott-Moncrieff  
Tom Gilmour, Head of eHealth and IT  
Colin Morrison Audit Scotland (via VC)  
Julie Nicol, Head of Organisational Development and Learning  
Heidi Walls, Committee Support (minute taker)

### 797 **Apologies**

Apologies were noted from M Doyle, D Lonsdale, D McArthur, L Wilson, M Swann and G Woolman.

### 798 **Declarations of Interest**

There were no declarations of interest noted.

### 799 **Minutes of previous meeting held on 4 December 2018**

The minute of the Audit Committee meeting held on 4 December 2018 was accepted as an accurate record of the meeting, subject to the below amendments, and was approved.

- Page 9 second paragraph - amendment of the sentence to read 'It would also be the Fraud Champion's responsibility to promote the Fraud Liaison Officer and the Employee Director with Human Resources and to appoint investigators for any fraudulent incidents identified.
- Page 9 fourth paragraph – amendment from 'within' to 'with'
- Page 9 post meeting note – amendment from 'The Risk Management Strategy' to 'The Risk Management Strategy and Policy'

J Stockan highlighted an amendment from 'apologies' to 'attending' to the record of attendance for the 4<sup>th</sup> December Audit committee meeting.

### 800 **Matters Arising**

#### 67 – Laboratory Services Contract

It was noted that an update had been expected at this meeting, but the Chief Executive advised members that whilst it had been reviewed and a recommendation to sign received from the Central Legal Office there were still some issues relating to procurement that needed further work.

### Counter Fraud

Page 8 It was noted that a further conversation with Head of Finance regarding Counter Fraud was planned

#### 629 - Fraud Champion

The chair noted that the appointment of new confidential contacts was still outstanding but would be addressed.

#### 635 – Children and Young People’s Mental Health (Audit Scotland report)

The Chief Executive Officer advised members that Dame Denise Coia had given a very helpful update at a recent joint chairs/Chief Executive Officer meeting and that he would be taking forward local actions with the Chief Officer.

The Chief Executive Officer updated members on the wider remits of J Nicol and C Bichan across technology and risk and noted that they would attend meetings for relevant agenda items. Both were warmly welcomed by the chair.

### 801 **Action Log**

The Action Log was reviewed and corrective action agreed on outstanding issues (see Action Log for details).

### 802 **Cyber Threat Monitoring Questionnaire – AC1819-64**

The Head of eHealth and IT delivered the report on the cyber threat monitoring questionnaire, which was one of a number of such documents received from Scottish Government and was aimed at gauging organisational appetite for this service.

The Head of eHealth and IT noted that In common with many NHS boards NHS Orkney does not have any dedicated capacity to fulfil this function, so the concept of central monitoring would be warmly welcomed and this was the message included in the response submitted. Feedback on the submission was awaited.

It was noted that there had been cyber attacks to which NHS Orkney had responded and The Head of eHealth and IT advised members that upgraded antivirus software and a proactive approach to seeking out unusual behaviour were key local defensive measures. He also explained that in the absence of standardisation there was a wide range of different tools and products across the NHS and work had been carried out to assess this locally so that expertise in common tools could be developed.

In response to a query, the Head of eHealth and IT confirmed he would explore whether there were any similarities with the submissions of colleague boards and confirmed that although until recently there had been no national framework the two main antivirus packages in use across the NHS were Sophos and McAfee. He also noted that Office 365 was provided with a cyber defence add on and that Windows 10 had a more mature virus protection. Although a central approach was still in the early stages, it was noted that a start had been made.

The Chief Executive Officer enquired about the lessons learnt from the NHS Lanarkshire WannaCry cyber attack in May 2017 and the Head of eHealth and IT

explained that although initially it was thought access had been gained via email, an unprotected shared network folder had been identified as the most likely culprit and had allowed the attack to spread across boards.

The Head of eHealth and IT noted that a number of technical and non technical learning outcomes had been identified, but he highlighted the actions taken in the event of an attack as a key development area. He described the communication challenges that had been experienced and noted the establishment of the National Services Scotland Cyber Security framework, the streamlined communications between Scottish Government, NHS boards and Police Scotland and the local review of board internal processes as subsequent outcomes.

*11.55 J Stockan, Non Executive Board Member, joined the meeting*

In response to a query relating to NHS Orkney's progress toward the mandatory Cyber Essentials Plus accreditation for public sector organisations by 2021, the Head of eHealth and IT advised members that the continued use of the unsupported Microsoft 2007 presented the main barrier along with local issues relating to Microsoft patching. The move to Microsoft Office 365 was the planned solution, but it was noted that this journey had just started. The roll out of Windows 10 was also underway as support for Windows 7 would expire within 12 months. The actions taken to strengthen defences in the new hospital with improved firewalls and a more secure network were also described and noted.

### **Decision / Conclusion**

The Audit Committee noted the report, received assurance on progress made and looked forward to further updates as work progressed.

### **External Audit**

#### **803 NHS Scotland Overview Report – AC1819-53**

The Chief Executive Officer presented the NHS Scotland Overview Report which was published by the Auditor General. He noted the importance of reflection on the key messages and highlighted a change in focus towards the long term sustainability of NHS.

Members were advised that NHS Orkney was looking to achieve financial balance this year., Future financial and performance challenges were highlighted and noted. It was agreed that the report provided a robust, but clear, message and that assurance could be taken from NHS Orkney's comparative position and that performance delivery would be a key focus going forward.

The dichotomy of the political reality versus the public perception of the NHS and the ensuing communication and education issues raised by the messages within the report was noted by members. Good governance was highlighted as the key measure to empower front line staff in dealing with challenging service delivery messages and to ensure robust organisational defence of any subsequent criticism.

The Chief Executive Officer recommended the non executive checklist on the Audit Scotland website as a valuable resource. <http://www.audit-scotland.gov.uk>

[scotland.gov.uk/report/nhs-in-scotland-2018](http://scotland.gov.uk/report/nhs-in-scotland-2018)

### **Decision / Conclusion**

The Audit Committee noted the report.

### **Internal Audit**

#### **804 Internal Audit Progress Report – AC1819-54**

The Head of Audit and Assurance presented the Internal Audit Progress report to the Committee which provided a summary of internal audit activity during the year to date. It also confirmed the reviews planned for the coming quarter and identified changes made to the original annual plan.

The reported position was positive overall with only a couple of highlighted actions around common themes regarding evidenced and monitored Service Level Agreements (SLA).

### **Decision / Conclusion**

The Audit Committee noted the report and received assurance on progress made.

### **Internal Audit Reports**

#### **805 Payroll report – AC1819-55**

The Head of Audit and Assurance presented the payroll report to the Committee and highlighted two observations relating to the need for clear processes to report and monitor key performance indicators (KPI) and to ensure corrective action was taken.

Members were advised that reluctance to document arrangements within smaller boards, used to working collaboratively, was not an unusual finding, but performance couldn't be assessed unless requirements and controls were written down.

It was confirmed the Head of Finance would undertake an annual review.

It was noted that developing robust SLA's should be fairly straightforward, but action options if delivery should fall short of agreed KPIs was more of a challenge. The potential implications of the national agenda for payroll were noted.

The Chief Executive confirmed that average cost per payslip at other boards was readily available which could provide comparative assurance.

### **Decision / Conclusion**

The Audit Committee noted the report and received assurance on progress made.

**806 Procurement report – AC1819-56**

The Head of Audit and Assurance presented the procurement report to the Committee.

The Chief Executive confirmed that a community policy was part of the procurement strategy.

**Decision / Conclusion**

The Audit Committee noted the report and received assurance that NHS Orkney's procurement procedures reflected good practice and were well designed.

**807 Performance Management report – AC1819-57**

The Head of Audit and Assurance presented the performance management report to the Committee and highlighted it as a really positive report and noted no areas of improvement as a rare outcome.

Members noted the point on page five of the report regarding the absence within board updates of details around current or planned remedial action and the Head of Audit and Assurance suggested consideration be given to their inclusion so the information could be considered in advance of meetings.

Members were advised that such actions were often developed at the meetings as they were discussed in many forums so the picture and narrative was an evolving one, but agreed it was an issue for further thought.

Members also highlighted that whilst smart targets were a positive there was a risk that opportunities to identify less tangible issues were missed because the focus was on those which could be measured.

**Decision / Conclusion**

The Audit Committee noted the report and received assurance that review of performance against qualitative and quantitative targets was undertaken on a regular basis within NHS Orkney.

**808 Budget Management report – AC1819-58**

The Head of Audit and Assurance presented the budget management report to the Committee, which confirmed that NHS Orkney had robust budget setting. It also confirmed that monitoring controls were in place, along with an appropriate budgeting framework, which reflected and supported the structure and operations of the organisation.

Staff training elements were highlighted as particularly positive by members and the Head of Audit and Assurance noted that it was clear from conversations with budgets holders that they had clarity on organisational processes.

The Chief Executive Officer noted that increasing the time members of the Finance team spent talking to budget holders directly rather than via email was a really useful exercise and the move into the new hospital presented the perfect opportunity to progress this approach.

Appropriate use of language when challenging spend against budget was also highlighted as particularly important for ensuring staff striving to deliver remote and rural services were supported.

#### **Decision / Conclusion**

The Audit Committee welcomed a further positive report and received assurance on progress made.

#### **809 Internal and External Communications report – AC1819-59**

The Head of Audit and Assurance presented the internal and external communications report to the Committee and noted that overall there was good partnership and efficiencies from working with NHS Grampian, but the recurrent finding regarding evidenced and monitored Service Level Agreements was highlighted along with the need for further clarity of the approval process for the of external communications.

The Head of Corporate Services noted this service was within her new remit and assured members that whilst there was currently no documentation to evidence appropriate processes for external communications they were in place operationally.

In addition to the actions noted within the report, it was agreed that a best value review to consider whether there were other options going forward should be undertaken.

#### **Decision / Conclusion**

The Audit Committee noted the report and received assurance on progress made.

#### **Internal and External Audit Recommendations**

#### **810 Internal and External Audit Recommendations Follow-up Report – AC1819-61**

The Chief Executive Officer presented the Internal and External Audit Recommendations report and updated members on the status of actions.

Although the report proposed the closure of the one outstanding recommendation, it was agreed that it should remain open with a revised target date of July 2019 and plans to further address the issues raised by the recommendation with the Senior Management Team and Board were noted.

The Head of Audit and Assurance reiterated the excellent performance demonstrated by the reports tabled and the contribution of clear and smart

objectives along with the work in response to historic actions was highlighted.

#### **Decision / Conclusion**

The Audit Committee noted the report and received assurance on progress

#### **Annual Accounts**

##### **811 Annual Accounts Timetable – AC1819-62**

The Chief Executive presented the Annual Accounts Timetable to the Committee to update members and seek approval on the plans for the production of the annual accounts.

#### **Decision / Conclusion**

The Audit Committee noted and approved the timetable.

#### **Information Governance**

##### **812 Information Governance Group Chair's Report**

The Head of Corporate Services presented the Information Governance Group Chair's Report, which highlighted the key agenda items discussed at the February 2019 meeting. Her key message around the volume of catch up work required on a number of the issues was noted.

Shared frustration regarding the lack of progress on Selbro was noted. It was confirmed that the destruction of records policy was in place, but there was prioritisation variance across the organisation. It was agreed this item should be added to the action log.

#### **Decision / Conclusion**

The Committee noted the Chair's Report, were apprised of the identified risks and assured that actions to address them would be taken.

##### **813 Minutes of the Information Governance Group**

The Committee received the minutes of the Information Governance Group meetings which took place on 6 December 2018.

##### **814 Unaccounted for Records**

The Chief Executive Officer presented the report on unaccounted for records and advised members that it had been written by H Robertson, Director of Finance, before she left NHS Orkney and should have been included at the last meeting. However he was pleased to be able to confirm that all records were now accounted for.

#### **Decision / Conclusion**

The Committee noted the report, warmly welcomed the update and received assurance.

### **Service Audit Assurance Reports**

815 There were no items for discussion at the time of this meeting.

### **Fraud**

816 There were no items for discussion at the meeting.

### **Risk**

817 There were no items for discussion at the meeting.

### **Governance**

818 **Terms of Reference**

The Chair presented the Audit Committee Terms of Reference to members and noted minor amendments needed to ensure they were fit for purpose.

### **Decision / Conclusion**

The Committee reviewed and approved the Terms of Reference.

819 **Programme of Business / Workplan**

The Chair presented the Audit Committee Programme of Business / Workplan to members.

The heavy workload for the months of May and June, particularly alongside the move to the new hospital was noted and the Chief Executive Officer confirmed he would consider this when finalising the programme of reports with the Head of Audit and Assurance.

J Stockan noted the busy period ahead and highlighted the absence of additional work from audit actions as an added benefit of the positive reports received by the committee.

### **Decision / Conclusion**

The Committee approved the Programme of Business / Workplan.

820 **Committee Risks, Controls and Assurance Framework**

The Chair presented the Audit Committee Risks, Controls and Assurance Framework to members.

### **Decision / Conclusion**

The Committee approved the Risks, Controls and Assurance Framework.



821 **Agreed items to be brought to the attention of Board or other Governance Committees**

Agreed items to be brought to the attention of the Board:

- It was agreed that verbal updates on the key issues from the audit reports would be provided at the imminent board meeting and the positive outcomes would be highlighted.

822 **Any Other Competent Business**

No other competent business was noted.

**Items for Information and Noting only**

823 **Audit Scotland Reports**

Health and Social Care Integration: update on progress

The Committee received the report on Health and Social Care integration from the Audit Scotland website.

824 **Counter Fraud Services**

There was no update at the time of this meeting.

825 **Schedule of Meetings 2019/20**

Members noted the schedule of meetings for 2019/20

826 **Record of Attendance**

Members noted the record of attendance.

827 **Committee Evaluation**

The chair reflecting on the last six months in post noted the progress of her understanding of committee business and thanked members for their support

The Chief Executive highlighted the good quality papers and positive completion of business.

Meeting closed at 13:30