

## **Orkney NHS Board**

Minute of meeting of the **Audit and Risk Committee** of **Orkney NHS Board** held **virtually** via **Microsoft Teams** on **Thursday, 25 June 2020** at **10:00**

**Present:** David Drever, Chair  
Davie Campbell, Vice Chair  
Fiona MacKellar, Employee Director  
Jason Taylor, Non-Executive Director

**In Attendance:** Mark Doyle, Interim Director of Finance  
David Eardley, Chief Internal Auditor, Scott Moncrieff  
Caroline Evans, Non-Executive Director  
Claire Gardiner, Senior Audit Manager  
Issy Grieve, Non-Executive Director  
Steven Johnston, Non-Executive Director  
Paul Kelly, Director, Scott Moncrieff  
David McArthur, Director of Nursing, Midwifery, Allied Health Professionals and Acute Services  
Meghan McEwen, Board Chairperson  
Gerry O'Brien, Chief Executive  
Keren Somerville, Head of Finance  
Iain Stewart, Chief Executive Designate  
Matthew Swann, Internal Auditor, Scott Moncrieff  
Gillian Woolman, Audit Director, Audit Scotland  
Emma West, Corporate Services Manager  
Louise Wilson, Director of Public Health  
Gemma Pendlebury, Committee Support

### 344 **Welcome**

The Chair welcomed all members of the Audit and Risk Committee to the meeting.

### 345 **Apologies**

Apologies were received from J Colquhoun, S Johnston and M Roos.

### 346 **Declarations of Interest**

No interests were declared.

### 347 **Minutes of previous meeting held on Thursday, 2 June 2020**

The minute of the Audit and Risk Committee meeting held on Thursday, 2 June 2020 were received by the Committee and approved as a true and accurate record of the meeting.

### 348 **Matters Arising**

There were no matters arising additional to the agenda.

## 349      **Action Log**

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

### **Internal Audit**

#### **Internal Audit Reports**

## 350      **Digital Strategy Internal Report – ARC2021-31**

P Kelly, Director at Scott Moncrieff, presented the Digital Strategy Internal Audit Report to the Committee, noting that it was timely that this review be brought to the Committee in light of the introduction of the national Digital Health and Social Care Strategy (2018) and the importance of digital. He highlighted to the Committee that assurance had been gained that NHS Orkney's procedures reflect good practice in a number of areas, including:

- Significant work undertaken to develop an annual operating plan
- A programme plan had been developed and was maintained to allow progress in Technology Enabled Care to be monitored

There had also been a number of areas of improvement identified which, if addressed, would strengthen the organisation's control framework. These were:

- To formally set out a timetable for the production and approval of the TEC Strategy;
- Amend the TEC Strategy to clearly explain how planned activities are aligned to the Corporate Plan and the national Digital Health and Social Care Strategy;
- To ensure the TEC Strategy had clearly defined, longer-term outcomes for patients and staff;
- Develop a high-level financial plan for the TEC Strategy delivery, and align the plan to the Board's wider strategic financial planning processes;
- Consider whether the Chair of the TEC Project Board should be a senior clinician to ensure that the Project Board is clinically-led.

The Director of Nursing, Midwifery, Allied Health Professionals and Acute Services assured the Committee that he had been appointed as Chair of the TEC Project Board going forward to ensure that the group had sufficient clinical leadership.

The Chief Executive noted that it was a positive report showing that the foundations of the Digital Strategy were in place and that the highlighted areas for improvement could be built upon, specifically the clear articulation of longer-term outcomes.

### **Decision / Conclusion**

The Audit and Risk Committee noted the Digital Strategy Internal Audit Report and were assured of the processes and procedures in place.

351 **Internal Audit Annual Report 2019/20-ARC2021-32**

D Eardley, Chief Internal Auditor at Scott Moncrieff presented the Internal Annual Audit Report to the Committee. The report summarised internal audit conclusions and key findings from the audit work undertaken during the year ended 31 March 2020, including the clean overall audit opinion on NHS Orkney's internal control system.

**Decision / Conclusion**

The Audit and Risk Committee noted the final report.

352 **Internal Audit Plan 2020/21 – ARC2021-33**

D Eardley, Chief Internal Auditor at Scott Moncrieff presented the Internal Audit Plan for 2020/21 for comment, highlighting the areas of proposed coverage for 2020/21 plan and also detailed areas that had been audited in recent years.

- Post Implementation Review – carried forward from 2019/20
- Corporate Governance
- Clinical Governance
- Strategic Planning
- Estates Strategy
- Waiting Times
- Joint Working Arrangements
- Estates and Asset Management
- Internal Communications
- External Communications
- Health and Safety
- Capital Project Management
- IT Healthcheck
- IT Security
- Network Management
- Property Transaction Monitoring

The Committee were informed that there was a degree of flexibility to the plan and some contingency time that could be utilised to undertake any review they deemed necessary for 2020/21. Members noted that flexibility around the plan was invaluable and were keen to include reviews around financial management and the use of locum medical staff.

**Decision / Conclusion**

The Audit and Risk Committee noted the plan and welcomed an updated version based on the comments to the next meeting.

353 **Extension to Audit Appointment and Code of Audit Practice**

The Interim Director of Finance presented the report to the Committee, noting that the COVID-19 pandemic had resulted in the Auditor General for Scotland and the Accounts Commission for Scotland extending the current audit appointments by one year in the first instance.

G Woolman thanked the Interim Director of Finance for bringing this matter to the attention of the Committee.

### **Decision / Conclusion**

The Audit and Risk Committee noted the extension.

### **Annual Accounts**

***Not for publication until laid before Parliament***

#### **354 Representation Letter – ARC2021-35**

The Chief Executive noted that this was the conclusion of the annual accounts process for 2019/20, the letter provided personal assurance that he had undertaken scrutiny and challenge and that nothing had been withheld over the financial year. He was confident that processes were robust and all required information had been divulged.

### **Decision / Conclusion**

The Audit and Risk Committee noted the representation letter.

#### **355 2019/20 Annual Audit Report from External Auditor – ARC2021-37**

G Woolman, Audit Director for Audit Scotland, presented the draft Annual Audit Report and letter 2019/20, noting that due to the constraints of COVID-19 the fuller Annual Audit Report would be issued at a later date.

It was also noted that there were no matters that required reporting on by exception.

### **Annual Audit Report**

Members were advised that the report contained key messages which should be shared more widely throughout the organisation.

Part 1 of the report reiterated that NHS Orkney's financial statements gave a true and fair view and were properly prepared and that expenditure and income were in accordance with applicable enactments and guidance.

COVID-19 resulted in minor delays to the provision of the draft annual report and accounts. Supporting working papers and extracts from the accounts were provided to the audit team in advance of the full accounts to minimise delays.

Members were advised that the NHS in Scotland procures a number of service audits each year for shared systems: NHS National Services Scotland (NSS) procures service audits covering primary care payments and the national IT contract; and NHS Ayrshire & Arran procure a service audit of the National Single Instance eFinancials service.

The 2019/20 service auditor reports covering primary care payments and the national IT contract included qualified opinions. The qualifications related to the design or operating effectiveness of controls in order to meet the stated control objectives, rather than indicating that the underlying transactions were necessarily incorrectly processed. Audit Scotland had reviewed the

qualifications contained within the service auditor reports and concluded they did not have an adverse impact on the audit approach or opinion.

Exhibit 3 detailed for the Committee four significant findings from the audit of the financial statement. These were in connection with the following items:

- Performance and accountability
- Inadequate Service Level Agreements
- Accounting estimate disclosures
- Disclosure surrounding the Balfour Hospital completion

Recommendations for each of those items had been acted upon or were known to management and were set out in an action plan at appendix 1 of the report.

Thanks were given to the finance team for their work around the accounts to make the process go smoothly and for maintaining an excellent relationship with the Audit team.

The Chair thanked G Woolman and Audit Scotland colleagues for all their hard work around the annual accounts, especially in light of the Coronavirus pandemic and new ways of working.

### **Decision / Conclusion**

The Audit and Risk Committee noted the draft Annual Audit Report and letter for 2019/20 and were received assurance that the fuller report would be received in due course.

### **Annual Governance Letter**

#### **356 Significant Issues that are Considered to be of wider interest – Letter to the Scottish Government – Health Finance Division – ARC2021-38**

The Chair presented the letter advising that there were no significant issues or fraud to draw attention to.

### **Decision / Conclusion**

The Audit and Risk Committee noted the final letter and agreed signature by the Chair.

### **Items for Information and Noting only**

#### **357 Schedule of Meetings 2020/21**

Members noted the schedule of meetings for 2020/21.

#### **358 Record of Attendance**

The Committee noted the record of attendance.

**Committee Evaluation**

Members of the Committee noted that the meeting had progressed well, enabling them to receive and approve much formal business in preparation for submission to Scottish Parliament and then the public. They felt this was a very important meeting within the schedule of the Audit and Risk Committee, ensuring that NHS Orkney remain accountable.

The Chair of the Audit and Risk Committee took the opportunity to note this would be the final meeting that G O'Brien would attend as Chief Executive and thanked him for his time, experience, tenacity and valuable contribution to the Committee.

*Meeting closed at 11:27*