

Attendance

Present:

Members: Paul Corlass, Kat Jenkin, Ryan McLaughlin, Phil Tydeman, Des Creasey, Debs Crohn, Rashpal Khangura, Rachel King, Anna Lamont, Rachel Ratter, Laura Skaife-Knight, Jean Stevenson, Jason Taylor

Absent:

Members: Tainmoor Alam

1. Apologies (Presenters: Jason Taylor)

Mark Doyle, David Eardley, Carrie Somerville, Keren Somerville

2. Declaration of Interest (Presenters: Jason Taylor)

No declaration of interests were raised.

3. Minute of meeting held on 5 March 2024 (Presenters: Jason Taylor)

The minute of the Audit and Risk Committee meeting held on 5 March 2024 were approved as a true and accurate record of the meeting.

3.1. Chairs Assurance Report from meeting on 5 March 2024 (Presenters: Jason Taylor)

The Committee agreed the Chair's assurance report.

4. Matters arising (Presenters: Jason Taylor)

Risk Management Chairs Assurance Report and minutes

D Creasey queried whether there had been a follow up of the the status of the fire rescue response with an update due in December 2023. The Medical Director agreed to provide a post meeting note.

5. Action Log (Presenters: Jason Taylor)

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

6. Risk

6.1. Risk and Assurance Report (Presenters: Anna Lamont)

The Medical Director presented the report providing an update on the status of all risks and advised that the Corporate Risk register had been reviewed and changes made to enhance clarity, review and assurance. 3 of the risks shown were displayed in this refreshed format.

The Corporate Risk Register captured 16 risks with 1 very high risk relating to Corporate Finance. All very high and high risks would be reviewed within 3 months. There were 2 high risks and 2 medium risks.

The Chief Executive advised as further work had taken place around the staff turnover risk, it did not warrant its current risk score. Further discussions would be held at the Staff Governance Committee on 9 May 2024 and an update would return to the Audit and Risk Committee. The Leadership Frugality risk would include the wider senior leadership community and the Corporate risk had been updated, the Single Integrated Digital risk would be brought to SLT on 13 May 2024 and there would also be a new corporate risk around data.

J Stevenson thanked the Medical Director for the report and queried whether further information around the InPhase system was available and if there was evidence the system was successful in other Health Boards. The Medical Director advised the InPhase system was the replacement recommended system that had been purchased by the Scottish Government. One of the benefits would be a clear separation between incident management and risk management, and at this stage was a recommendation. It was noted that the InPhase system would be a cost saving, an update would be provided at the next Audit and Risk committee meeting.

The Medical Director highlighted there would be a slight formatting change under the likelihood and impact headings.

Decision / Conclusion

The Audit and Risk Committee thanked the Medical Director for the report and noted the information provided.

6.2. Proposed new Risk Management Framework (Presenters: Anna Lamont)

The Medical Director presented the paper advising the current Datix system was not being used effectively to support an integrated and comprehensive approach to risk management.

Limitations inherent to the Datix system were evident in the system's inability to facilitate risk source, track their management through approval and review stages, or clearly define the criteria for marking risks as 'inactive'. There was a total of 1183 risks with 586 active risks on risk registers, within Datix.

There were a total of 52 risk registers within Datix, one being the corporate risk register with three operational risk registers, with the remaining 48 risk registers being local. There was no process around how the risks were governed, the status, or review, de-escalation or closure. Therefore, there was a need for a revised risk management strategy. The report provided proposed recommendations to address the challenges in NHS Orkney's risk management processes.

The Chair thanked the Medical Director for the useful report and the on-going work.

D Creasey thanked the Medical Director for the reassuring report and welcomed the forthcoming change. He asked whether the draft risk management framework had been completed within Quarter 1 as noted in the report. The Medical Director advised that it was complete and would be presented to SLT on 13 May 2024 and the Audit and Risk Committee on 28 May 2024. D Creasey also conveyed the importance of refining the risk jotter further and providing clear training to staff to ensure successful implementation.

The Chief Executive gave thanks to the Medical Director and supported the renewed focus on risk management and emphasised the importance of enhancing organisational understanding of risk management. It was caveated that the process that was put in place would work and be successful for NHS Orkney, the risk jotter could be further simplified and training would have to be considered within the wider training elements within the organisation. An exercise with the Executive Directors was scheduled to take place to map areas of priorities for the next 12 months.

The Medical Director appreciated the feedback and would welcome further feedback from the committee during the test of change.

D Creasey offered to provide advice from previous experience in the field.

The Chair noted risk management and risk register had changed greatly over the last four years and the need to continue to move forward as highlighted in the report.

Decision / Conclusion

The Committee noted the paper and requested oversight of any decision to cut-off the review of legacy / historical risks, and the justification for doing so.

6.3. Risk Management Chairs Assurance Report and Minutes (Presenters: Anna Lamont)

The Medical Director presented the Chair's report from the recent meetings of the Risk Management Group, advising members around risk that had been added, deescalated, changed or made inactive during the reporting period. The following areas were highlighted:

- Following discussions and consultation, the risk management forum name was to be changed to group as this fit with its defined role.
- There were large numbers of risks and a concern around how they were being managed, escalated and awareness and the current system was not fit for purpose.
- Work was underway to review the risk management process, including training
- The current TOR's and membership required to be reviewed and revised to reflect the updated governance structures and changing needs of the organisation
- The corporate risk register had been reviewed and the new layout had been suggested
- An action log had been created in terms of risk management feedback, whereby all actions were complete.

Decision / Conclusion

The Audit and Risk Committee noted the report and took assurance from this and the approved minutes.

6.4. Risks escalated from other Governance Committees (Presenters: Jason Taylor)

There were no risks escalated from other Governance Committees for this meeting

7. Governance

7.1. 6 Monthly Litigation Report (Guests: Julie Tait)

The Head of Patient Safety, Quality and Risk presented the report updating members on current litigation cases overseen and managed by the Central Legal Office.

Members were advised that the Board had one agreement and one claim raised. The paper contained further details and estimated settlement costs.

J Stevenson queried the status of the offer made in 2022. Members were advised that the offer had been agreed out with the timing of the paper, and would be captured in the next 6 monthly report.

Decision / Conclusion

The Audit and Risk Committee noted the report.

7.2. Governance Committee Annual Reports

7.2.1. Audit and Risk Committee Annual Report 2023/24 (Presenters: Jason Taylor)

The Chair presented the Audit and Risk Committee Annual Report for members to review and approve. He advised that the conclusion encapsulated the circumstances the Board had found itself in during 2023/24, in respect of escalation.

The Medical Director noted that as of April 2024, the Medical Director replaced the Director of Finance for the Committee Executive Lead. The terms of reference for 2024/25 would be updated to reflect the change.

Decision / Conclusion

Members approved the Audit and Risk Committee Annual Report 2023/24.

7.2.2. Committee Annual Reports 2023/24 (Presenters: Jason Taylor)

The Chair advised that all Governance Committees of the Board provide an annual report around Committee outcomes during the year.

These reports were submitted to the Audit and Risk Committee, ahead of the Board, to provide assurance that each Governance Committee has fulfilled its remit.

Members agreed to explicitly detail Finance and Performance Committee meetings were moved from bimonthly to monthly, with all Executive Directors to attend. Des Creasey, the Chief Executive and Board Chair would provide wording to update the annual report and would be sent virtually to the Audit and Risk Committee.

The Chair suggested that the Finance and Performance and Remuneration report conclusions were presented in the same format as all other committees.

Decision/Conclusion

The committee sought from the Governance Committee Annual Reports that individual Committee remits have been fulfilled in line with Terms of Reference.

7.3. Governance Committee Workplans 2024/2025 (Presenters: Jason Taylor)

The Chair 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 2023/24 where documentation was reviewed, and agreement reached on any changes to the Workplans for 2024/25. 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.

Due to the appointment of a new Chair of the JCCGC and change in Executive Lead (Health) to the Director of Nursing. Midwifery, AHP and Chief Office Acute, the Committee workplan for 2024/25 was undergoing further review. This would ensure that the full remit of Care and Clinical Governance was accurately reflected in work planning, in a concise manner, that allowed scrutiny and assurance. The Workplan would be provided to the July meeting of the JCCGC for approval and onward submission to the Audit and Risk Committee for oversight.

The Chair raised that Internal Audit Scoping was not included in all workplans, and that Internal Audit Scoping should take place in or around November, to align with the Internal Audit and SLT process.

The Chief Executive advised that every strategic objective would be linked to a Board Committee therefore would need to be included in workplans as a standing agenda item for each Board committee. It was noted that the Finance and Performance committee workplan referred to the Grip and Control Board which had changed to the Improvement Board therefore an update was required to reflect the change and an Improvement Board Chairs Assurance Report would be brought to every meeting.

It was confirmed that the Risk report would be presented to every Finance and Performance meeting. The Medical Director advised that one of the proposed changes was for each committee to receive a live document that could be filtered to suit each committee.

The Chief Executive advised that Remuneration Committee mid year Executive Director reviews should be changed to an additional meeting in October rather than December.

Decision / Conclusion

The Audit and Risk Committee endorsed the Governance Workplans for 2025/25 with minor amendments to be circulated virtually for final awareness.

8. External Audit

8.1. No items due

9. Internal Audit

9.1. Internal Audit Progress Report (Guests: Internal Auditor)

R King 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 Infection, Prevention and Control report was not yet complete due to a delay in response around training however, members were advised that following a conversation with management, the fieldwork would be concluded and brought to the Audit and Risk Committee meeting on 28 May 2024 along with the annual opinion.

Members were advised that the Workforce Planning and Strategy Review had been revised in line with the new Corporate Strategy. It was proposed that this would be deferred until next year, this would provide better assurance.

Decision / Conclusion

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

9.2. Draft Internal Annual Report 2023/24 (Guests: Internal Auditor)

Paper not received

9.3. Final Strategic Internal Audit Plan (Presenters: Phil Tydeman)

The Director of Improvement delivered the final Strategic Internal Audit Plan for NHS Orkney for the coming year 2024/25, 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.

The following amendments had been made to the internal audit plan previously presented to the Audit and Risk Committee:

- Waiting Times audit as this will be covered through the Improvement Programme
- Information Governance will be included in the NIS/Digital Maturity Improvement Plan, with the internal audit being deferred until 2025/26
- Inclusion of Health and Safety Risk Assessments in July 2024

Members were advised that the planned audits for April and May 2024 were slightly deferred pending agreement from the Audit and Risk Committee.

The Chair queried whether it would be beneficial to re-schedule the timings of the two financial audit reviews, acknowledging the recent rapid finance review. The Chief Executive and the Recovery Director were both in agreement as the recommendations from the rapid review and improvement plan would have an impact on the internal audit reviews. A further conversation would be held with Internal Audit and the Director of Improvement.

The Employee Director welcomed the action against the Health and Safety Risk Assessment and queried how the actions plans would be analysed. R King advised a scope had been drafted and would reach out to relevant sponsors and key contacts.

The Chief Executive highlighted the importance of the connection between the Audit and Risk Committee and the Senior Leadership Team meeting. The progress audit reports would be presented to SLT on a quarterly basis.

Decision/Conclusion

The committee ratified the plan with agreement there may be timeline amendments.

9.4. NIS Improvement Plan (Presenters: Debs Crohn)

The Head of Improvement presented the plan advising that it had been presented to Senior Leadership Team for approval and to reiterate the importance of the work and the focus on digital maturity and improving previous audit scores.

Members were advised that the Scottish Government had been invited to attend an extended Senior Leadership Team in June 2024, to highlight expectations from a government perspective and how the organisation could benefit from their support. A short life working group was in place to oversee the development and implementation of the plan.

The plan was a priority within the Corporate Strategy, conversations had taken place with NHS Grampian regarding collaborative working and moving forward in terms of the action plan overseen by the Digital Information Operations Group.

If the organisation was not compliant with the regulations there were financial penalties that could be imposed.

The Digital and Information Audit Action Plan was set out in the appendix.

Members were assured that despite the level of work required, it was considered achievable, and that the Audit and Risk Committee would be alerted should any challenges occur that would impact on completing the work required.

Decision/Conclusion

The committee noted the update.

10. Internal Audit Reports

10.1. Clinical Governance - Complaints (Presenters: Internal Auditor)

R King presented the report following a review of the complaints process which included stage one early solution and stage two investigation and tested how well the process was followed by NHS Orkney Staff and cover actions which had been taken as a results of complaints.

The review found that complaints were dealt with in line with policy and in a manner which contribute to enhanced patient care. The support provided by the Patient Experience Officer to Investigating Officers and the suite of available supporting documents helped augment and underpin the overall process.

Four areas of improvement were identified which would enhance complaint handling, details were included in the Management Action Plan.

The Chief Executive acknowledged the positive report and the work carried out by teams across the organisation and the need for continued improvement.

The Chair queried whether training should be mandatory for those undertaking complaint investigations, given the relatively small cohort of staff involved.

Decision / Conclusion

The Audit and Risk committee noted the report and recommendations and the proposed actions.

11. Internal and External Audit Recommendations (Presenters: Phil Tydeman, Paul Corlass)

The Director of Improvement and the Recovery Director provided an update regarding the progress on internal and external recommendations.

The Director of Improvement highlighted that there were seven internal actions listed, six were outstanding and well beyond the timescales and were not brought to SLT on a monthly basis. Four of the recommendations were aimed to be complete by the end of June 2024. A comprehensive, refreshed and up to date report and cover paper would be brought to the next Audit and Committee meeting.

The Recovery Director advised that a detailed report regarding external audit recommendations would be provided at the next Audit and Risk Committee meeting. There were five outstanding

recommendations, three were categorised as level 3 which were relevant to finance and the year end accounts. One was at level 2 and one was level 1.

It was requested that an update on the risk around the Scottish Government Clinical Prioritisation Framework Performance be provided by the Medical Director. R Khangura noted that external audit had received the recommendation from the 2022/23 Audit Scotland review therefore it would be helpful to provide an update to state that it had not yet taken place and there would be a deferment of the deadline. The Medical Director advised that the Scottish Government had yet to publish Clinical Prioritisation Framework but would provide an appropriate update.

The Chief Executive advised in terms of the recommendations regarding the wider scope findings, a number of SMART targets were clearly linked to strategic objectives, clear KPIs mapped to Executive Leads and linked to the annual delivery plan, and that quarterly updates would be presented to SLT and Board. Plans were in progress for 2024/25 to further strengthen work in this area.

The Chair requested external audit recommendations were monitored and updated for each meeting, and presented as a live document, rather than the static year end presentation of the current report.

The Recovery Director undertook to revise the report accordingly.

Decision / Conclusion

The Audit and Risk committee noted the verbal update.

12. Annual Accounts

12.1. Draft Directors Subsidiary Statement on Governance (Presenters: Director of Finance)

Paper not received due to timings.

The Recovery Director advised members that the Final Directors Subsidiary Statement of Governance would be provided for final sign off at the Audit and Risk Committee meeting on 28 May 2024.

12.2. Annual Accounts progress assurance report (Presenters: Paul Corlass, External Audit)

The Recovery Director presented the report providing an update and assurance on the progress made in relation to the production of the 2023/24 Annual Report and Accounts. Additional assurance was required following the issues experienced during the production of the 2022/23 Annual Accounts, whereby the formal submission deadlines were missed.

Members were advised NHS Orkney were unable to submit their 2022/23 annual report, including the externally audited Accounts, to the Scottish Government (SG) by the formal deadline of 30 June 2023. A lessons learned exercise was undertaken by the Board during the year to avoid a re-occurrence of this situation and to ensure future Annual Report and Accounts were submitted within the required timescales.

Whilst capacity within the Board's Finance Team was once again compromised during the current production of the 2023/24 Annual Accounts process, a number of steps had been taken to improve the management of the Annual Report and Accounts production to mitigate the risk.

Early engagement and regular touch points were taking place with KPMG.

The Month 13 submission to Scottish Government was due on 3 May however there was a delay to the national allocation publication. Following a discussion with the Scottish Government, the submission took place on the 7 May 2024. Conversations had taken place with the Scottish Government around support funding for the £5.156m deficit reported in the draft position, and members were advised that the government had indicated that the organisation would receive brokerage, yet to be confirmed in writing.

A timeline was provided, detailing the key next steps and milestones in relation to the production of the Annual Report and Accounts for 2023/24.

J Stevenson requested that the wording be changed to read the boards inability to submit the 2022/23 report within the deadline rather than failed to submit.

Decision / Conclusion

Committee noted the progress report.

12.3. Key judgements and estimates update (Presenters: Paul Corlass)

The Recovery Director presented the report providing an update on the key estimates and judgements included within the 2023/24 annual accounts to provide the Audit and Risk Committee with the opportunity to review, discuss and approve the principles applied. D Creasey referred to the accrual of annual leave and how that compared with other Boards. Members were advised that NHS Orkney's position was comparable to the the size of workforce.

Decision/Conclusion

The Committee noted the update.

13. Fraud

13.1. Counter Fraud Services Quarterly Report (Presenters: Paul Corlass)

Members had received the Counter Fraud Services quarterly report up to 31 March 2024 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.

Decision / Conclusion

The Audit and Risk committee noted the quarterly report.

13.2. Counter Fraud Standard - Fraud Standard Statement (Presenters: Paul Corlass)

Paper not received

The Recovery Director advised conversations had taken place with the Lead for Counter Fraud Standard and a meeting was scheduled to take place. A comprehensive report would be provided at the next Audit and Risk committee meeting.

Decision / Conclusion

Members noted the verbal update

13.3. National Fraud Initiative (Presenters: Director of Finance)

Paper not received

The Recovery Director advised conversations had taken place with the Lead for Counter Fraud Standard and a meeting was scheduled to take place. A comprehensive report would be provided at the next Audit and Risk committee meeting.

Decision / Conclusion

Members noted the verbal update

14. Data Quality Review - Improvement Plan Progress Update (Presenters: Laura Skaife-Knight)

Paper not received

The Chief Executive apologised for delay in paper submission, due to the absence of the Head of Planning, Performance and Information. She advised that the Head of Improvement would meantime lead, and that a paper would be presented at the next Audit and Risk Committee meeting.

Decision / Conclusion

Members noted the verbal update

15. Items to be included on the Chairs Assurance Report (Presenters: Jason Taylor)
 - Risk Management - confirmation of audit recommendations overseen by SLT
 - Update of NIS plan
 - Accounts progress update
 - Annual reports and business cycle amendments
 - Positive work around the risk management process
 - Internal audit plan for 2024/25 financial elements had been ratified but final elements to be aligned with rapid review work
16. AOCB
 - No items.
17. Items for Information and Noting Only
 - 17.1. Audit Scotland Reports
 - 17.1.1. Audit Scotland Technical Bulletin 2024/1
 - 17.2. Counter Fraud Services Reports
 - 17.3. Reporting Timetable for 2024/25
 - 17.4. Record of Attendance