

Orkney NHS Board

Minute of meeting of the hybrid **Audit and Risk Committee** of **Orkney NHS Board** held on **Thursday 05 December 2023 at 11:30**

Present: Jason Taylor, Chair
Issy Grieve, Vice Chair
Rona Gold, Non-Executive Board Member
Ryan McLaughlin, Non-Executive Board Member

In Attendance Laura Skaife-Knight, Chief Executive
Mark Doyle, Director of Finance
David Eardley, Azets
Rashpal Khangura, Director, KPMG
Rachel Ratter, Senior Corporate Services Officer (Committee Support)

A102 Apologies

Apologies were received from K Somerville.

A103 Declaration of Interests

No declarations of interests were raised.

A104 Minutes of previous meeting held on 5 September 2023

The minute of the Audit and Risk Committee meeting held on 5 September 2023 were accepted as an accurate record of the meeting.

A105 Matters Arising

There were no matters arising.

A106 Action Log

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

Risk

A107 Risk and Assurance Report – ARC2324-47

The Chief Executive presented the paper highlighting that a refresh of the corporate risk registers had been completed.

Discussions were held with Executive Leads through the Corporate Leadership Team and Directors to review the risks held in Tier 1 and Tier 2 risks.

The outcomes of these discussions had been captured and as part of the process, the proposed changes would be taken to the Risk Management Forum on 6 December 2023 and the Senior Leadership Team meeting for endorsement. The refreshed Corporate Risk Register would be shared at Board on 14 December. Following the review of all risks and as part of the continuous improvement exercise, a review would be held on how to present

risks to each Board Committee, working with the relevant Executive Lead and Committee Chairs.

The refreshed Corporate Risk Register, Tier 1 held 21 risks and it was proposed 10 risks would become inactive. Risks were realigned to committees with executive leads and the top risks of the organisation would feature within the register. Phase one had concluded with a new approach due to commence for the next financial year.

The Chair welcomed the work of the re-freshed approach and the amalgamation of risk.

I Grieve thanked the team for the clear and user-friendly report. She requested clarity on how each risk status was reached. The Chief Executive informed members each risk was analysed separately as well as meeting and agreeing with each responsible Executive Lead. Several risks were in relation to Brexit and Covid and were no longer applicable.

R Gold welcomed the update and queried the potential need for external support as part of the next steps and whether this would have a financial implication. The Chief Executive informed members that the areas of focus for the new Medical Director would be Clinical Governance and Risk and would consider whether this would align with the new Board Assurance Framework or if external support was required. The report would be updated ahead of the next Board meeting however, the new Medical Director would determine and review the situation. Positive discussions, templates and good practice from other organisations had been shared which would reduce the likelihood of seeking external support.

The risk register would be divided into chapters with risks aligned to the relevant committee and the full register would be presented to the Board and SLT for visibility. Members discussed the need for the Audit and Risk Committee to have oversight of the full register in addition to the Risk Management Forum and Chair's assurance report and minutes.

D Eardly highlighted the importance of reviewing the Audit and Risk Committee's remit to understand delegation.

The Chief Executive informed members that the Planning, Performance and Risk Manager post would be divided into two posts, Head of Planning, Performance and Information and Head of Patient Safety, Quality and Risk. Interviews had taken place for the Head of Patient Safety, Quality and Risk.

The Chair recognised the position of stage 1 and the beginning of an evolution and noted future progress following the appointment of the new Medical Director.

It was agreed an explanation would be provided to Committee Chairs that the expectation was to report risks back to the Audit and Risk Committee. As individuals scrutinised risk, it would be captured in the Risk Management Forum Chair's report as overall assurance.

Decision / Conclusion

The Audit and Risk Committee thanked the Chief Executive for the report and noted the information provided.

A108 Risks escalated from other Governance Committees

No risks had been escalated.

External Audit

A109 External Audit Update - ARC2324-48

R Khangura, KPMG provided an update with regards to their debrief processes, key areas agreed by Finance and KPMG, key activities in progress and ongoing and the next steps.

An indicative schedule for 2023/24 was provided, ensuring work was carried out in a timely manner and to ensure KPMG and NHS Orkney's workplans were aligned.

The Chair thanked Rashpal for the update and the planned approach for the next financial year and requested updates were written with clear language throughout status reports to avoid misinterpretation.

R Gold thanked KPMG for the overview and requested clarity with regards to communication between KPMG and the Board. R Khangura explained that there were regular meetings with senior management liaison meetings, the external audit plan, and the ISA 260 report. Interim reports could be provided as and when requested. It was agreed communication methods would be clearer within the documentation provided.

I Grieve thanked KPMG for the update and requested that the Chair of the Committee were fully sighted on progress with exact time and dates. R Khangura explained that once the final workplan was confirmed it would be agreed with the Finance team and shared more widely.

Decision / Conclusion

The Board noted the update.

A110 Annual Accounts Learning Exercise - ARC2324-49

The Board Chair presented the report which provided a review following the late submission of NHS Orkney's Annual Report and Accounts to the Scottish Government of 30 June 2023. Following approval on 24 August 2023 and in discussion with the Scottish Government, the Board Chair undertook an improvement exercise to understand the issues relating to the non-submission and identify any areas of systemic weakness and recommend improvements.

The timeline submissions and the reflective conversations held with stakeholders reinforced the need to strengthen the rigor and attention surrounding governance. Key thematic areas of learning were identified which included governance, communication, escalation, systems and processes. The role and visibility of non-executives around governance processes required to be re-enforced and owned.

The Board Chair recommended a project planning approach to the annual report that was owned by the governance function with transparent assurance provided to Board and thanked all stakeholders for the successful, transparent, open and honest engagement. There would be slight amendments to the report prior to Board submission on 14 December.

I Grieve thanked the Board Chair for the report and noted the numerous missed opportunities to escalate concerns which brought risk to the organisation and emphasised the importance of presenting concerns to the Chair of the Audit and Risk Committee.

R Gold thanked the Chair for the engaged report however queried the recommendations that were to be agreed and request at Board the final list of recommendations were clear were taken forward. The Chair explained the documentation was written in collaboration with NES therefore it was the recommendations within the report, this would be clearer in the final version.

It was agreed that the format would be clearer to ensure clarity around recommendations and monitoring.

The Chief Executive thanked the Board Chair for leading the exercise and the reflection and engagement taken place and the need to distinguish the recommendations from the exercise but also the wider and broader themes identified and emerging themes across other areas within the organisation to create wider culture program.

The Board Chair informed members that an implementation and action plan would be created by the learning group and report to the Audit and Risk Committee.

Decision / Conclusion

The committee approved the recommendations noting the adjustment of the final presentation to Board.

Internal Audit

A111 Internal Audit Progress Report – ARC2324-49

D Eardley 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.

The Financial Sustainability Office and Waiting Times reports had been completed.

Internal Audit had encountered issues with engagement from management and relevant leads on Service Redesign and Clinical Governance – Complaints and requested endorsement of the need to prioritise to meet the Audit and Risk Committee requested assurances per the 2023/24 programme.

It was agreed with management to report Cyber Security in March 2024.

I Grieve raised concern around the pace of progress of the Internal Audit Plan and queried the actions in place to improve engagement. The Chief Executive

stated that the plan would be a standing item at Senior Leadership Team from January 2024 and ensure that work moves forward and remained on the plan. The disconnect between Audit and work happening elsewhere was highlighted throughout the papers.

The Chair requested a timeline of the issues encountered by Azets. D Eardley confirmed with regards to Service Re-design, approval was sought prior to the Medical Director issuing their notice although could not support the review. A phone call was held on the 28 September with the Director of Nursing, Midwifery, AHP's and Acute as acting lead. A list of service changes were requested and chased however, were not received.

In terms of the Clinical Governance – Complaints, Internal Audit contacted the Interim Medical Director with a draft scope to then formulate a discussion however received no response despite chasing.

The CEO apologised for the lack of response and agreed work around Complaints required to move forward and would be brought to the attention of the Head of Service. She did however believe the Service Redesign should be postponed for several reasons.

R Gold welcomed the invite for synergy between Senior Leadership Team and Internal Audit and requested that the decisions on the workplan remained within the Audit and Risk Committee only. She also requested whether it was for the Committee to make the decision on what escalation upwards should be within the recommendations. D Eardley clarified Internal Audit required direction from the Committee regarding progress.

The CEO confirmed the Plan would to be presented to SLT monthly highlighting the status of all audits, including progress updates. SLT would formally agree the workplan prior to the Audit and Risk Committee. Senior Leadership would be held accountable for delivering and prioritising internal audit.

The time allocated to the Service Re-design would be used to enhance the work of the existing plans and a revision of the spend against them.

Decision / Conclusion

The Audit and Risk Committee received the progress report and endorsed the proposal suggested by the CEO of presenting the Internal Audit Plan to SLT and pause the Service Re-design.

Internal Audit Reports

A112 Financial Sustainability Office Audit Report - ARC2324-50

M Swann presented the report which reviewed the Financial Sustainability Office (FSO) and of the controls in place to effectively support colleagues across the organisation to deliver the financial recovery plan. A range of well-designed and operating controls within the FSO were identified.

Two areas of improvement were noted which related to shared clarity of the remit, responsibility and extent of influence of the FSO and around the delivery

against the financial plan being uncertain due to continued overspend at directorate level and the need to bring forward identified savings schemes.

I Grieve thanked Azets for the update and requested clarity around how the scoring assessment was reached in relation to good practices arising from the work of the FSO in ensuring cost efficiencies had been identified and shared across NHS Orkney. D Eardley confirmed the report considered the processes of the FSO rather than the outcomes and the FSO were demonstrably carrying out actions despite other areas not following guidelines and causing challenges for the organisation.

The Chief Executive agreed that the report focused on process rather than delivery and results. The FSO would move into the integrated improvement function moving forward.

R Gold queried the analysis that ensured realistic targets with regards to delivery and output. D Eardley clarified that when targets are set, there was evidence of analysis being undertaken within NHSO to check they are realistic. There were processes for targets to be discussed, appraised, analysed and set. R Gold suggested with increased capacity following the agreement to pause the Service Re-design there would be an opportunity to include Internal Audit in the analysis process to create further assurance.

The Director of Finance recognised the Board signed up to a Financial Plan at the start of the financial year. The FSO were on track to deliver against the savings of £3.7m and had built and developed schemes. Work with Directors to take forward schemes posed challenges in progress.

Decision / Conclusion

The Committee reviewed the report and accepted the recommendations.

A113 Waiting Times Audit Report - ARC2324-51

David Eardley presented the Waiting Times Internal Audit which provided good assurance over the arrangements in place around effective monitoring and reporting.

Three improvement actions were identified, the most notable being a lack of waiting times reporting operationally within service areas.

Auditors acknowledged that Public Health Scotland were undertaking a review of waiting times at NHS Orkney which included operational reporting arrangements. Therefore, actions taken by management should be in conjunction with the outcomes of the review.

I Grieve raised the Treatment Time Guarantee had not been adhered to and was not fully reflected within the report.

Members discussed the lack of engagement and the disconnect throughout the organisation and the contradictions between the report and the Data Quality report. D Eardley emphasised Public Health Scotland were allocated more time and were able to provide in-depth focus and detail and would welcome conversations with Public Health Scotland colleagues.

The Chair acknowledged the scope of the audit set and whether there would be the option in the future to focus further on a particular area at a cost as well as identifying specific areas where niche expertise was requested to undertake the work.

R Gold queried whether assurance could be sought in terms of value and a level of holistic interactions from the internal audit workplan and in-depth analysis taken forward with new leadership. She requested the committee were presented with the outcomes of meetings held between the executive leadership team and internal audit in relation to the remainder of the workplan, including who would be involved and the value of internal audit and how it connected with operational processes and requested a review at the next committee meeting. The Committee had a responsibility to review the workplan and recognise the changes within the organisation.

D Eardly welcomed the way forward and would attend SLT meetings to discuss the remainder of the plan.

The Chair requested discussion and scope at SLT focused on the present with any amendments returned to the Audit and Risk Committee for members to virtually approve.

Decision / Conclusion

The Committee reviewed the report and noted the recommendations.

Internal and External Audit recommendations

A114 Internal Audit recommendations – ARC2324-52

The Director of Finance presented the report advising that there were seven internal audit recommendations brought forward following the previous report and no new recommendations had been added since the last report.

There were four recommendations which required an extension due to issues relating to recruitment and sickness absence.

The Chair expressed disappointed that one of the recommendation updates reflected the same as the previous month. The Director of Finance informed members that responsible leads were contacted each month requesting an audit update, the latest response was included. The Chair suggested including the Audit recommendations in partner with internal audit plan at SLT to encourage responses.

With regards to the two Safeguarding Adult Support and Protection 2022/23 recommendations, the Chief Executive informed members that there was no capacity to undertake the work. However, she would discuss the situation with the Head of Nursing, Midwifery, AHPs and Acute.

Decision / Conclusion

The Audit and Risk Committee noted the update and approved the extension to the timelines as detailed.

A115 External Audit recommendations - ARC2324-53

The Director of Finance presented the report advising the actions were not due until 31 March 2024. There were several responsible officers who would action the pieces of work.

The Chair queried whether a progress report could be included in terms of the recommendations at the next Audit and Risk Committee Meeting.

Decision / Conclusion

The Audit and Risk Committee noted the update and agreed an update would be provided at the next committee meeting.

Information Governance

A116 Information Governance Committee Chair's Report - ARC2324 – 54

There had been no meeting since the last committee meeting.

Fraud

A117 Counter Fraud Services Quarterly Report - ARC2324-55

Members had received the Counter Fraud Services quarterly report 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.

There were 125 allegations received during the quarter, 52% related to problem of staff fraud, namely false reposting. There were 70 allegations relating to employees, five of which concerned procurement and commissioning, and seven allegations concerning fraud in primary care.

It was agreed that the Audit and Risk Committee would include the details of the report to Board through the Chair's Assurance report.

Decision / Conclusion

The Audit and Risk Committee noted the update

Governance

A118 6 Monthly Litigation Report (2/2) - ARC2324-56

The Director of Finance presented the report updating members on current litigation cases overseen and managed by the Central Legal Office.

Members were advised that no new claims had been registered since April 2023, one remained open. The paper contained further details and estimated settlement costs.

NHS Orkney were members of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) which allowed the Board to claim for costs above the threshold of £25,000.

The Chief Executive highlighted that the one case was linked to colonoscopy surveillance and work had been undertaken and would be reported to Board on 14 December.

Decision / Conclusion

The Audit and Risk Committee noted.

A119 Audit and Risk Committee Annual Review and core documents - ARC2324-57

The Committee had received the report from the Corporate Services Manager advising that there were no amendments required to the Terms of Reference and Business Cycle and Work Plan following discussion at the Committee Annual Development Session on the 20 November 2023.

Decision / Conclusion

The Audit and Risk Committee approved the amendments to the Business Cycle and work plan for 2024/25.

A120 Royal College of Physicians Edinburgh (RCPE) – Project plan - ARC2324-58

I Greive presented the project plan advising that although work with the RCPE had been paused the project would continue as it added value to enhance the internal audit process.

The Chair would write to each governance committee, sub-committee and ACF to request contribution towards audit planning for 2024/25. Feedback would be presented to the committee at the March 2024 development session.

Decision / Conclusion

The Audit and Risk Committee noted the project plan.

A121 Data Quality Review: final Public Health Scotland Report and Improvement Plan - ARC2324-59

In July 2023, NHS Orkney commissioned Public Health Scotland to identify concerns about data quality, and specifically, to undertake an independent review of their National Waiting Times data collection, adherence to national guidance and subsequent local and national reporting.

Terms of Reference were agreed for the external review and the final report was completed on 31 October 2023 with a clear set of recommendations.

PHS held interviews with NHS Orkney colleagues over a short period of time from July 2023 to September 2023. Representatives from work areas within the scope of the review were approached to gather intelligence and findings. In addition to this, other sources were also used within the review and these included reviewing data held within PHS, PHS Quality Assurance Logs, previous NHS Orkney audits and national guidance policies.

The overarching finding was that PHS did not find any evidence to suggest that the published waiting times figures for NHS Orkney were incorrect, however, there may be a time lag on when a patient is being removed from the waiting list due to the delay in entering the outcome of appointment in the system. At a point in time the figures may show a patient waiting longer than they did, although this would be rectified once the record had been updated. Improved electronic processes to update clinical outcome codes in a timelier manner would help rectify this issue.

R Gold requested further visibility around priority actions and the sequential points following the actions highlighting the dependencies.

The Chief Executive raised concern around who in the organisation was leading on planned care, elective recovery and outpatients therefore portfolios would be reviewed once the new Medical Director started post.

Members agreed that the committee would receive an update every other meeting.

Decision / Conclusion

The Committee noted the plan and approved the improvement plan prior to Board. Audit and Risk would oversee progress against the improvement plan.

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

- Input into the risk and assurance report
- Internal Audit reporting to SLT including the Internal audit plan and internal and external recommendations

A123 Any Other Competent Business

Meeting start times would be changed to 9.30am

Items for Information and Noting only

A124 Reporting Timetable for 2023/24

Members noted the schedule of meetings for 2023/24

A125 Record of Attendance

The Committee noted the record of attendance.