

Orkney NHS Board

Minute of meeting of the **Audit and Risk Committee** of **Orkney NHS Board** held **virtually** via **Microsoft Teams** on **Tuesday 7 March 2023** at **11:30**

Present: Jason Taylor, Chair
Issy Grieve, Vice Chair
Steven Heddle, Non-Executive Board Member
Ryan McLaughlin, Employee Director

In Attendance Rashpal Khangura, Director, KPMG
Matthew Moore, Senior Manager, KPMG
Rachel Ratter, Senior Corporate Services Officer (Committee Support)
Carrie Sommerville, Head of Finance
Keren Sommerville, Planning Performance and Risk Manager
Matthew Swann, Director, Azets

A103 Apologies

Apologies were noted from David Eardley, Mark Doyle and Michael Dickson.

A104 Declaration of Interests

No declaration of interests were raised.

Issy Grieve advised the Committee that she was the Chair of the Integrated Joint Board (IJB), however there were no significant conflicts of interest.

Members agreed that there was no conflict of interest.

A105 Minutes of previous meeting held on 6 December 2022

The minute of the Audit and Risk Committee meeting held on 6 December 2022 were approved as a true and accurate record of the meeting.

A106 Matters Arising

The Director of KPMG, External Audit provided an introduction and welcomed future close working with colleagues.

Internal Audit Planning (minute - 6 December 2022 – AOCB)

Responses received from Committee Chairs regarding areas they wished to be considered for inclusion of the scoping had been passed to the Director of Finance. No process or planning had taken place as the tender process to appoint new internal auditors was in progress.

A107 Action Log

The Action Log was reviewed, noting that there were no outstanding actions (see Action Log for details).

Governance

A108 Code of Corporate Governance – ARC2223-48

The Corporate Services Manager presented the NHS Orkney Code of Corporate Governance 2023/24 seeking a recommendation of Board approval following an annual review. The main changes included:

- Amendments to the Governance Committee Terms of Reference following individual review
- Updates to the Standing Financial Instructions to reflect the latest working practices
- A review of the Freedom of Information and Records management sections
- Changes in wording to closer reflect the statements in the second edition of the NHS Scotland Blueprint for Good Governance (issued through DL (2022)38
- Updates to the Code of Conduct to reflect the national amendments made to the code of conduct for members of NHS Bodies as adopted by the Board
- Minor changes to job titles, emails addresses and links to reflect current arrangements.

I Grieve welcomed the updates and requested that the incoming chair of the IJB In June 2023 was made aware of the number of Elected members required to attend meetings of the Joint Clinical and Care Governance Committee,

Decision / Conclusion

The Committee recommended Board approval of the Code of Corporate Governance subject to minor formatting amendments.

A109

Governance Committee Workplans 2023/24 – ARC2223-49

The Corporate Services Manager advised that all Governance Committees of the Board review their core documents and Workplans annually to ensure that they were up to date, relevant and meeting current legislation.

Individual Committee Development sessions were held in the last quarter of 2022 where documentation was reviewed, and agreement reached on any changes to the Workplans for 2023/24. These were provided to the committee to for assurance that remits were accurately reflected, prior to presentation to the Board for final approval as required in the Model Standing Orders.

- Joint Clinical and Care Governance Committee (JCCGC)
- Finance and Performance Committee
- Remuneration Committee
- Staff Governance Committee

I Grieve noted the additional social care reports on the JCCGC workplan and had concerns with regards to how achievable assurance would be given the size of the workplan. The Chair noted the concern and would report back to the JCCGC Chair.

I Grieve also noted that there was no mention of the iMatter report in the Staff Governance workplan. The Corporate Services Manager confirmed that it was

built into the Staff Governance Action Plan and in section 2.4 off the Staff Governance workplan.

Decision / Conclusion

The Audit and Risk Committee endorsed the Governance Workplans for 2023/24.

External Audit

A110 Annual Audit Plan – ARC2223-50

The Director of KPMG presented the report which provided the initial considerations of the audit for the year ending 31 March 2023.

Members were advised that a detailed audit plan and strategy for the Board would be presented to the Committee on 2 May 2023, following planning assessment procedures.

The key audit considerations were gross expenditure and materiality and determining the level of which they would undertake procedures for aggregation of risk and issues which were reported to the Committee.

Three significant risks were highlighted as follows:

- Valuation of land and buildings
- Fraud risk from expenditure recognition
- Management override of controls

Members agreed that the Indicative Strategy would be provided to Board as part of the Chair's report for information.

Decision / Conclusion

The Audit and Risk Committee noted the workplan for 2023/24.

Internal Audit

A111 Internal Audit Progress Report – ARC2223-51

M Swann presented the report which provided a summary of internal audit activity since the last meeting, confirming the reviews planned for the next quarter and identifying changes to the annual plan.

Due to the extended absence of the Medical Director, the Shared Service Governance Review had been delayed. The review of Clinical Governance had been advanced and reported to the March 2023 Audit and Risk Committee.

Members were advised that the internal audit service for 2023/24 onwards were being procured by NHS Orkney and as such provided a summary of propriety areas for consideration and discussion, along with a brief rationale.

Decision / Conclusion

The Audit and Risk Committee received the progress report and noted the information provided.

Internal Audit Reports

A112 Procurement – ARC2223-52

M Swann presented the report which reviewed the procurement arrangements in place within the organisation to help ensure value of money was achieved, in accordance with the 2022/23 Internal Audit Plan.

The current Procurement Strategy for NHS Orkney noted a non-pay spend of £8.03m to support the delivery of its objectives.

NHS Orkney had generally well designed controls in place which aimed to achieve value for money in procurement. The Procurement Strategy and the Code of Corporate Governance (including the Standing Financial Instructions) contained relevant information on procurement thresholds alongside well documented procedures.

A small number of minor improvement actions were identified, which if adopted, would strengthen controls over the procurement activity. These included:

- The documented scheme of delegation should be updated to remove potentially misleading headings that could suggest the document is not up to date
- Obtaining documented approval of the planned expenditures for the Estates department
- Ensuring the procurement annual report is produced on a timely basis

I Grieve gave thanks for the report and expressed that procurement for Orkney as a whole, including the NHS had been a challenge therefore the reason for the new Islands Deal. The deal went through Scottish Government stating procurement for the isles was to be risk assessed and could therefore be carried out in a different manner from the rest of Scotland.

In response, M Swann informed members that Azet's testing included a sample of procurement exercises undertaken over the last 12 months as recorded in the contract register. That will have included all agreed contracts entered in to over that period whether subject to any special provisions or not. The main exception would be contracts agreed on NHS Orkney's behalf for example those awarded by NHS National Services Scotland.

Decision / Conclusion

The Audit and Risk committee noted the Procurement report.

A113 Joint Working Arrangements – ARC2223-53

M Swann presented the report which assessed the effectiveness of NHS Orkney's control framework in relation to the joint working arrangements with key partners. The Integration Joint Board (IJB) were identified as the key partner to NHS Orkney, with the responsibility of providing strategic direction

to both the Health Board and Orkney Islands Council in the delivery of health and social care services.

Areas of improvement were identified as follows:

- The Orkney Health and Social Care Partnership's Strategic Plan and the Strategic Delivery Plan had not been approved and implemented in the expected timeframe.
- There had been very limited monitoring and reporting of Strategic Performance in relation to the shared objectives of the partnership that had been communicated to NHS Orkney.

The Chair provided assurance that the actions were identified, and it was the responsibility of Committee to monitor progress.

Committee members were advised that the owners of the recommendations presented actions to Internal Audit to form a view of whether they had or hadn't been implemented effectively. Audit would then engage with management to reach a mutual decision.

Decision / Conclusion

The Audit and Risk committee noted the Joint Working Arrangements report.

A114 Safeguarding – ARC2223-54

Matt Swann presented the report which reviewed NHS Orkney's Adult Support and Protection arrangements and found that in general, appropriate procedures were in place which outlined the process to be followed, roles and responsibilities and links to relevant legislation.

There were however areas of material weakness related to training, reporting outcomes of referrals and compliance with adult support and protection procedures.

I Grieve welcomed the actions planned in terms of patient safety and care.

Decision / Conclusion

The Audit and Risk committee noted the Safeguarding report and agreed that the report would be highlighted to Board

A115 Clinical Governance – ARC2223-55

M Swann presented the report which reviewed the development and related governance of the new clinical strategy and the impact on development of appropriately robust operational plans, in line with the 2022/23 audit plan.

Due to the lack of progress in development of operating plans impacted by the absence of the Medical Director, it was not possible to assess all the agreed control objectives. This presented a risk to NHS Orkney in successfully delivering the Clinical Strategy and required renewed focus going forward dependent on the potential further absence of key personnel.

Two improvement actions had been identified relating to the development of a governance framework to track progress of objectives, and to move forward the Clinal Strategy and plans to enable appropriate monitoring and challenge.

I Grieve noted the risks raised were extremely valid within small organisation and were cause for concern. However, she highlighted that actions were taken which were not reflected in the report. An Interim Medical Director had been providing cover, the Medical Director was on a phased return to work and the Interim Director had remained in post.

The Chair agreed that the organisation required contingencies in place to respond to future absences and when they were to be invoked. It was requested to take this to the Board for their attention.

Decision / Conclusion

The Audit and Risk committee noted the Clinical Governance report.

Internal and External Audit Recommendations

A116 Internal and External Audit Recommendations – ARC2223-56

The Head of Finance presented the report advising that there were no internal recommendations brought forward following the previous report.

The external audit recommendations from 2021/22 were reviewed an update included in the report.

Decision / Conclusion

The Audit and Risk Committee noted the update requesting that commentary on current actions was expanded in future reporting.

Annual Accounts

A117 Annual Accounts Timetable – ARC2223-57

The Head of Finance presented the report setting out the NHS Orkney Annual Accounts timetable for 2022/23.

The final accounts would be presented to the NHS Orkney Board for approval before submission to the Scottish Government by the 30 June 2023 deadline.

Decision / Conclusion

The Audit and Risk Committee approved the Annual Accounts Timetable.

Information Governance

A118 Information Governance Chairs report and approved minute – ARC2223-58

The Head of Finance presented the Chairs report informing members that the Information Governance Committee met on 6 October and 1 December 2022 and no specific agenda items were identified for escalation.

Decision / Conclusion

The Audit and Risk noted the update provided and took assurance from the approved minutes.

Information Governance 6-monthly Assurance Report (2/2) – ARC2223-59

The Head of Finance presented the report providing an update on the work that had been undertaken to provide assurance in relation to NHS Orkney's approach to information governance.

In 2021 NHS Orkney had recruited a Data Protection Officer and Deputy to lead and implement the Information Governance assurance framework. In October 2022 NHS Orkney was given a high assurance rating by the Information Commissioners Office.

The Chair noted the positive change in this particular area and the increased reporting of incidents reflected how the organisation had changed regarding the understanding around these issues and challenges.

The Information Governance Action Plan produced by NHS NSS had been completed with the exception of an action to measure the change within the organisation following the implementation of the plan. This would report to the Information Governance Committee in April.

Decision / Conclusion

Members noted the update provided.

Fraud

A119 Counter Fraud Services Quarterly report – ARC2223-60

Members had received the Counter Fraud Services quarterly report up to 31 December 2022, dealing with areas of prevention, detection, and investigation of fraud.

The report outlined the number of cases by Board; NHS Orkney had reported no cases in the period.

Members were advised that the CFS fraud training and awareness page was now live on the TURAS site.

Decision / Conclusion

The Audit and Risk committee noted the quarterly report.

Risk

A120 Risk and Assurance Report – ARC2223-61

The Planning, Performance and Risk Manager presented the report which provided an overview and update on risk management across NHS Orkney. Members were advised that the report was also viewed by the Executive Management Team and Risk Management Forum to ensure managers were aware and reviews and updates had taken place.

Decision / Conclusion

The Audit and Risk noted the information provided, noting that there were no specific issues to bring to the Committee at this time.

A121 Risks escalated from other Governance Committees

No risks had been escalated

A122 Agree items to be brought to the attention of the Board or other Governance Committees

Board

- External Audit Indicative Strategy
- Safeguarding Report
- Contingences and risk associated with Director/Senior Manager sickness absence

A123 Any Other Competent Business

No other competent business was raised.

A124 Items for Information and Noting only

A125 Audit Scotland Reports

- Technical Bulletin 2022-4

A126 Counter Fraud Services (CFS) Reports

- Investigatory Powers Commissioners Office (IPCO) Inspection Report 1st February 2023

A127 Reporting Timetable for 2023/24

Members noted the schedule of meetings for 2023/24

A128 Record of Attendance

The Committee noted the record of attendance.