Audit and Risk Committee 6 May 2025 Minutes

Attendance

Mel Barnes (Interim Director of Finance), Debs Crohn (Head of Improvement), Suzanne Gray (Senior Financial Accountant), Kat Jenkin (Head of Patient Safety, Quality and Risk), Rashpal Khangura (KPMG), Rachel King (Azets), Dr Anna Lamont (Medical Director), Ryan McLaughlin (Non-Executive Director - Employee Director), Keren Somerville (Head of Finance), Jean Stevenson (Non-Executive Director), Jason Taylor (Chair - Non-Executive Director)

Guests: Iain Gray (Data Protection Officer)

1. Cover page

Audit and Risk Committees Purpose

To support the Board in its responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge

The Committee will be quorate when there are three members present, one of whom must be the chair or vice-chair.

2. Apologies (Presenter: Chair)

The Chair opened the meeting at 09:30 am and welcomed members to the meeting.

Apologies received from L Skaife-Knight (Chief Executive Officer).

3. Declaration of Interest (Presenter: Chair)

There were no declarations of interest raised.

4. Minute of meeting held on 4 March 2025 (Presenter: Chair)

The minutes of the Audit and Risk Committee meeting held on 4 March 2025 were approved as an accurate record of the meeting.

5. Chairs Assurance Report Audit and Risk Committee 4 March 2025 (Presenter: Chair)

The Chair's Assurance report of the Audit and Risk Committee meeting held on 4 March 2025 was approved as an accurate record of the meeting.

6. Action Log (Presenter: Chair)

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

7. **CHAIRS ASSURANCE REPORTS**

8. **Corporate Risk Register ARC2526-01 (Presenter: Medical Director)**

The Medical Director presented the Corporate Risk Register report providing an overview and update on risk management across NHS Orkney.

There are currently 2 risks aligned to the Audit and Risk Committee.

The Medical Director advised of a change to the presentation of the Risk Register. As actions are now being updated more frequently, the Senior Leadership Team (SLT) have agreed that actions from the previous 6 months will be presented to the Committee so actions can be viewed easily.

The Chair asked that each Committee's requirements are discussed at the Risk Management workshop on the 29 May 2025.

The Head of Patient Safety, Quality and Risk advised that Risk 1211 (Patient waiting times) has been reduced as the target score has been met - risk to be closed at the next SLT meeting.

All risks have been reviewed within the agreed timescales.

The Head of Patient Safety, Quality and Risk advised that we are seeing improvements in relation to completing risk jotters. A test of change in Children's services on managing operational risk is now complete, this has proved successful, the service is now managing operational risks effectively.

J Stevenson asked for confirmation on the mitigation in place for Risk 233 (major incidents) and asked if the major incident test had been undertaken, given the forthcoming Island Games (July). The Medical Director reassured members that the Organisation is in a good position re preparedness for the Island Games.

Decision / Conclusion

The committee reviewed and discussed the risks aligned to the committee and agreed that the committees requirements in relation to the risk register and cover paper should be discussed in the forthcoming risk workshop.

9. **Risk Management Group Chairs Assurance Report and minutes ARC2526-02 (Presenter: Head of Patient Safety, Quality and Risk)**

The Head of Patient Safety, Quality and Risk presented the Risk Management Group (RMG) Chair's assurance reports from the meetings held on 12 February and 16 April 2025 highlighting:

- **Risk Management Process** - Implementation plan to be presented to the Committee in September 2025 for approval.

- **Serious Adverse Event Review** (SAER's) – Limited capacity to complete SAER's due to lack of reviewers. A risk jotter is being completed and will be brought through our internal governance process.
- **Risk Jotters** - Improvements are being seen across the Organisation in relation to completing risk jotters. A test of change in Children's services on managing operational risk is now complete - the service is now managing operational risks effectively.

J Stevenson asked for clarity on the risk jotter in relation to the absence policy. Head of Patient Safety, Risk Quality and Risk advised that the risk was not sufficient to be able to review and agree what mitigations are required. Risk Owner has been asked to review the risk and to provide further information at the next meeting.

The Chair reminded members where minutes of the Risk Management Group can be accessed.

Decision / Conclusion

The committee welcomed the in-depth discussions held at the Risk Management Group and took assurance from the reports.

10.   SLT Chair's Assurance Report ARC2526-03 (Presenter: Chair)

The Chair asked the Committee to note the SLT Chair's Assurance Reports from the meetings held in April and May 2025.

J Stevenson asked for clarity on why the digital maturity risk had been included in the CAR if the risk score has been reduced. The Medical Director advised that it was to ensure the Committee and Board are aware of the change to the scoring, this was not a matter of concern, risk, or escalation.

The Chair reminded members where minutes of the Senior Leadership Team can be accessed.

Decision / Conclusion

The committee welcomed the discussions held at SLT in relation to risk, and took assurance from the reports.

11.   Governance Committee Annual Reports 2024/25

11.1.   Audit and Risk Committee Annual Report 2024/25 ARC2526-04 (Presenter: Chair)

The Chair presented the Audit and Risk Committee Annual Report 2024/25.

The Interim Director of Finance asked that Brian Stevens (previous Interim Director of Finance) be added to the attendance record for December 2024 and Melanie Barnes (Interim Director of Finance) be added to the March 2025 meeting.

Decision / Conclusion

The committee welcomed and approved the report with the amendment outlined above.

11.2. Committee Annual Reports 2024/25 - ARC2526-05 (Presenter: Chair)

The Chair presented the following Committee Annual Report 2024/25

- Joint Clinical and Care Governance Committee – Annual Report 2024/25
- Finance and Performance Committee Annual Report 2024/25
- Remuneration Committee Annual Report 2024/25
- Staff Governance Committee Annual Report 2024/25
- Senior Leadership Team (SLT) Annual Report 2024/25
- Area Clinical Forum (ACF) Annual Report 2024/25

The chair asked that internal audit planning be added to the Senior Leadership Team Terms of reference for clarity.

The Medical Director advised that whilst there is no Area Medical Committee (AMC) as outlined in the Area Clinical Forum, there are other mechanisms used by clinicians to feed into our Clinical Governance processes.

Decision / Conclusion

The committee welcomed and took assurance on performance as part of the Boards Annual Report 2024/25.

12. PLACE - No items at this meeting

No papers presented at this meeting.

13. PEOPLE

13.1. Statutory and Mandatory Training Requirements for Non-Executives ARC2526-06 (Presenter: Board Chair)

The Head of Improvement presented a proposal from the Board Chair to reduce statutory/mandatory training for Non-executive Directors in line with best practice from other Boards.

J Stevenson and the Employee Director asked that Violence and Aggression be included in the statutory and mandatory training.

Head of Patient Safety, Quality and Risk asked if risk management should be included in the training - the Chair confirmed that the training being proposed is for statutory/mandatory training - risk management will be picked up as a Board Development Session on the 29 May 2025.

Decision/Conclusion

Members approved the proposal for statutory and mandatory training for Non-Executive Directors with the inclusion of Violence and Aggression training.

14. PERFORMANCE

14.1. Board Assurance Framework Quarter 4 2024/25 update and Board Assurance Framework Performance Scorecard 2025/26 ARC2526-07 (Presenter: Head of Improvement)

The Head of Improvement provided a Quarter 4 update on the Board Assurance Framework for 2024/25 and the proposed Performance Scorecard for 2025/26.

The Board approved its first Board Assurance Framework in December 2024, a mechanism for assurance on the delivery of its strategic objectives (as set out in our Corporate Strategy) monitored throughout the year and the risks associated with the delivery of each objective. The BAF has been built into the Risk Management Board Development session taking place on the 29 May 2025.

J Stevenson asked that the colour coding be made clearer on the Board Assurance Framework going forward.

Decision/conclusion

Members received and took assurance on the Board Assurance Framework 2024/25 and approved the Performance Scorecard for 2025/26.

15. POTENTIAL - No items at this meeting

No papers presented at this meeting.

15.1. Internal Audit

15.1.1. Internal Audit progress report - ARC2526 -08 (Presenter: Internal Auditor)

Rachel King (Azets) (Internal Auditor) presented an update on progress of the Internal Audit plan since the last Committee meeting.

R King advised that since the Audit and Risk Committee in March 2025, the Annual Report has been completed which concludes Azets work for 2024/25.

The 2025/26 audit cycle comprises five audits. The Financial Management and Reporting and Waiting Times audit reports are currently in the planning stage and will be brought to the Committee in September 2025.

Decision/conclusion

Members received the update and noted progress of the plan.

15.1.2. Internal Audit Reports (Presenter: Internal Audit)

There are no reports due.

15.1.3. Internal Audit Recommendations ARC2526-09 (Guest: Iain Gray - Data Protection Officer)

The Chair welcomed Iain Gray to the Committee meeting.

I Gray (Data Protection Officer) presented an update on Internal Audit Recommendations for 2023/24 and 2024/25.

In 2024/25, seven internal audits were completed, three of which were presented to the Audit and Risk Committee in September 2024 and four presented to the Audit and Risk Committee in February 2025.

A total of 28 management actions were due for completion up until 06 May 2025. The committee noted the following:

- 2023/24 Internal Audit Recommendations - 14 management actions evidenced as closed 3 have revised dates.
- 2024/25 Internal Audit Recommendations - 21 management actions evidenced as closed, 7 have revised dates.

The Chair asked if the revised timelines were realistic. The Data Protection Officer advised that building on earlier work, conversations had taken place with audit leads to ensure the revised dates were realistic, and reported positive engagement from leads in that process.

The Chair advised that the Internal Audit tracker, to be presented to committee from the next meeting, would assist members in being able to monitor progress as an extra layer of assurance.

J Stevenson asked for clarity on the recruitment and selection policy not being approved and asked for reassurance on when the survey will be completed. The Employee Director was unclear on the request.

The Interim Director of Finance confirmed the adoption of realistic timelines for external audit recommendations.

Decision/conclusion

Members noted the status and update of the actions.

15.1.4. Draft Internal Audit Annual Report 2024/25 ARC2526-10 (Presenter: Internal Audit)

The Internal Auditor presented the draft annual report (audit opinion) for 2024/25 based on the internal audit recommendations. Key themes for 2024/25 include.

- Requirement to update processes, procedures, and outdated documents.
- Staff knowledge and expertise
- Health and Safety risk assessment and inconsistency in how these were being recorded.
- Budget Holder training

The Internal Auditor confirmed that the Audit Opinion for 2024/25 is one of reasonable assurance.

Decision/conclusion

Members agreed that a level of reasonable assurance is a fair and accurate representation given the internal audit work undertaken over the past 12 months.

15.2. External Audit

15.3. External Audit Recommendations ARC2526-12 (Presenter: Interim Director of Finance)

The Interim Director of Finance presented the External Audit Recommendations tracker and provided an update on progress. She confirmed actions were in place to address outstanding recommendations, and were on track to be closed as part of the annual account cycle subject to review by external audit.

Decision/conclusion

Members noted the status and update of the actions.

16. ANNUAL ACCOUNTS

16.1. Annual Accounts progress assurance report (Verbal Update (Presenter: Interim Director of Finance)

The Interim Director of Finance provided a verbal update on the Annual Accounts process for 2024/25. The final allocation letter was received 5 May 2025. Information has been shared with external auditors.

Progress remains on track for meeting accounts timelines.

Decision/conclusion

Members received reassurance on the progress with the annual accounts.

17. Finance and Performance Committee Chair's Assurance Report ARC2526-13 (Presenter: Chair)

The Chair presented the Finance and Performance Committee Chair's Assurance Report.

Decision/conclusion

Members noted the report and discussed items escalated to the committee.

18. Fraud Services Quarterly Report ARC2526-14 (Presenter: Head of Finance)

The Head of Finance presented the Fraud Services Quarterly Report. Head of Finance brought to Committee attention of a recent national fraud case, and advised that the Head of Finance is leading a piece of work to enhance our fraud prevention strategy.

The Chair welcomed the summary and contents of the refreshed cover paper.

Decision/conclusion

Members noted the quarterly report.

19. Items to be included on the Chair's Assurance Report (Presenter: Chair)

Agreed the following items were to be included in Chairs Assurance Report

- Triangulation on risks by the Senior Leadership Team and Risk Management Group.
- Test of Change Children's services management of operational risk register.
- Minutes and Chair's Assurance Report from the meeting held on 4 March 2025 approved.
- Risk Management workshop scheduled for 29 May 2025
- Audit and Risk Committee Annual Report 2024/25 approved
- Assurance received on Governance Committees performance via Annual Reports 2024/25.
- Mandatory training for Non-executive Directors approved, subject to amendment.
- Board Assurance Framework Quarter 4 2024/25 update and Performance Scorecard 2025/26 approved.
- Summary of internal and external audit recommendations
- Annual Accounts update

20. Any Other Competent Business (Presenter: Chair)

No AOCB raised.

21. Items for Information and Noting Only

No items for nothing.

22. Reflections on the meeting

- Meeting was split to reduce the number of papers coming to the Annual Accounts meeting in 27th May 2025, this was welcomed.