

Orkney NHS Board

Minute of meeting of the **Audit Committee of Orkney NHS Board** held in the **Saltire Room, Balfour Hospital, Kirkwall** on **Tuesday 3 March 2020** at **11:30 am**

- Present:** David Drever, Interim Chair
Davie Campbell, Vice Chair
Fiona MacKellar, Employee Director
- In Attendance:** Christina Bichan, Chief Quality Officer
Julie Colquhoun, Head of Corporate Services
Mark Doyle, Interim Director of Finance
Paul Kelly, Internal Auditor, Scott Moncrieff
Gerry O'Brien, Chief Executive
David Eardley, Chief Internal Auditor, Scott Moncrieff
Keren Somerville, Head of Finance
Iain Stewart, Chief Executive Designate
Emma West, Corporate Services Manager (minute taker)

830 Apologies

Apologies had been received from G Woolman, C Morrison, L Wilson and D McArthur

D Drever had been appointed by the Board as Interim Chair, due to M McEwen being taking on the role of Chair of NHS Orkney.

831 Declarations of Interest

No interests were declared.

832 Minutes of previous meeting held on 3 December 2019

The minute of the Audit Committee meeting held on 3 December 2019 was accepted as an accurate record of the meeting, subject to the below amendments and were approved.

- Davie Campbell to be added to apologies

833 Matters Arising

593 – Selbro, Records Store

Members were advised that work continued in line with the Records Management Policy, there had been good engagement from the record owners and work to ensure that all inappropriately labeled records were reviewed. The facility was also being fitted with new shelving which would enable the removal of dental moulds currently being stored in King Street so that this property could be disposed of.

834 **Action Log**

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

External Audit

835 No agenda items this meeting.

Internal Audit

836 **Internal Audit Progress Report – AC1920-51**

D Eardley, Audit Director, Scott Moncrieff, presented the report which advised of progress against the 2019/20 Internal Audit Plan. Members were drawn to the appendices which included the timescales for progress and the amendments to the original reporting for audits, as discussed previously at committee meetings.

Members were advised that all outstanding Audits would be presented to the May 2020 meeting of the Audit Committee.

D Campbell questioned whether the plan was on target with regard to days and budget and was advised that there were currently no concerns around this, if this changed there would be detailed discussions with management.

The Chief Executive sought assurance that the outstanding reports would meet the May meeting of the Audit Committee and would not have a significant impact on the assurance statement. He asked that a draft version of the Assurance Statement be provided to the May meeting so that any issues could be addressed with Audit colleagues in good time.

D Eardley provided assurance that timescales would be met and the draft assurance statement would be provided to the May meeting as requested.

Members raised significant concerns over the number of Audit reports being presented to the May meeting as the agreed 2019/20 timescales had been amended. It was agreed that the May meeting would be extended by 1 hour to accommodate these additional reports.

The Head of Corporate Services advised that the Digital Strategy Audit had been originally planned for 2018/19 but due to the vacant posts with the department and reduced capacity it had been agreed to postpone the audit to allow for the new Head of Digital Transformation and Information Technology to take up post and gain an understanding of the role. The workforce planning audit had been delayed due to the transition of the service between Grampian and Orkney and the additional work that this had created.

The Chief Quality Officer advised that the Risk, Clinical Governance and Waiting Times Audits had been delayed due to compounded annual leave following the move to the new hospital and healthcare facility. All the audits had now been undertaken; the findings were as expected and covered issues that

were already known. It was noted that agreement on the Clinical Governance Audit needed to be started in 2020/21 to allow this to be progressed earlier.

The Chief Executive noted the need to be more aware of issues when planning audits as there had been similar issues in previous years. He agreed that the opening of the new hospital and healthcare facility had significantly affected staff and capacity which should have been better anticipated.

D Eardley noted that it would be his personal objective and responsibility to address the timelines for 2020/21, with a view to schedule some audits for the September meetings to fit with data requirements and business needs.

Decision / Conclusion

The Audit Committee noted the Internal Audit progress report and stressed the requirements for more manageable timetables going forward

Internal Audit Reports

837 Financial Controls Self Assessment – AC1920-52

D Eardley, Scott Moncrieff presented the report advising that the review concluded that NHS Orkney had effective controls over the key processes tested for income and receivables, funding requirements, VAT, Payroll, noncurrent assets and management information and reporting.

The report had highlighted two minor issues; one around running exception reports to identify duplicate payments and the other around documented procedures for levels of authority to write off balances. Management comments to address these had been provided and accepted.

D Campbell questioned whether issues around duplicate payments had been noted in a previous audit, D Eardley advised that this could be checked but gave assurance that no recommendations around this were outstanding.

Decision / Conclusion

The Audit Committee noted the report and the recommendations and responses which would be monitored through the Committee.

838 Digital Strategy - Verbal

P Kelly, Scott Moncrieff gave a verbal update reflecting the current status of the Digital Strategy Audit given the staffing changes with the department.

Members were advised that an assignment plan had been agreed and a draft strategy was already in place. Annual operating plans were being developed and assurance was taken from the progress made whilst recognising the complexities.

A key part of review considered engagement with stakeholders and prioritisation of links with national work and strategies against the Boards own priorities and strategy. There was also a need to consider financial planning and affordability

with links to operational planning and governance around the approval of the strategy and monitoring of delivery. Work would continue with key clinical stakeholders as part of the Audit work.

The Chair noted that the department had laid out some very ambitious plans and questioned if the Board had the time, capacity and finances to progress all of these. The Head of Corporate Services advised that many of the workstreams were dictated nationally and these needed to be managed along with local priorities within the limited capacity.

The Employee Director noted that the use of digital champions was very positive and encouraged staff engagement but cautioned that there was a need to be careful around capacity when asking staff to do additional work on top of their standard duties. The Head of Corporate Services advised that all digital champions sessions that staff attended were accredited as CPD and as such formed part of personal development plans.

D Campbell questioned whether there was a timetable for the national work and if there was a risk of not achieving this. The Head of Corporate Services advised that capacity was limited and the risk of not meeting the timelines was high within the current resources.

Decision / Conclusion

The Audit Committee noted the update provided and welcomed the full report to the May meeting of the Committee.

839 Internal and External Audit Recommendations follow up report– AC1920-53

The Interim Director of Finance presented the report on internal and external audit recommendations. He advised that 4 recommendations were brought forward following the last report, three remained outstanding and one was requested to be closed. The following were requested

- Item 159 – Assessment of services provided by NHS Grampian had now been carried out and the recommendation should be closed
- Item 152 - Strategic work with the Board continues and engagement on the new strategy had commenced, the full strategy would be presented to the Board for approval on 21st May 2020 and as such an extension to the timescale to the 31 May 2020 was requested.

The Chief Executive questioned the target completion dates for actions 162 and 163 and was advised that Scottish Government input was required to progress these.

Decision / Conclusion

The Committee noted the report and agreed the amended timescale and closure.

Information Governance

840 Information Governance Chair's report – AC1920-54

The Head of Corporate Services presented the chairs report advising that the Group had discussed key items relating to the:

- Agreement on retention period of Dental GP17 Forms
- Approval of the Memorandum of Understanding for the provision of Data Protection advice to GP Practices.
- Updated Records Management Plan approved for submission to Keeper of the Records
- Assurance around disaster recovery arrangements
- Audit findings on use of VPN tokens
- Update on USB port locking and need to share this information with staff.
- Update on National and Information Systems Regulations audit

The Chair noted that the February meeting of the Information Governance Group had not been quorate, The Head of Corporate Services suggested that the meetings were not always seen as a priority by all the members due to a lack of understanding of their roles in relation to Information Governance. The Group had revisited the Terms of Reference, Risk Control and Assurance Framework and the Business Cycle to make these more relevant and members more accountable.

The Employee Director questioned capacity to attend and was advised that this was an issue for all staff and there needed to be prioritisation of the manager as part of their role.

The Chief Executive noted the letter from Information Commissioners Office around the handling of Freedom of Information requests and performance against standards and welcomed an update at the next meeting. The Chief Quality Officer advised that internal processes including amendments to sign off had been improved to limit delays.

Decision / Conclusion

The Committee noted the report including the progress of the Group and the ongoing amendments to the focus of the group and the prioritisation of this with managers.

Annual Accounts

841 Annual Accounts Timetable – AC1920-55

The Head of Finance presented the Annual Accounts timetable for information.

Decision / Conclusion

The Committee noted the report.

842 **Interim Audit Work – AC1920-56**

The Head of Finance advised members on the interim external audit work carried out to date by Audit Scotland. No issues had been raised to date and the interim report was awaited.

Decision / Conclusion

The Committee noted the report.

Fraud

843 **Fraud update – AC1920-57**

The Interim Director of Finance presented the paper advising that there had been no new cases of alleged fraud reported to Counter Fraud Services and there were no ongoing fraud investigations to report on.

Members were advised that NHS Orkney had a requirement to inform Counter Fraud Services (CFS) of any instances of suspected fraudulent activity.

Decision / Conclusion

The Committee noted the update provided.

844 **National Fraud Initiative 2018/19 - AC1920-58**

The Interim Director of Finance presented the report which detailed the exercise that matched electronic data within public and private sector bodies to prevent and detect fraud. There were no instances of fraud or duplication identified from the returned matches for 2018/19

Decision / Conclusion

The Committee noted the outcomes of the National Fraud Initiative 2018/19 exercise.

Risks

845 **Risk and Assurance – AC1920-59**

The Chief Quality Officer presented the report to provide assurance and implementation of the refreshed approach to risk management advising that interventions across the system as a whole were being reviewed.

She advised that a self assessment against the Audit Committee handbook had been drafted and was attached with areas of further development built into the risk management improvement plan.

There were currently 37 active risks on risk register, engagement in assessing, reviewing and updating risks within the risk register was currently positive. Furthermore, employee engagement in undertaking risk training was currently

very good with 668 members of staff having completed the online module in the last 3 years.

The newly formed risk management form, had met to consider its role and purpose and to identify where current systems and processes could be further developed to add value to the risk management approach. There was enthusiasm for the group which had been well attended with members looking practically at how the strategic framework would support them and their service areas.

D Campbell questioned the self assessment and how this would be progressed, monitored and reported, The Chief Quality Officer advised that outcomes of the audit report would be awaited and then an action plan developed following this dependent on the recommendations. Risk reporting would be through the relevant Governance Committees.

The Chief Executive noted that some of risks should be removed as they had been addressed and mitigated.

Decision / Conclusion

The Committee noted the report and took assurance on the refreshed procedures and direction of travel.

846 Risks Escalated from Governance Committees

No risks had been escalated from the governance committees.

Governance

847 Terms of Reference

The Corporate Services Manager advised that the Terms of Reference had been reviewed and amended and were brought to the Committee for approval. The main amendment was the change of the committee title to the Audit and Risk Committee.

D Eardley clarified that the Chair of the Board could attend a meeting of the Audit committee if invited to do so but could not be a member of the committee. This was different to what was stated in the Blueprint for Good Governance but was not always seen as good practice as long as checks and balance were put in place.

Members agreed that the current practice within NHS Orkney of allowing the Chair of the Board to attend in an observer capacity around specific agenda items or meetings was sufficient and would continue.

Decision / Conclusion

The Committee approved the amendments to the Terms of Reference noting that the accounting policies should be approved by the Board.

848 **Programme of Business/Work plan**

The Corporate Service Manager advised that the work plan had been amended to further reflect the additional focus on risk and also to bring the Information Governance reporting in line with assurance requirements.

The Chief Executive noted that the March meeting should include the draft Internal Audit plan for 2021/22.

Decision / Conclusion

The Committee approved the work plan subject to the above amendment.

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

The Corporate Services Manager presented the Committee Risks, Controls and Assurance Framework advising that the framework had been amended to include Information Governance which had previously been the remit of the Finance and Performance Committee.

Decision / Conclusion

The Committee approved the amendments to the Committee Risks, Controls and Assurance Framework.

850 **Agree items to be brought to attention of Board or other Governance Committees**

Board

- There was a heavy dependence on Internal Audit reports being received at the May meeting and these were crucial in closing the year end accounts.
- The National Fraud Initiative exercise had highlighted no recoveries to be made by the Board.

851 **Any Other Competent Business**

No other competent business was raised.

Items for Information and Noting only

852 **Counter Fraud Services**

The following CFS report had been provided for information and noting:

- Intelligence Alerts.

853 **Audit Scotland Reports**

The following Audit Scotland report had been provided for information and noting:

- Technical Bulletin 2019/04

854 **Schedule of Meetings 2020/21**

Members noted the schedule of meetings for 2020/21

855 **Record of Attendance**

Members noted the record of attendance.

856 **Committee Evaluation**

Members agreed that the meeting had been positive and constructive.