

Minutes

NHS Orkney

Thursday, 27 June 2024 at 10:00 BST

Attendance

Present:

Members: Stephen Brown, Davie Campbell, Kirsty Cole, Julie Colquhoun, Paul Corlass, Des Creasey, David Eardley, Rona Gold, Issy Grieve, Joanna Kenny, Rashpal Khangura, Anna Lamont, Ryan McLaughlin, Rachel Ratter, Laura Skaife-Knight, Jean Stevenson, Jason Taylor, Sam Thomas, Louise Wilson

Absent:

Members: Jarrard O'Brien, Kat Jenkin

1. Apologies (Presenters: Chair)

Apologies were received from K Jenkin.

2. Declaration of Interest (Presenters: Chair)

There were no declarations of interests raised.

3. Minute of meeting held on 28 May 2024 (Presenters: Chair)

The minute of the Audit and Risk Committee meeting held on 28 May 2024 were approved as a true and accurate record of the meeting.

3.1. Chairs Assurance Report from meeting on 28 May 2024 (Presenters: Chair)

Members noted the Chairs Assurance Report.

4. Matters arising (Presenters: Chair)

No matters arising were raised.

5. Action Log (Presenters: Chair)

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

6. Annual Accounts - Not for publication until laid before Parliament

6.1. NHS Orkney Annual Report and Accounts for year ended 31 March 2024
(Presenters: Accountable Officer , Recovery Director)

The Recovery Director presented the accounts, first giving thanks to the finance team and auditors for all their hard work around the accounts. Key changes following the previous version were highlighted in the report.

The Board reported a financial overspend of £5.1m, excluding the £5.2m of brokerage received from Scottish Government, in 2023/24. Whilst this position was an improvement relative to the

£6.3m deficit reported in the October forecast, this was still £2.2m adverse to the Boards original financial plan for 2023/24. The adverse financial position was largely driven by increased workforce constraints and higher inflationary cost pressures.

NHS Orkney ended the year with a core revenue limit of £82.7m for the 2023/24 financial period which included £5.2m of agreed brokerage support in the core revenue limit. The brokerage would be repayable to Scottish Government at the point at which the Board return to financial balance.

The Chair thanked the Recovery Director and referred to the changes requested at the previous Audit and Risk Committee meeting and noted the risk management description had not been amended. It was agreed that the wording would be updated prior to submission to Scottish Government.

The Board Chair gave thanks to all involved in the process of compiling the annual report and accounts and acknowledged the level of change there had been throughout the organisation. She noted that the annual report could have more focus on NHS Orkney employees and the community they serve.

The Chief Executive thanked the Recovery Director and team for the comprehensive summary of the progress, challenges and responses over the financial year, however, noted that there was lack of reference with regards to patient experience.

The Chair added thanks to the Finance team for their extraordinary effort and the challenges faced due to absences.

R Gold queried the reference to the IJB and the way finances were referenced. Members were advised that the IJB was a separate legal organisation and acted as a principle in own right, accordingly the Health Board was required to reflect the contribution to IJB funding for devolved health services and the subsequent commissioning income from the IJB for those services delivered by the Health Board.

Decision / Conclusion

The Audit and Risk Committee recommended approval of the accounts to the Board.

6.1.1. NHS Orkney Annual Report and Annual Accounts for year ended 31 March 2024 - ARC2425-36

To review and approve recommending to the Board for endorsing.

6.1.2. Annual Audit Report from External Auditor 2023/24 - ARC2425-37 (Presenters: External Audit)

R Khangura presented the report to members and advised that the audit opinion on the annual accounts was unmodified. The financial statements gave a true and fair view, expenditure and income were regular and in accordance with guidance and that the audited parts of the remuneration and staff report, performance report and governance statement were all consistent with the financial statements.

The following areas of the report were highlighted to members:

- Areas of work remained outstanding however an updated remuneration report had been received
- The first significant risk identified was in relation to the valuation of land and buildings. The Board had applied indexation to value the Board's land and buildings at 31 March 2024 therefore the audit response had been updated. The data, assumptions and methodology involved in management's valuation of land and buildings were reviewed and confirmed appropriate for the estate.
- One adjustment was identified in relation to application of the impact of the indexation

- A statement on NHS Orkney's consolidation schedule was a requirement of the Audit Code of Practice. There were no issues to report.
- Four areas were identified under wider scope audit (Financial Management, Financial Sustainability, Vision, Leadership and Governance and Use of Resources to Improve Outcomes)
- A recommendation was raised around the accounts preparation
- A recommendation was raised around financial management, the Board should consider the recommendations made in the rapid review and implement where appropriate to address the issues identified in the rapid review

I Grieve thanked R Khangura for the report and the improved process, which would remain monitored by the committee. She also requested clarity around what recommendations had been paused and where the decisions were made following the finance team rapid review. The Chief Executive advised the outputs of the review was discussed at an in-board committee meeting where colleagues from Viridian presented the results of the review. There were approximately 15 comprehensive recommendations with ambitious timescales, some that were currently unachievable. A pragmatic way forward would be adopted with an update to be provided to the Finance and Performance committee.

R Gold raised concern that there was not a responsible officer detailed within the management response/officer section if the financial management and sustainability risk. The Chief Executive advised that the Recovery Director was the responsible officer with support from the Improvement Director.

Decision/Conclusion

The Audit and Risk Committee noted the 2023/24 Annual Audit Report, including the key messages and recommendations.

6.2. Draft Representation Letter - ARC2425-35 (Presenters: Chief Executive)

The Chief Executive advised that the representation letter attested to the accuracy of the financial statements that NHS Orkney had submitted to the External Auditors.

Decision / Conclusion

The Audit and Risk Committee approved the signing of the representation letter by the Chief Executive as accountable officer.

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

The Chair noted that there were no amendments required from the previous draft and that there were no significant issues to be raised.

Decision / Conclusion

The Audit and Risk Committee approved the signing of the letter by the Chair and submission as required.

7. Service Audit Assurance Reports

7.1. IT Services Audit Report - ARC2425-38 (Presenters: Recovery Director)

The Chair presented the report advising that the report contained a qualified audit opinion, highlighting the management responses in answer.

Decision / Conclusion

The Audit and Risk Committee received the audit report and took assurance from the opinion and management response.

7.2. Practitioner and Counter Fraud Services Audit Report - ARC2425-39 (Presenters: Recovery Director)

The Chair presented the report advising that the report contained a qualified audit opinion, highlighting the management responses in answer.

Decision / Conclusion

The Audit and Risk Committee received the audit report and took assurance from the opinion and management response.

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

The recommendation of approval of the annual report and accounts onwards to board

Assurance from external audit report and recommendations

The approval of the draft significant issues letter

Assurance taken from the service audit reports.

Noting improvement of relationships and flow of information

Gratitude to auditors and finance team

9. Any Other Competent Business (Presenters: All)

No items were raised.

10. Items for Information and Noting Only

10.1. Reporting Timetable for 2024/25

The committee noted the timetable.

10.2. Record of Attendance

The committee noted the record of attendance.