

## **Orkney NHS Board**

Minute of meeting of the **Audit and Risk Committee** of **Orkney NHS Board** held **virtually** via **Microsoft Teams** on **Tuesday, 1 March 2022** at **11:30**

**Present:** Jason Taylor, Chair  
Issy Grieve, Non-Executive Board Member  
Fiona MacKellar, Employee Director

**In Attendance:** Michael Dickson, Interim Chief Executive  
Mark Doyle, Director of Finance  
David Eardley, Chief Audit Executive, Azets  
Claire Gardiner, Senior Audit Manager, Audit Scotland  
Paul Kelly, Audit Director, Azets  
Keren Sommerville, Head of Finance  
Emma West, Corporate Services Manager  
Louise Wilson, Director of Public Health  
Gillian Woolman, Audit Director, Audit Scotland

### **A129 Welcome**

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

### **A130 Apologies**

Apologies were received from C Bichan.

### **A131 Declaration of Interest – agenda items**

No interests were declared.

### **A132 Minutes of previous meeting held on 7 December 2021**

The minute of the Audit and Risk Committee meeting held on 7 December 2021 were and approved as a true and accurate record of the meeting.

### **A133 Matters Arising**

No matters arising were raised.

### **A134 Action Log**

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

### **External Audit**

A135

### **Annual Audit Plan 2021/22 – ARC2122-63**

Gillian Woolman presented the report which summarised the workplan for the 2021/22 external audit of NHS Orkney. She advised that audit appointments were usually for a five year period, but on this occasion had been extended into a sixth year due to Covid-19. 2021/22 would be the final year of the current appointment and there would be close working arrangements with the

successors to ensure a well-managed transition, updates would be provided as soon as available.

The following areas were highlighted for members attention:

- The Covid-19 pandemic had a significant impact on public services and finances which would be felt well into the future
- Key responsibilities and compliance had been included
- Materiality levels would be assessed as described, based on the risk assessment process, significant risks of material misstatement would undergo further audit process to gain assurance
- There had previously been qualified NSS Audits in relation to Payments to Primary Care Contractors, service auditor reports for 2021/22 would continue to be reviewed to provide the required assurance
- Financial sustainability remained a challenging area and comment would be provided on the medium and longer term
- A review of the risk of fraud in the procurement function would form part of the audit dimensions work as agreed nationally
- The proposed annual report and accounts timetable had been provided
- There had been an increase in the proposed audit fee for 2021/22

#### **Decision / Conclusion**

The Committee noted the work plan for the 2021/22 External Audit of NHS Orkney.

#### **Internal Audit**

##### **A136 Progress Report February 2022 – ARC2122-64**

D Eardley presented the report which provided a summary of Internal Audit activity since the last meeting. There had been a slight delay in the Waiting Times Audit which would be presented to the May meeting of the Committee.

#### **Decision / Conclusion**

The Audit and Risk Committee noted the progress report

##### **A137 Covid-19: Financial Impact – ARC2122-65**

D Eardley presented the report which reviewed the approach to monitor and control expenditure incurred due to Covid-19 and the related implications and pressures. The report did not consider clinical judgement, modelling or projections but focused on the control processes in place and timeliness of implementing these.

The report showed good practice in a number of areas and one recommendation for improvement, that a dedicated lessons learned exercise should be undertaken.

The Director of Finance agreed with the recommendation which would be progressed post covid to understand process and capture lessons learned.

The Employee Director was very supportive of a lessons learned exercise, but cautioned the need to ensure all appropriate stakeholders were in place for these conversations.

#### **Decision / Conclusion**

The Audit and Risk Committee noted the report and the management response to the recommendation highlighted.

#### **A138 Emergency Admissions – ARC2122-66**

D Eardley presented the report, which confirmed that NHS Orkney's Emergency Admissions procedures generally reflected good practice and had been well designed across most of the areas subject to review.

Two areas were noted for improvement including lack of staff training to appropriately record and allocate patients during triage and the benefits of a wider and more targeted trend analysis on existing data.

I Grieve suggested that a benchmarking exercise to compare those presenting to the Emergency Department inappropriately against data for other Boards in Scotland would be beneficial.

The Director of Public Health cautioned that clinical diagnosis of presentations by category should not be used in isolation to plan future services.

#### **Decision / Conclusion**

The Audit and Risk Committee noted the report and the two recommendations which had been acknowledged and would be progressed.

#### **A139 Information Governance follow up – ARC2122-67**

Paul Kelly presented the report on the follow up review which identified that out of the 13 actions within the action plan, six had been completed, three remained in progress and four were due to be completed in 2022/23. It was noted that consideration should be given to regarding some actions as business as usual and developing a process for ongoing monitoring. Areas were identified where the action plan would benefit from further development including task owners and dates for delivery.

#### **Decision / Conclusion**

The Audit and Risk Committee noted the report including the planned progress against actions for 2022/23.

#### **A140 Digital and IT Effectiveness – ARC2122-68**

Paul Kelly presented the report, which observed demonstrable improvement in the processes and procedures within the Digital and IT Team over the past 12 months. Including more structured processes for service delivery and the approval of the Digital Strategy.

There were four areas for improvement noted, none of which were significant in nature, relating to the continuing work to establish robust structures and processes within the Team.

The Employee Director welcome the proposal to complete a skills gap analysis and stressed the need to link this to staff development and appraisal to ensure clear objectives and goals.

*Louise Wilson withdrew from the meeting*

### **Decision / Conclusion**

The Audit and Risk Committee noted the report and acknowledgement of the recommendations.

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

#### **A141 Internal and External Audit recommendations follow-up report – ARC2122-69**

Members were advised that 14 recommendations were brought forward following the last update, of these extensions were sought for 6 and approval to close 4 as complete. 10 recommendations remained in progress with estimated completion dates throughout 2022.

I Grieve noted that the plans were ambitious considering the timescales and small size of teams, she questioned the level of confidence in the completion dates. The Director of Finance gave assurance that he was confident that the dates were appropriate and attainable.

### **Decision / Conclusion**

The Audit and Risk Committee noted the status and update of the actions and approved the amendments to timescales and closure of items.

#### **A142 Agreed items to be taken to Board regarding Audit recommendations**

No items were required to be brought forward to the Board from the audit recommendations.

### **Information Governance**

#### **A143 Information Governance Group Chair's Report and approved minutes – ARC2122-70**

The Director of Finance presented the Information Governance Group Chair's Report and approved minutes, providing an overview of the business and assurance received at recent Information Governance Committee meetings.

The following were highlighted:

- Disappointment was noted at the continued number of apologies from members expected to attend the Information Governance Committee

meetings, due to the important nature of the meetings it was requested that this was highlighted to the Board.

- Concerns had been raised surrounding significant numbers of movers, leavers and transferred staff who continued to have access to clinical systems, with staff moving between departments being the most problematic. The situation had been reviewed and process strengthened moving forward.
- The documents, Data Protection Impact Assessments (DPIA) and Information Sharing Agreements, were in place across the organisation. It was noted there was no central record, and a significant piece of work was required to get this in line with Article 30 of the UK GDPR.

### **Decision / Conclusion**

The Audit and Risk Committee noted the report and approved minutes and agreed the item for onward escalation to the Board.

### **Annual Accounts**

#### **A144 Annual Accounts timetable – ARC2122-71**

The Head of Finance presented the report setting out the NHS Orkney Annual Accounts timetable for 2021/22.

The final accounts would be presented to the NHS Orkney Board on the 23 June 2022 for approval before submission to the Scottish Government by the 30 June 2022 deadline.

### **Decision / Conclusion**

The Audit and Risk Committee approved the Annual Accounts Timetable.

### **Fraud**

#### **A145 National Fraud Initiative update – ARC2122-72**

The Director of Finance presented the report informing the Committee of the matching exercise carried out by the National Fraud Initiative for the financial year 2020/21.

The National Fraud initiative was an exercise that matched electronic data within and between public and private sector bodies to prevent and detect fraud. No fraudulent transactions had been identified for NHS Orkney through the exercise.

### **Decision / Conclusion**

The Audit and Risk Committee noted the actions taken following the National Fraud Initiative 2020/21 exercise.

- A146      **Counter Fraud Services Quarterly report – 31 December – ARC2122-73**
- Members had received the report for information, noting that NHS Orkney had no cases referred to Counter Fraud Services for review during the period covered
- Decision / Conclusion**
- The Audit and Risk Committee noted the quarterly report.
- Risks**
- A147      **Risk and Assurance Report – ARC2122-74**
- Members had received the report which provided an update on and overview of risk management across NHS Orkney.
- A three tier risk management system had been developed which allowed for escalation and de-escalation of risk as appropriate, to take account of changes in the operating environment and organisational landscape with the Risk Management Forum playing an active role in the process.
- Decision / Conclusion**
- The Audit and Risk Committee noted the update and took assurance on progress being made.
- A148      **Risks Escalated from other Governance Committees**
- There were no escalated items for discussion at this meeting.
- Governance**
- A149      **Audit and Risk Committee Terms of Reference – ARC2122-75**
- The Corporate Services Manager presented the report, advising that the Terms of Reference had been updated following discussion at the Committee Annual Development Session on the 10 November 2021.
- The main amendments included widening the purpose of the Committee to strengthen the definition of risk and removing any potential conflict of interest around whistleblowing.
- Decision / Conclusion**
- The Audit and Risk Committee approved the amendments to the Terms of reference for 2022/23.
- A150      **Audit and Risk Committee Business Cycle and work plan – ARC2122-76**
- The Corporate Services Manager presented the report, advising that the Business Cycle and workplan had been updated following discussion at the Committee Annual Development Session on the 10 November 2021.

## **Decision / Conclusion**

The Audit and Risk Committee approved the amendments to the Business Cycle and work plan for 2022/23.

### **A151 Agree items to be brought to attention of Board or other Governance Committees**

The Committee agreed that the following item would be brought to the attention of the Board

- The reduced attendance at Information Governance committee meetings and the importance of promoting this to all members due to the important nature of the meetings for the organisation as a whole.

### **A152 Any Other Competent Business**

No other competent business was noted.

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

##### **\*Audit Scotland Reports**

### **A153 Audit Scotland Technical Bulletin 2021/04**

Members noted the extract from the technical bulletin.

It was noted that the NHS in Scotland 2021 overview report had now been published and was available as a public document.

##### **\*Counter Fraud Services Reports**

A154 The following reports were noted by the Committee:

- Rolling COVID-19 Intelligence Alert

### **A155 \*Reporting Timetable for 2022/23**

Members noted the schedule of meetings for 2022/23.

### **A156 \*Record of Attendance**

The Committee noted the record of attendance.

*Meeting closed at 12:55*