

Present:

Members: Jason Taylor (Chair), Des Creasey, Ryan McLaughlin, Jean Stevenson

Attendees: Paul Corlass, Phil Tydeman, Laura Skaife-Knight, Anna Lamont, David Eardley, Kat Jenkin, Debs Crohn, Rashpal Khangura, Rachel Ratter (Senior Corporate Services Officer)

1. Apologies (Presenters: Chair)

There were no apologies.

2. Declaration of Interest (Presenters: Chair)

No declarations of interests were raised.

3. Minute of meeting held on 7 May 2024 (Presenters: Chair)

The minute of the Audit and Risk Committee meeting held on the 7 May 2024 were accepted as an accurate record of the meeting and was approved.

3.1. Chairs Assurance Report from meeting on 7 May 2024 (Presenters: Chair)

Members approved the Chair's Assurance Report.

4. Matters arising (Presenters: Jason Taylor)

There were no matters arising.

5. Action Log (Presenters: Chair)

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

6. Risk

6.1. Corporate Risk Register and Assurance Report (Presenters: Medical Director)

[Corporate Risk Register](#)

The Medical Director presented the report providing an update on the status of all risks.

The next stage of the exercise was the review and produce a new approach to risk management at NHS Orkney, alongside the development of a new Board Assurance Framework and Corporate Strategy.

The Corporate Risk Register captured 18 risks, with 1 closed risk which would remain on the register as per the test of change process. There were 3 very highly scored risks relating to corporate finance and 2 new risks that related to digital maturity and risk linked to electronic patient records and a legacy server.

D Creasey queried the impact in relation to the risk around the digital system cCube. The Medical Director advised that the issue was a digital one around the need to update this to reflect cyber security and legacy systems and that the risks were around clinical information availability and the ability to share that information. A wider discussion would take place on whether this provided a good solution for an EPR.

The Chief Executive highlighted that a digital prioritisation exercise would commence.

J Stevenson queried whether the risk in relation to surveillance colonoscopy backlog remained as a significant risk following work undertaken to improve the back log. The Medical Director highlighted that the situation regarding surveillance colonoscopy remained a changing situation, and continued to be under resourced and understaffed, a new experienced Endoscopist was due to start.

The Chair welcomed the update and detail provided and queried whether there was scope to differentiate between actions that were there to mitigate the risks. He also asked the Committee whether they wished to see the Risk Jotters for each corporate risk or whether the chair's assurance report from the Senior Leadership Team (SLT) would be sufficient. Members agreed that they would be content with the risk jotters being reviewed and validated through SLT on the basis that any risks discussed, agreed, added or declined were provided within the Chair's Assurance report.

The Head of Patient Safety, Quality and Risk assured members that there would be an additional column added to the Corporate Risk Register that would separate the mitigating actions and the updates.

Decision / Conclusion

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

6.2 The Integrated Incident, Risk Management and Patient Safety system procurement paper (Presenters: Medical Director)

The Medical Director presented the report advising NHS Orkney's contract with Datix was due for renewal in October 2024, which required the organisation to consider the value of possible options, including to

migrate to the newly procured IIRMPs system provided by InPhase or to renew the Datix contract together with purchase of hardware to support the upgrade.

The current Datix system was not fit for purpose and would require significant changes and upgrades to make it fit for purpose. The patient feedback module was only used as a recording system and the main management is recorded on an excel spreadsheet, as the format of the system did not meet the requirements of the organisation or the external reporting requirements.

The benefits of moving to the InPhase cloud solution were detailed within the report.

The paper was presented to the Senior Leadership Team on the 13 May 2024, where they supported the option to migrate to the IIRMPs. It would now be presented to the Finance and Performance Committee for agreement.

Decision / Conclusion

The Audit and Risk Committee thanked the Medical Director for the report and the in-depth quality of the paper and supported the SLT recommendation to migrate to the IIRMPs.

6.3 Proposed changes to risk management process (Presenters: Medical Director)

The Medical Director presented the report, highlighting that the risk management process was currently under review and as an initial change to support this review, proposed a test of change to risk assessment and management processes based on the issues identified in the previously presented risk management position paper. The proposed risk jotter and processes aimed to support risk owners to better describe the risk and the impact, taking into consideration different factors that could potentially be mitigated.

There would be a review after two months reflecting on the process, changes and integrating feedback to improve the process. An update would be provided to the committee in due course.

D Creasey thanked the Medical Director for the report and requested clarity around the governance of the change and whether the proposal would be approved by the Board. The Medical Director reassured members that any formal change of the risk management process document and standard operating services would be presented to the Board.

The Chief Executive thanked the Medical Director for the papers and assured members that the Board Chair stated no changes could be made to risk management processes prior to submission to the Board on 27 June 2024.

The Chair reflected on the significant work that had been undertaken around the corporate risk register.

J Stevenson queried the process following incidents being reported on the datix system. The Head of Patient Safety, Quality and Risk reassured members that within the system there were processes in place, including review at a weekly incident reporting group where concerns were escalated or de-escalated.

The Recovery Director thanked the Medical Director for the helpful format of the report. He queried the proposed system around procurement of InPhase and if there was a consideration regarding interoperability. The Medical Director advised that there were details around the future development which would be included as a separate piece of work.

Decision / Conclusion

The committee approved the test of change proposal, noting that it would be presented to Board for final approval.

6.4 Risks escalated from other Governance Committees (Presenters: Chair)

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

7. Governance

7.1. PHS Waiting Times Review Improvement Plan Update May 2024 (Presenters: Head of Improvement)

The Head of Improvement presented the report highlighting the following:

- In July 2023, NHS Orkney commissioned Public Health Scotland (PHS) to undertake an independent review of the National Waiting Times data collection, adherence to national guidance and local and national reporting
- Findings from the review were that there was no evidence that the organisation were not adhering to national guidance and local reporting however there were significant improvements that were required
- Standard operating procedures were in place and there was a plan in place to improve the current position

- Public Health Scotland had received the revised plan with regards to completion dates and timescales. A short life working group was in place as well as additional leadership to bring the plan back on track

Members were advised that revised timescales were considered realistic and if there was any challenges around achieving the agreed targets, the committee would be cited.

J Stevenson queried the evidence around the requirement of the suggested consideration of recruiting a senior position (Band 7 or 8) with data intelligence background to provide strategic and technical leadership, direction and to join-up with other internal and external colleagues in other Boards. Members were assured that a review was underway to identify collaborative ways of working with other boards, to look at their structures and scope alternative opportunities. A wider review was being undertaken to ensure that corporate services were for for purpose across the board.

The Chair asked the committee whether they would be content for the first update to be provided at the September meeting and for assurance to be sought from the SLT chair's assurance report.

Decision / Conclusion

The committee approved the revised dates and the proposed actions to bring the plan back on schedule.

8. External Audit

8.1. No items

No items were due for the meeting however R Khangura provided a verbal update to assure members that the audit progress was on schedule and there was continued conversations taking place with officers to establish a timeline around working paper requests and to address specific issues within the finance department.

Decision / Conclusion

Members noted the verbal update.

9. Internal Audit Reports

9.1. Infection, Prevention and Control (Presenters: Internal Auditor)

D Eardley presented the Infection, Prevention and Control Audit which provided good assurance over the arrangements in place around controls.

Five improvement actions were identified, the most notable being finalisation and approval of the key policy document for HCID with dissemination to staff thereafter and clarification of training records to ensure the expiry dates of training have been migrated correctly from LearnPro and Turas, and that statutory training requirements could demonstrably be adhered to by NHS Orkney.

Decision / Conclusion

The Audit and Risk Committee noted the update.

10. Internal Audit

10.1. Internal Audit progress report (Presenters: Internal Auditor)

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.

Decision / Conclusion

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

10.2. Final Internal Audit Annual Report 2023-24 (Presenters: Internal Auditor)

D Eardley presented the report advising the Audit opinion was that NHS Orkney had a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives.

The Chair highlighted the themes, training and review of policies and procedures.

Decision / Conclusion

The Audit and Risk Committee received the Internal Audit Annual Report for 2023/24 and accepted this as a final document.

11. Internal and External Audit Recommendations

11.1. Internal Audit Recommendations (Presenters: Director of Improvement)

The Director of Improvement presented the report advising that work had progressed to move five of six actions to be closed following evidence submitted to Azets to assure completion, and one action pending agreement of a revised date.

In respect of 2023/24 audits, responses had been provided for the seven actions with original due dates prior to and including May 2024. These had been submitted to Azets and any additional evidence requirements

will be actioned and completed prior to the next Audit and Risk Committee.

The Chair welcomed the progress made and requested clarification around the engagement with Azets and the integration of Internal Audit into the Senior Leadership Team.

Members were reassured there was ongoing engagement between Azets and the Director of Improvement and Azets would attend the Senior Leadership Team on a quarterly basis, following the embedding of Internal Audit on the SLT workplan.

The Chief Executive raised how the organisation evidences long term improvement and learning following implementation of internal audit report recommendations, with a proposal to bring forward an options paper outlining how improvements could be made, with work being led by the Improvement team.

Decision / Conclusion

The Audit and Risk Committee noted the update and welcomed the Chief Executives proposal

11.2. External Audit Recommendations (Presenters: Recovery Director)

The Recovery Director presented the report advising that there were 5 outstanding external audit recommendations and were prioritised under the external audit prioritisation matrix. 3 were categorised under the lowest priority (three) and if corrected would improve internal control, 1 fell under priority 2 and 1 could have a fundamental material impact on the system and financial control.

Updates were provided for 4 of the recommendations with the final update provided verbally by the Medical Director, that there was sufficient evidence to show that each of the recommendations had been achieved or completed, to be reviewed by KPMG as part of their Audit opinion.

Decision / Conclusion

The Audit and Risk Committee noted the update.

12. Annual Governance Statement

12.1. Draft Audit and Risk Committee Annual Assurance Statement 2023/24 (Presenters: Chair)

The Chair presented the statement which provided formal assurance from the Committee to the Orkney NHS Board that the Annual Report and Accounts for 2023/24 had been reviewed and considered fully by the Committee. The report complemented the Chair's Reports presented to

the Board following each meeting, and aligned with the Annual Report for 2023/24 outlining the committees' responsibilities for issues of risk, control, governance, and that associated assurances were functioning effectively.

Decision / Conclusion

The Audit and Risk Committee approved the Draft Annual Assurance Statement for signature by the Chair.

12.2. Significant Issues that are Considered to be of wider interest - Draft letter to the Scottish Government - Health Finance Division (Presenters: Chair)

The Chair drew members attention to the draft letter, which advised that there were no significant issues that were considered to be of wider interest, the final letter would be signed on completion of the accounts.

Decision / Conclusion

The Audit and Risk Committee reviewed the draft letter and approved signing following receipt of the final Annual Accounts on the 27 June 2024.

12.3. Orkney Health Board Endowment Fund Governance Statement (Presenters: Endowment Treasurer , Chair)

The Chair presented the report advising that NHS Orkney was required to prepare consolidated financial statements incorporating the Orkney Health Board Endowment Funds. Accordingly, an important part of the assurance required by the Chief Executive was a statement from the Chair of the Endowment Fund Sub Committee confirming whether the Committee has fulfilled its remit and whether there had been adequate and effective governance arrangements in place for the year under review.

This report was provided in fulfilment of the requirement and formed part of the end of year assurance process. The report had been considered by the Endowment Fund Sub Committee and approved for signature by the Chair, the report would also be presented to the full Trustees.

Decision / Conclusion

The Audit and Risk Committee noted the Governance Statement from the Chair of the Endowment Fund Sub Committee.

12.4. Final Directors' Subsidiary Statement on Governance (Presenter - Recovery Director)

The Director of presented the report advising that the preparation of the subsidiary statement on governance was an important part of triangulating information available to the Chief Executive and supported

compilation of the governance statement for inclusion in the annual accounts.

The Governance Statement had been reviewed and agreed by all members of the Executive Management Team and was presented to the Audit and Risk Committee in a draft format for review before final submission at the Committee meeting on the 27th June 2024.

The internal controls checklist had been completed, and was attached, in order to identify any matters which could affect clear certification. The report recommends that there were no issues which should be considered for inclusion in the organisation's Governance Statement.

The Chair raised concerns around the responses in relation to risk controls within the control checklist and how they differed to the information provided in risk papers that were presented to the committee. He also highlighted that there was areas within the finance section that were no longer relevant and suggested emphasising areas of weakness where steps were being implemented to address issues.

The Chief Executive agreed to have further discussions with the Recovery Director to agree a way forward to ensure consistency.

Decision / Conclusion

The Audit and Risk Committee noted the draft Statement of Governance and the final version would include the changes as agreed and discussed.

13. Annual Accounts

13.1. Draft NHS Orkney Annual Report and Accounts documentation 2023/24 (Presenters: Recovery Director)

The Recovery Director provided the Committee with the draft annual accounts for 2023/24 advising that the Board was required under Section 86(3) of the National Health Service (Scotland) Act 1978 to prepare Annual Accounts. It was the role of the Audit and Risk Committee to consider the Accounts and associated documents and to recommend adoption of the Accounts by the Board. The final Accounts were to be presented to the Audit and Risk Committee and Board on 27 June 2024. The Head of Patient Safety, Quality and Risk advised that there were 6 SAERs commissioned rather than 7 as stated in the report.

The Medical Director, noted the work and effort into the collation of the report and noted that track changes should be removed prior to Scottish Government submission.

An update was provided around the Remuneration report recognising that the pension figures for 2023/24 for executive members were not yet complete as the information from the Scottish Pensions Agency had not yet been received. They would therefore be included in the final draft version.

The Chair queried whether the issues in relation to endoscopy should be reflected within the report highlighting the on going positive work that had been carried out, and to align the risk management description to reflect the current situation and ensure consistency with the subsidiary statement.

Decision / Conclusion

The Audit and Risk Committee reviewed the Annual Accounts for year ended 31 March 2024, noting that the final version would be presented to the Committee on the 27 June 2024 seeking a recommendation of Board approval.

13.2. Orkney Health Board Endowment Fund Annual Accounts 2023/24 (Presenters: Endowment Treasurer)

The Chair provided a verbal update to advise members that the Orkney Health Board Endowment Fund Annual Accounts 2023/24 would not be presented at the meeting due to a minor delay with the fund accounts. The accounts would be considered with a convened Audit and Risk Committee on 6 June 2024 prior to the meeting of the Endowment Trustees meeting.

14. Fraud

14.1. Counter Fraud Standard – Fraud Standard Statement (Presenter - Recovery Director)

A paper was not provided to the Committee, however, the Recovery Director provided a verbal update advising members that a meeting was arranged with the Counter Fraud Lead on 30 May 2024 to discuss the Counter Fraud Statement. A paper would be provided at the September committee meeting.

Members noted the update.

14.2. National Fraud Initiative (Presenter - Recovery Director)

No paper was provided, to be brought forward at the September meeting.

15. Items to be included on the Chairs Assurance Report (Presenters: All)

- Supporting the decision for the new integrated reporting system
- Approving the test of change for the risk management system

- Noting the committee received IPC audit and annual internal audit report
- Progress made in terms of the internal audit recommendations
- The committee received and approved the draft assurance statement and significant issues letter
- Amendments were required in relation to the subsidiary statement
- Approved the draft accounts onwards to the Scottish Government

16. Any Other Competent Business (Presenters: All)

No AOCB

17. Items for Information and Noting Only

17.1. Audit Scotland Reports

17.1.1. National Single Instance Financial Ledger Services - service audit report (Presenters: Recovery Director)

Members noted the audit report.

17.2. Reporting Timetable for 2024/25

Members noted the timetable.

17.3. Record of Attendance

Members noted the attendance record.