

Orkney NHS Board

Minute of meeting of the **Audit and Risk Committee** of **Orkney NHS Board** held **virtually** via **Microsoft Teams** on **Tuesday, 4 May 2021** at **11:30**

Present: David Drever, Chair
Issy Grieve, Non-Executive Director
Fiona MacKellar, Non-Executive Director and Employee Director
Jason Taylor, Non-Executive Director

In Attendance: Mark Doyle, Director of Finance
Claire Gardiner, Senior Audit Manager, Audit Scotland
Keren Somerville, Head of Finance
Gillian Woolman, Audit Director, Audit Scotland
Meghan McEwen, NHS Orkney Board Chair by invitation
Matthew Swann, Internal Audit, Associate Director, Azets
Gemma Pendlebury, Senior Corporate Services Officer (Committee Support)

A1 Welcome

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

The Chair informed members that there had been a change of membership within the Committee and thanked D Campbell for his valued contribution to the committee throughout 2020/21. He also welcomed J Taylor as the new Vice-Chair for the Committee, and I Grieve as a new member.

A2 Apologies

Apologies were received from M Dickson, C Bichan, and D Eardley.

A3 Declarations of Interest

No interests were declared.

A4 Minutes of previous meetings held on Tuesday, 2 March 2021

The minutes of the previous meeting held on Tuesday, 2 March 2021 were approved as a true and accurate record subject to the following amendments:

- Item 1047, page 5, bullet point 4, sub-point 3 – The point should read that there were policies and procedures in place regarding recruitment and appointments, the issue were that those procedures and policies were not being adhered to.
- Item 1057 – The paragraph should read that there was development work being done in partnership with the Chair of the Board regarding assurance frameworks and that these would influence the Governance Committee Assurance Frameworks in the future.

A5 Matters Arising

There were no matters arising additional to the agenda.

A6 **Action Log**

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

A7 **Message from the Audit and Risk Committee Chair and Lead Executive**

The Chair informed members that meeting papers for the Committee meetings were not being submitted in line with approved and agreed deadlines. Both the Chair and the Director of Finance as Lead Executive noted that late papers would not be considered at the meeting, unless prior agreement had been sought from the Chief Executive, the Chair of the Committee, and the Lead Executive.

External Audit

No items for discussion at this meeting.

Internal Audit

A8 **Draft Internal Audit Annual Report 2020/21**

M Swann, Associate Director, Azets, presented the draft Internal Audit Annual Report for 2020/21.

He explained for members that the report was a culmination of all of the internal audit work that had been conducted for the year 2020/21 and gave the overall audit opinion of Azets as internal auditors for NHS Orkney and the key findings that the various internal audits had discovered throughout the year's programme of works.

Members were advised that there had been a slight change to the work plan for the year 2020/21 as a further three reviews had been identified in areas where there were known to be high risks. This was to ensure that the risks were identified, suitably actions, and assurance could be taken.

Decision / Conclusion

Members of the Committee received the draft Internal Audit Annual Report for 2020/21 and approved the content of the report.

Post Meeting note: Members were advised during the meeting that the agenda items would be taken slightly out of order to allow for a smoother running of business. Thus, the next items in these minutes will be the Internal Audit Reports, followed by the Draft Internal Audit Plan for 2021/22.

Internal Audit Reports

A9 **Use of Locums – ARC2122-02**

M Swann, Associate Director, Azets, presented the Internal Audit Report into the Use of Locums for members of the Committee, highlighting that Locum usage was an area that the Committee had asked them to investigate. Investigation had found that there were a number of documented procedures in place, including timesheet and pre-employment checks procedures. However, the report had found that the following areas were requiring improvement:

- Incorporating the Senior Management Team in reporting on the use of locums across NHS Orkney's specialities
- Enhancing the locums contact list with the locum's registration information to ensure suitability
- Adhering to the procedures set out in the Standard Operating Procedures (SOPs)
- Having job descriptions for each individual within the Board

Internal Audit had welcomed the approach taken by management in addressing key actions already, with some scheduled to be closed off in short order.

J Taylor welcomed the audit and the findings in the report. He queried whether there was adequate resource being allocated for the continued maintenance of the locum registrations spreadsheet to ensure it is kept up to date? The Director of Finance noted that the record keeping would be enhanced by work being undertaken in partnership with PlusUs as our external provider of contingent workforce solutions.

The Chair of the Committee noted that the report was timeously received, giving assurance on the usage and the impact of locums on NHS Orkney financially.

Decision / Conclusion

Members took assurance on progress being made in connection with the internal audit report management actions.

A10 Corporate Governance – ARC2122-04

M Swann, Associate Director, Azets, presented the internal audit report on Corporate Governance to members, highlighting that overall there were clear, well defined processes in place which were aligned to Code of Corporate Governance.

There were, however, areas for improvement such as:

- There was limited formal handover processes between Committee Chairs'
- The Recruitment and Selection Policy was last approved in 2009, which leads to the procedures not being fully able to comply with relevant legislation enacted after that date
- A comprehensive training policy for Board Members should be developed, covering scope, role-specific requirements, timescales for completion, feedback, and reporting/monitoring arrangements

There were no areas of non-compliance.

M McEwen gave thanks for the direction detailed within the report and welcomed the actions around a continuous improvement cycle. She noted that work was underway regarding making the induction process and committee welcome a distinct and meaningful.

Decision / Conclusion

Members took assurance from the internal audit report into Corporate Governance.

A11 Waiting Times – ARC2122-05

M Swann, Associate Director, Azets, presented the recurring annual review into Waiting Times, noting a good overall performance for NHS Orkney. He clarified for members that the information was regarding National waiting times, rather than local waiting times.

There was one low level risk for action, which was to ensure the most up to date link to Waiting Times data and statistic was published on the NHS Orkney website at all times.

The Chair welcomed the positive report and noted that waiting times was one of the areas NHS Orkney could pride themselves on.

Decision / Conclusion

Members of the committee noted the Waiting Times Internal Audit Report and were assured of performance.

A12 Internal and External Communication – ARC2122-06

M Swann, Associate Director, Azets, presented the Internal and External Communication Internal Audit Report and noted that this was the highest risk report that NHS Orkney had received, with one very high risk found within it. Key findings of the report were:

- There needs to be developed an up to date communications strategy that clearly articulates the Board's approach to communications for key internal and external stakeholders
- There needs to be a communications policy created that clearly outlines robust procedures to allow NHS Orkney to manage communication effectively
- Significant improvement was required in key areas to consider effectively the key communication activities in advance of information being released
- Communication with external stakeholders and internally with staff was crucial to help optimise support for the organisations strategic and operational plans
- Internal audit were aware that the findings of the report were already high on the agenda for the Interim Chief Executive and that NHS Orkney were not surprised by the findings within the report
- It was reassuring to see that work had began regarding restructuring changes within the internal and external communications team to better support the delivery of the communications strategy going forward.

The Chair of the Committee acknowledge the report and agreed that they were unsurprised by the findings, which though they had been exacerbated by Coronavirus had been in existence before the pandemic.

Decision / Conclusion

Members received the internal audit report for Internal and External Communications and were assured that the action plan described would effectively mitigate the risks raised.

A13 Estates Management – ARC2122-07

M Swann, Associate Director, Azets, delivered the internal audit report for Estates Management to members of the Committee, highlighting that this was a well controlled area of the organisation. The report found there was a small number of key issues related to the approach to estates management within NHS Orkney, primarily related to the need to implement appropriate monitoring arrangements following the implementation of a regional approach to the management of estates. Members were advised that there should be a regular monitoring process implemented to map the progress of delivery of NHS Orkney's Asset Management Summary 2019 to 2029.

Decision / Conclusion

Members of the Committee received and noted the report and took assurance on progress and performance.

A14 Draft Internal Audit Plan 2021/22 – ARC2122-02

M Swann, Associate Director, Azets, delivered the draft Internal Audit Plan for NHS Orkney for the coming year 2021/22, noting for members that plan was built around standard requirements. The Committee was asked to approve the content of the plan, with the proviso that the plan could be altered to suit the needs of the Board as and when required.

Key areas highlighted for coverage during 2021/22 were:

- COVID-19 Financials
- Recovery from the COVID-19 outbreak

M McEwen raised a query as to whether the 2021/22 cycle was the appropriate time to audit the Health and Social Care Partnership Working as the new Chief Officer of the Integration Joint Board (IJB) would not have been in position for long enough to have made meaningful changes that could be recorded. M Swann agreed with the point, stating that it was important to audit appropriate areas at the appropriate times. He agreed to return to the Committee following further consideration on the timeframe for the Health and Social Care Partnership Working Internal Audit.

J Taylor welcomed the plan and the schedule of areas to be audited. He raised a query regarding the schedule for auditing areas that were not considered high risk, noting that it would be detrimental to leave areas unaudited simply because there were no challenging issues or risks deemed to be present. M Swann responded by explaining the methodology for developing the internal audit plan, utilizing a wide range of information from corporate documents and risk registers to identify the areas of key risk. However, low risk or areas considered "safe" were periodically looked at, with a large number of those reports being conducted during the transfer to the new hospital two years prior. Lastly, he advised that the Board was still able to pin point key areas on which they would like Internal Auditors to investigate and that the schedule of works could be amended.

The Director of Finance added that there was a need to move away from the "safe" audits and to instead focus on the areas of most need so that actions could be flagged up and risk mitigated swiftly.

The Employee Director noted that the Staffside would truly welcome an audit into Health and Social Care Partnership Working. It was a very important audit, and she and Staffside would be keen to see if it could possibly be undertaken potentially during the latter stages of 2021/22.

G Woolman, Audit Director. Audit Scotland, welcomed the information shared by Internal Audit regarding the basis of the plan for 2021/22. She noted that though Payment Verification was not considered to be a high level of risk, it was an area that was delivered on behalf of NHS Orkney by NHS National Services Scotland (NSS). She advised that NHS Orkney would be well placed by thinking about what additional work needed to be undertaken to gain assurance that those service audits were true and appropriate.

Decision / Conclusion

Members of the Committee gave approval that the internal audit work for 2021/22 could be commenced, however they would approve the amended Internal Audit Plan for 2021/22 at the next meeting of the Committee.

A15 Internal and External Audit Recommendations – ARC2122-08

The Director of Finance presented the update Internal and External Audit Recommendations for the Committee, asking for approval for the recommendations made:

- Seventeen audit recommendations were brought forward from the last report
- Ten new recommendations had been added
- Approval was sought for seven recommendations to be completed
- An extension was sought for three recommendations
- Twenty recommendations remained in progress with estimated completion dates throughout 2021

The Director of Finance noted that the list would continue to grow as the internal audit process progressed. The List would be sent out by the PA for the Director of Finance in order to gain regular feedback, updates and to chase actions regularly. The Director of Finance was keen to continue with this proactive approach to audit actions and to ensure the closing of actions by the assigned deadlines. The report would be presented to and discussed at each future Audit and Risk Committee meeting.

The Chair requested that consideration be given to the additional ask of staff in the completion of actions, and that any difficulties with capacity be escalated and addressed.

J Taylor gave thanks to the Director of Finance for the following up and chasing of actions and took assurance in that. He further queried whether the closing of actions 186 and 197 had been agreed on the basis that the training had been undertaken, rather than having achieved a level of completion of that training. The Director of Finance confirmed that the training had been put in place and that that was indeed the reason for the actions closure.

M McEwen raised a concern that following a recent software update, some mandatory training modules (i.e. Health and Safety) on LearnPro were no longer

compatible with Adobe Flash Player and so training slides were not viewable for staff. The Committee required assurance that all staff were able to access the mandatory training module information. This would be added to the Audit and Risk Committee Action Log for follow up.

Decision / Conclusion

Members of the Committee approved the recommendations made in the Internal and External Audit Recommendations report.

I Grieve withdrew from meeting at 12:42

Annual Governance Statement

A16 Draft Directors' Subsidiary Statement on Governance

The Director of Finance advised members that the Directors' Subsidiary Statement on Governance was very much in draft form and was being presented to the Committee for a review of the content. He clarified that the Executive Directors of NHS Orkney were responsible for maintaining systems of internal control in order to provide assurance to the Board for the Annual Accounts. Certain items had been added to the statement to take into consideration the updated Certificates of Assurance from the Scottish Government.

G Woolman, Audit Director, Audit Scotland, welcomed the draft response and certificates of assurance, noting it was an important piece of evidence for the annual governance statement.

J Taylor queried when the final version would be submitted to the Committee and the Director of Finance confirmed that the final version would be agreed at the next Audit and Risk Committee meeting on 2 June 2021, before being presented to the Board on the 24 June 2021.

Decision / Conclusion

Members received the Draft Directors' Subsidiary Statement on Governance and welcomed the final version for submission to the next meeting.

Information Governance

A17 Information Governance Action Plan Progress Report – ARC2122-10

The Director of Finance delivered the Information Governance Action Plan Progress Report, highlighting for members actions taken place since last meeting:

- The complete suite of updated Information Governance Policies had been presented to the Information Governance Committee in April 2021
- NHS NSS, in conjunction with NHS Orkney's IT Department, had been tasked with reviewing cyber security and the NIS audit
- Mandatory training requirements had been reviewed and training arranged for the EMT, SMT and the Information Governance Committee
- Online mandatory training was being developed for all staff
- All actions to the end of March 2021 as set out in the NHS NSS External Review paper had been completed

- Handover to the DPO and Deputy DPO was planned once the positions had been recruited to. In the meantime, progress would be retained to date.

Decision / Conclusion

The Committee welcomed the update report and were assured on the progress made.

A18 Information Governance Group Chair's Report and approved minute from 4 February 2021 – ARC2122-11

The Director of Finance presented the Information Governance Chair's Report., which gave an overview of the matters discussed at the 4 February 2021 meeting of the Information Governance Committee.

Decision / Conclusion

Members received and noted the Chairs Report and minutes from the Information Governance Committee.

A19 Information Governance Group Annual Report 2020/21 – ARC2122-12

The Director of Finance presented the Information Governance Committee Annual Report for 2020/21 for members of the Committee for information and noting.

Decision / Conclusion

Members of the Committee noted the annual report.

Annual Accounts

A20 Annual Accounts Timetable – ARC2122-13

The Director of Finance presented the annual accounts timetable for members of the Committee, highlighting that the Scottish Government had agreed an extension to the Annual Accounts timeline until the end of September 2021. However, he confirmed that NHS Orkney would look to complete their Annual Accounts by the original deadline of the end of June 2021.

Decision / Conclusion

Members of the Committee noted the timeline and deadline for the completion of the Annual Accounts.

Fraud

A21 Attempted Fraud on the Endowment Bank Account

The Director of Finance, in the remit of Fraud Liaison Officer, presented the report for members of the Committee, explaining that a member of staff had been contacted by an alleged bank employee regarding attempted frauds made against the Board's endowment bank accounts. The caller managed to communicate with a number of employees and informed them that two large payments had been made and requested verification from and appropriate authorised contact. The caller asked the staff member to log into Bankline and carry out instructions to block

the payments. However, once logged in, the caller asked the staff member to click on a “new payment” screen and provided an unfamiliar name to be input as a new payee. The caller identified himself to be from RBS Bankline and noted he was at their Fraud Department in Edinburgh, as well as providing a telephone number and extension number. The caller provided names of the individuals who were allegedly making the fraudulent attempts on the Board’s bank account and noted the other banks involved had been notified, however the stated bank names did not match the true banks with which the individuals held their accounts.

The Director of Finance confirmed that the telephone call was terminated by the NHS Orkney staff member and had been reports to both the Royal Bank of Scotland and Action Fraud. As a result, no monies were lost as the call handlers did not proceed with any actions requested. Furthermore, Counter Fraud Services would distribute an alert to all NHS Scotland Health Boards for awareness.

Decision / Conclusion

Members received the report and were assured that staff had acted appropriately and that the fraud had been alerted to the appropriate authorities.

Risk

A22 Risk and Assurance Report – ARC2122-14

The Director of Finance delivered the Risk and Assurance Report on behalf of the Head of Assurance and Improvement, highlighting for members that there was a great deal of work being undertaken regarding risk which was closely aligned with the NIS Audit.

- He explained that the Risk Management Implementation Plan underpinned the Board’s Corporate Strategy. A comprehensive amount of review had already taken place regarding the risk registers
- Risks were now divided into four appropriate areas: Corporate Risk, Business and Support, Health Care, and Hospital Risks
- Risks had also been pushed to Departmental level for actions, management and mitigation where appropriate
- Before a risk was entered onto a risk registers it would be thoroughly reviewed to ascertain if it was placed suitably
- Risk registers were reviewed on a monthly basis to ensure they were up to date
- The Corporate Risk Register was managed as an Executive Management Team and the Board
- A session to score the Corporate Risk Register had been scheduled and would be presented to the Audit and Risk Committee, before then being presented to the Board for approval.

J Taylor gave recognition to the Director of Finance and the team that had worked on the risk register project, acknowledging the huge amount of work that had been undertaken and the progress that was evident. He encouraged that feedback from the monthly risk meetings be provided to the originator of the risk to reinforce the process and build confidence in the system. The Director of Finance agreed and confirmed that feedback was to be presented to the relevant staff as well as the Risk Management Forum.

The Employee Director raised a query regarding whether every department had a risk register and were they managing and updating it regularly. The Director of Finance would raised the query at the next meeting of the Risk Management Forum and would return to the Audit and Risk Committee with appropriate assurances. This item would be entered onto the Audit and Risk Committee Action Log for monitoring.

Decision / Conclusion

Members of the Committee received the Risk and Assurance Report and gained assurance from progress made.

Risks Escalated from Governance Committees

A23 Staff Governance Committee – Cross Committee Assurance Report – ARC2122-15

The Committee received the Cross-Committee Assurance Report from the Staff Governance Committee in relation to the meeting on 24 February 2021. The report highlighted to members that there had been an audit on employee personnel files, and presented evidence that requirements were being met in line with pre-employment checks, right to work requirements, and where appropriate, fitness to practice guidelines were being appropriately carried out prior to an employee's start date.

The report advised that 20% of staff files had been audited, equating to 185 employees of the substantive workforce and bank workforce employed as of 12 January 2021.

96 of the audited employees had all necessary and relevant paperwork in place within their electronic personnel files, 88 files were outstanding one or more forms of documentation and one employee had no pre-employment check held within their file.

It was proposed that the Human Resources continued to conduct a review of employee personnel files across the organisation with a view to ensuring existing employees had the relevant documents as a minimum within their electronic files.

Decision / Conclusion

The Committee welcomed the information, risks identified, and mitigating action taken.

Governance

A24 Annual Litigation Report – ARC2122-16

The Director of Finance presented the Annual Litigation Report to members of the Committee. The report was to updated on the current Litigation cases overseen and managed by the Central Legal Office (CLO), in Edinburgh, and the financial implications of each case.

Since the last report in August 2020, there had been one case opened by the CLO and they were acting on behalf of NHS Orkney on one single claim for £50k in connection with an alleged incidence of sub-standard post-operative care.

The Director of Finance advised members that a settlement was expected by September 2021.

Decision / Conclusion

Members of the Committee received the Annual Litigation Report and were assured of progress.

Governance Committee Annual Reports 2020/21

A25 Audit and Risk Committee Annual Report 2020/21 – ARC2122-17

Members of the Committee received the Audit and Risk Committee Annual Report for 2020/21.

G Woolman welcomed the detail included in report and highlighted a typographical error on page 238, where the date was noted as March 2020 instead of 2021.

G Woolman withdrew from the meeting at 13:16

J Taylor requested that an additional success be added to include the enormous effort and amount of work taking place in connection with risk registers.

Decision / Conclusion

The Committee approved the Annual Report, with the additional success to be included and the amendment of one incorrect date on page 238.

A26 Clinical and Care Governance Committee Annual Report 2020/21 – ARC2122-18

Members received the annual report.

Decision / Conclusion

Members approved the annual report.

A27 Finance and Performance Committee Annual Report 2020/21 – ARC2122-19

Members received the annual report.

Decision / Conclusion

Members approved the annual report.

A28 Remuneration Committee Annual Report 2020/21 – ARC2122-20

Members received the annual report.

Decision / Conclusion

Members approved the annual report.

- A29 **Staff Governance Committee Annual Report 2020/21 – ARC2122-21**
- Members received the annual report.
- Decision / Conclusion**
- Members approved the annual report.
- Governance Committee Annual Development Session Documentation for 2021/22**
- A30 **Joint Clinical and Care Governance Committee Annual Development Session Documentation – ARC2122-22**
- Members received the Terms of Reference and Workplan for 2021/22.
- Decision / Conclusion**
- Members approved the Terms of Reference and Workplan for 2021/22.
- A31 **Finance and Performance Committee – ARC2122-23**
- Members received the Terms of Reference, Workplan, and Risks, Controls, and Assurance Framework for 2021/22.
- Decision / Conclusion**
- Members approved the Terms of Reference, Workplan, and Risks, Controls, and Assurance Framework for 2021/22.
- A32 **Remuneration Committee – ARC2122-24**
- Members received the Terms of Reference, Workplan, and Risks, Controls, and Assurance Framework for 2021/22.
- Decision / Conclusion**
- Members approved the Terms of Reference, Workplan, and Risks, Controls, and Assurance Framework for 2021/22.
- A33 **Staff Governance Committee**
- Members received the Terms of Reference and Workplan for 2021/22.
- Decision / Conclusion**
- Members approved the Terms of Reference and Workplan for 2021/22.
- A34 **Agreed key items to be brought to Board or other Governance Committees attention**
- Members of the Committee agreed to raise the following key messages for the attention of the Board:

- Annual Accounts
- Internal Audit Annual Report
- Risk Register work and assurance
- Indication request from Chair of Board to more detail on work that is in hand
– brief report on IA reports approved for 2021/22

A35 Any Other Competent Business

There was no other competent business for discussion.

Items for Information and Noting Only

Audit Scotland Reports

A36 Technical Bulletin 2021-01

Members received the Technical Bulletin extract report.

A37 Schedule of Meetings 2021/22

Members noted the schedule of meetings for 2021/22.

A38 Record of Attendance

The Committee noted the record of attendance.

A39 Committee Evaluation

Members noted that the meeting had involved a large number of papers but agreed there had been good discussion around the items and the reports had been received at times appropriate for review within the year.

Members agreed that the extract report for the Technical Bulletin was much more appropriate and welcomed the continuation of that method for future meetings.

Meeting closed at 13:25