

HIGHLAND NHS BOARD	Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 www.nhshighland.scot.nhs.uk	
DRAFT MINUTE of MEETING of the NHS Board Audit Committee Microsoft Teams	3 May 2022 9.00am	

Present: Mr Alasdair Christie, NHS Board Non-Executive (Chair)
 Mr Gerry O'Brien (Vice Chair)
 Ms Susan Ringwood, NHS Board Non-Executive
 Ms Gaener Rodger, NHS Board Non-Executive
 Mr Stuart Sands, Lay Representative

Other Non-Executive Directors Present: Ms Sarah Compton-Bishop, NHS Board Non-Executive
 Mr Boyd Robertson, NHS Highland Chair

In Attendance: Mr Iain Addison, Head of Area Accounting
 Dr Tim Allison, Director of Public Health
 Mr Ashley Bickerstaff, Azets
 Ms Joanne Brown, Grant Thornton
 Ms Louise Bussell, Chief Officer
 Ms Claire Connor, Grant Thornton
 Ms Ruth Daly, Board Secretary
 Ms Pam Dudek, Chief Executive
 Mr David Eardley, Azets
 Ms Ruth Fry, Head of Communications and Engagement
 Mr David Garden, Director of Finance
 Ms Fiona Hogg, Director of People and Culture
 Ms Stephanie Hume, Azets
 Mr Alister McNicol, Deputy Head of eHealth
 Ms Lorna Munro, Azets
 Mr David Park, Deputy Chief Executive
 Mr Donald Peterkin, Data Protection Officer
 Mr Boyd Peters, Medical Director
 Ms Katherine Sutton, Deputy Director of Operations
 Mr Nathan Ware, Governance & Assurance Co-ordinator
 Mr Stephen Chase, Committee Administrator

1. WELCOME, APOLOGIES AND DECLARATION OF INTERESTS

Apologies were received from Fiona Davies and Heidi May.

Alasdair Christie advised that being an elected member of the Highland Council he had applied the test outlined in paragraphs 5.3 and 5.4 of the Code of Conduct and concluded that this interest did not preclude his involvement in the meeting.

2. MINUTE AND ACTION PLAN OF MEETING HELD ON 8 MARCH 2022 [pp. 1-9]

The minute of the meeting held on 8 March 2022 was approved. The minute was amended to show G Rodgers as 'present' as a full member of the committee.

With reference to the Action Plan, D Park noted that the paper on Resilience was not quite ready to come to the present meeting and requested that it be added to the agenda for the next committee meeting.

The Committee

- **APPROVED** the amended minute of the meeting held on 8 March 2022.
- **NOTED** The rolling Action plan and agreed for the Resilience paper to be given at the next meeting.

3. MATTERS ARISING

There were no matters arising.

EXTERNAL AUDIT

4.1 IT Risk and Assurance (“Informing the Audit Risk”) Report [pp. 10-39]
Report by Grant Thornton, External Audit

J Brown provided an overview of the report which collated responses received from management through the External Audit team’s planning work. Included at the end of the paper is a section on accounting estimates and areas of judgment within the accounts which is shared with the Audit Committee to ask if there were any admissions or anything else that it was felt auditors should address in the year end audit work. There were no significant surprise or concerns. The returns were consistent with what management provided in the year prior.

During discussion, the following matters were addressed:

- The Chair suggested, with reference to the Fraud Risk Assessment, that some information on what other boards have been doing to address this item could be interesting and useful and that this could be discussed at a future meeting.
- G O'Brien suggested that the complete document would benefit new members of the committee especially in terms of guiding those not experienced in the annual accounts process which often assumes knowledge and therefore the document would assist with the assurance process. It would also be useful for the incoming External Auditors.
- Boyd Robertson suggested that the Fraud Risk Assessment could make mention of the Counter Fraud champion as another safeguard in the process.

J Brown noted the comments and agreed that the document can be shared with the incoming External Auditors as part of the handover.

The Committee

- **NOTED** the report.

4.2 IT Risk and Assurance (“Informing the Audit Risk”) Report

C Connor provided a verbal update of plans towards the final External Audit plan

Year End audit work is just about to commence and the External Audit plan, procedures and interim procedures are completed. The team have also completed a walk through significant risk areas in the key business cycles ready for the year end audit which starts on 9 May in which the team will be working closely with Sarah Macauley and Iain Addison with sign off ready for the meeting on 28 June.

The Committee

- **NOTED** the report.

INTERNAL AUDIT

5.1 INTERNAL AUDIT UPDATE

[pp.40-47]

Update by Azets, Internal Auditors

D Eardley gave an overview of progress and noted that the team remain on track to deliver the plan.

- One adjustment was flagged up for the committee's attention: after extensive discussion with management the Internal Audit have been asked to roll up the planned work for 2021-22 and remobilize this into a more expansive piece of work for 2023. This has been agreed provisionally but formal notice of approval will be sought from the committee to ensure the Audit Committee are comfortable with the proposal.
- D Eardley will continue as chief internal auditor for NHS Highland. This had been a provisional appointment, following the secondment of Chris Brown to SFC over the last 6 months. This was discussed with D Garden and I Addison and communicated to the Chair in advance of the meeting. The current Internal Audit team will continue in post.

During discussion, S Ringwood asked if the deferral of item C11 on Retention was due to remobilisation. D Eardley answered that this is not linked to remobilisation but was part of the original 2021-22 plan and was shown for completeness and was approved previously through the committee.

5.2 Statutory and Mandatory Training

[pp.48-70]

D Eardley introduced the report, noting that the report is focussed on medium term issues especially in relation to the change from home and adapted working during the pandemic to new arrangements as the organisation remobilises, and how control systems allow for proactive management and assurance that teams that are working remotely are being well managed and supported.

L Munro spoke to the report and noted the key areas of interest.

- There has been a history of non-compliance with statutory and mandatory training within NHS Highland.
- Internal Audit spoke to a number of staff who acknowledged that there were low rates but they did not seem unduly phased by this information.
- NHS Highland had tried lots of different approaches over the last few years to try and get Stat Man training levels up, and there have been some peaks and troughs
- There is a need to go back to the basic premises of what Statutory Mandatory Training is all about.
- Everybody asked acknowledged that statutory mandatory training is there for a reason and therefore non-compliance is not an option regardless of whether or not a staff member agrees with the course content or how often they should undergo refresher training
- There is a role for management oversight but also personal accountability.
- There is not a consistent process or level of oversight in terms of cost development and new courses.
- A gap was identified at the corporate level with the Clinical Governance Committee, not receiving some reports that had been requested. The role of the EDG and the SLT were considered in terms of addressing the ongoing limited assurances that are being provided to the governance committees.

In discussion, the Chair noted the items of concern and asked if the terms of reference of the Oversight Group could be seen once they are ready to determine where it is reporting into, what its governance structure is and what sort of assurance can be given from the Audit Committee that the Oversight Group is going to address the issues.

- F Hogg noted the Oversight Group is not yet formally established, that its purpose will be to see where responsibilities lie and if an existing group already have this level of oversight within their remit. The group will be made up of representatives from each of

the senior management teams, professional leadership groups and subject matter experts.

- Responsibility for delivery of the detailed Management Action Plan (p.6 of the report) will be owned by the Board. The key message to communicate to staff is that everybody who is out of date with their training is both in breach of their contract and where appropriate, their professional registration. The Oversight group will establish its Terms of Reference through workshops with key professional and management leads.
- S Sands noted the potential for the impact on patient care from non-compliance and that he would be keen to gain a better understanding of the current situation and its root causes. S Sands also suggested that the 2022-23 plan needs an order around performance management to address these concerns. D Eardley answered that assessing patient impact is very difficult to quantify
- S Compton-Bishop commented that there is a development session planned for the Staff Governance Committee on Statutory Mandatory training. She also noted that she would be keen to see this item as a standalone risk on the Risk Register, and asked that any actions around improved reporting and access to reporting take into account the integrated model with Argyll and Bute IJB to ensure wide and coherent application.
- A Anderson suggested that the blockages are likely to be at middle management level and that the process needs to be better incentivised to emphasise the importance of training. A Anderson also asked if the issue is endemic throughout the whole of NHS Scotland. D Eardley noted that this is an issue across Scottish health boards.
- G O'Brien noted the importance of mandatory induction training before work is allowed to commence and that this is a cultural issue.
- B Robertson noted that the report is a very uncomfortable read and presents a stark picture but that the issue has been known for some time. There is a cross-cutting initiative required to address the numerous problems that have been identified by the report.
- P Dudek noted the seriousness of the issue and that this has been a problem for at least 10 years notwithstanding the impact of the pandemic. Work is underway to include reporting in the IPQR. A plan had been initiated previously but we are now back at square one which is an organisational pattern. The EDG will soon hold a session on quality to address impact on patients. The CE has requested and F Hogg has implemented a weekly induction to ensure no one can begin work on the floor until they are fully inducted. This may mean some staff capacity issues from time to time but should ultimately reduce the larger problems.

In summary, the Chair noted the following:

- The committee previously took a decision that when there were any red labelled findings or observations that they would be flagged up to the appropriate committee.
- The matter should be taken to the Board as an agenda item or for an In Committee meeting with a copy of the full report so that it can address the cross-cutting element B Robertson mentioned above. The Chair also suggested that B Robertson consult with other Board chairs to find out best practice to learn from.

The Committee

- **NOTED** the report.
- **AGREED** that any red labelled findings will be flagged up to the appropriate committee for attention.
- **AGREED** that the issue should be taken to the Board as an agenda item or for an In Committee meeting with a copy of the full report so that it can address the cross-cutting element.

5.3 Cloud Managed Services

[pp.71-83]

A Bickerstaff spoke to the report and noted that the organisation is at the start of a journey.

The review was split into two phases:

- the first phase began summer 2021 with the first migration and provides a ‘critical friend’ style of report to management highlighting the need to improve the controls in place.
- Phase two of the report phase is focused on the second migration to the cloud especially areas such as due diligence, data protections, data security and resilience, and supplier contracts and supplier management.

All the control objectives in this audit have been assessed as Amber with two improvement actions identified. There is a checklist of requirements to ensure they are carried out at the most appropriate and most effective time in the life cycle of the project.

A McNicoll spoke on behalf of eHealth and noted that the audit gave a fair reflection of the current position.

- The Chair asked if it was possible to get a sense of how this work relates to other boards and what other boards have been doing in these areas, especially because there are requirements for joint working in terms of how the IT system of NHS Scotland is organised.
- A McNicoll acknowledged that all North Scotland health boards are sharing in this work and are having regular meetings led by NHS Grampian’s Data Protection Officer, and are also working very closely with the supplier.
- D Park noted that this is the very start of a program of work in terms of migration to cloud services, and that work with the Internal Audit team has been very helpful in identifying what is needed structurally. In terms of controls, some will need to be centralized and therefore there are questions as to what is needed locally to be satisfied that those centralized controls are appropriate.
- G O'Brien asked if the use of the phrase ‘migration to cloud’ is a red herring and that what is key is to emphasise that this is just a change in how services are provided with a move from in house IT solutions to something more centrally managed. The implications are for governance arrangements to be altered to address sharing arrangements. There are questions about how to achieve assurance from other the boards that they have undertaken the due diligence in all areas.
- A Anderson suggested that a gate review process is required and that it is better if the review team are independent to ensure compliance requirements.
- S Sands also noted that there are a lot of third party assurance requirements involved in this process.
- In response to the above, A McNicoll noted that there will be big changes with the way that eHealth works with suppliers which has implications for management in terms of how suppliers are managed. In terms of gateway processes, currently projects are organised with a project team with a project board providing assurance. Some larger involve a separate technical assurance group but in most cases this is internal. This may be something to explore.

The Committee

- **NOTED** the report.

5.4 Final Internal Audit Plan 2022/23

[pp.84-140]

S Hume spoke to the report and noted that this is the the third iteration that the committee has seen since the meeting in March and that changes have been made in response to committee feedback and follow up conversations with management.

- The main changes include a workforce planning review as requested by F Hogg. A workforce planning review is also being undertaken by the Argyll and Bute IJB auditors.
- The scope of the Environmental Sustainability has been tweaked following committee comments around what the committee considered to be the most important areas including the addition of a 2023-24 column.
- Following S Sands' suggestion at the March committee the team have tried to include reviews that are thematic to address areas that have appeared across multiple audits.
- An IT or eHealth audit has been included in the plan following discussions with Iain Ross.

In discussion,

- The Chair commented on the usefulness of the appendices in terms of getting a good historic and planning overview.
- G Rodger noted that the environment and sustainability theme was not linked to a risk and if this might be included to assist with planning and readiness. The Chair suggested that this might be picked up outwith the meeting by the Chief Executive's team. S Hume noted this as something to take forward with the committee.
- S Sands welcomed the introduction of a thematic element and asked if this might be added to the updates at committee meetings. S Hume suggested that this could be included in the Internal Audit Progress reports to committee.
- S Sands also questioned why 5 of the 12 engagements were being delivered after the end of the financial year. S Hume noted this and said that this could be addressed in discussion with management to aim to pull forward deadlines.
- A Anderson noted the opportunity that the recent building projects offer for audits to see what lessons can be learnt. S Hume answered that the team would keep note of this in the planning for the coming year.

The Committee

- **NOTED** the report.

CORPORATE GOVERNANCE

6. COMMITTEE ANNUAL WORKPLAN 2022/2023

[pp. 141-142]

The Committee

- **NOTED** the Work Plan for 2022/2023.

6.1 Governance Committee Annual Reports

[pp. 143-146]

6.1.1 Clinical Governance Committee Annual Report 2021-22

[pp. 147-152]

G Rodger noted that the papers had not included the final version of the Annual Report for the Clinical Governance Committee and so had uploaded this to the shared Teams channel for Audit Committee the night before the current meeting. The main changes included the addition of a table and a small statement of Recommendation of Assurance.

6.1.2 FRP Committee Annual Report 2021-22

[pp. 153-157]

6.1.3 HHSCC Annual Report 2021-22

[pp. 158-161]

6.1.4 Staff Governance Committee Annual Report 2021-22

[pp. 162-165]

6.1.5 Pharmacy Practices Committee Annual Report 2021-22

[pp. 166-169]

6.1.6 Remuneration Committee Annual Report 2021-22

[pp. 170-172]

No other comments were raised on the remaining Annual Reports.

The Committee

- **NOTED** the Governance Committee Annual Reports for 2021-22 and **recommended them for approval** at the meeting of the Board in June.

7. Information Assurance Group Quarterly Update

[pp.173-200]

D Park introduced D Peterkin to speak to the paper. D Peterkin informed the committee that the IAG (Information Assurance Group) is now meeting every two months, and this is the first quarterly report to be presented to the Audit committee. Previously, the IAG reported to the Clinical Governance Committee and this has since been reviewed. The minutes of the IAG are all auditable, and the IAG directs or escalates any key aspects that come out of the IAG report to the key stakeholders.

In discussion it was asked what have remained the biggest challenges to the group of which the Audit Committee should be made aware.

- D Peterkin and D Park drew the committee's attention to national and international concern about Cyber Security. Many of the defences for NHS Highland's systems are national ones, however there is risk on an individual basis in that malware will often enter organisations when people click on wrong links. Communications have been stepped up and different ways of engaging staff are being explored around this issue. NHS Highland has joined with a national program testing email use to see how prevalent clicking on unsafe links is, and where people do click on the link it provides education about the dangers of doing so using the Once For Scotland approach. In terms of GDPR requirements, the human element requires effective oversight and effective reporting to the IAG.
- It was noted that the Terms of Reference are not yet in place for the audit which is due very soon in June. The ICU audits have been planned over the past two years. But the ICO has been cognizant of the pressures on the NHS and has knocked them back. They are working with the chair of the National IAG Forum and are in discussion to seek authority to publish or present the IAG with the terms of reference prior to the audit.
- Clarity was sought regarding the dates given in the action plan which all seemed to have passed. An accurate and up-to-date report will be provided for the next meeting of the Audit Committee.
- G Rodger confirmed that the IAG should report to Clinical Governance Committee every six months by exception and for items that are relevant to clinical governance.
- The Clinical Governance Committee had looked at the terms of reference for the IAG in April 2020, when the CGC had recommended that there was a need for clinical representation on the IAG in the terms of reference. It was noted that the terms of reference for the Clinical Evidence Committee seen in April 2020 are still the same. In answer,

The Committee

- Noted the update.

8.1 Significant Adverse Events

[See Additional papers, pp.1-9]

B Peters spoke to the paper and noted that an action plan is appended which will further develop work on some slippage and some of the dates. It was thought ambitious to have had everything done by end of March due to dependencies on other parts within the organization which have to review their structure and systems. There is evidence of progress with Significant Adverse Event reviews and the audit showed that most of the areas examined do not require significant change. Those changes identified are underway and work will continue towards closure of the various elements of the audit identified.

G Rodger, as Chair of the Clinical Governance Committee, noted that moderate assurance had been recommended by the paper to which the committee agreed, and added that there has been a huge amount of progress, but more work to do. There will need to be some revision in terms of timelines due to slippages with the challenges in meeting the March deadline.

The Committee

- **Noted** the current position.

8.2 Risk Management Update

[See Additional papers, pp.10-16]

B Peters spoke to the paper and noted that the paper itemizes progress given at the last meeting. Efforts to recruit a corporate risk manager are underway and it is hoped that an appointment can be completed by the autumn which should allow certain items to progress.

The Chair asked if timelines for the items in the paper might be available for the June meeting or if this was dependent on the appointment of the Risk Manager.

B Peters answered that slippages may need to be accepted until the appointee is comfortably in post.

The Committee

- **Noted** the current position.

9. COUNTER FRAUD

I Addison noted that there is nothing to add to the report received by the committee at its March meeting.

The Committee

- **Noted** the update.

10. AUDIT SCOTLAND

The committee's attention was directed to the full suite of Audit Scotland reports, which are accessible via the link below:

<https://www.audit-scotland.gov.uk/report/search>

- G O'Brien asked how the Audit Committee receives assurance that relevant committees are looking at the relevant national reports from Audit Scotland, noting that Audit Scotland will periodically ask the External Audit and NHS Highland to follow up on items. The Chair answered that in the past EDG have picked up items and then alerted the relevant strategic committee for scrutiny.
- D Garden suggested that the process should be examined for the sake of proper assurance with a register of items marked by current status.

The Committee

- **Noted** the item.
- D Garden suggested that the process should be examined for the sake of proper assurance with a register of items marked by current status.

11. MANAGEMENT FOLLOW UP REPORT ON OUTSTANDING AUDIT ACTIONS [p.201]

I Addison, provided an overview of the update paper and apologised that the paper did not go out with the main agenda.

Procurement tendering

There were two actions completed by to be completed by 31st March, which of happened healing process. There were five actions of which three are completing and two are in train.

Whistle-blowing Arrangements

There were five actions outstanding which were due for 31 March which are now complete and two are partially complete. A report will be brought to the next meeting in June on progress.

Staff redeployment

Action is ongoing and a date needs to be added for that completion.

PMO financial savings

Action is ongoing and is due to be submitted by 31 July.

Each of the actions gets a grading as to whether or not there is a severe weakness or how severe the weakness is, 4 being the most severe.

- In discussion, it was asked, regarding the Care Home Assessment Model, if any homes are currently under threat and unlikely to meet the September date.

[Due to technical difficulties during the meeting it was agreed that L Bussell would circulate a response to this question by email outwith the meeting.]

The Chair asked that I Addison pass on his thanks to everyone associated with the work.

D Park noted that the update on Business Continuity Planning was not quite ready for this meeting and will be brought the June meeting. D Park noted that the GDPR and Information Management action is a subset of Information Governance which had been addressed in item 7 above.

The Committee

- **Noted** the update.
- **Agreed** that D Park will bring an update on Business Continuity Planning to the next committee.

12. ANY OTHER COMPETENT BUSINESS

- B Robertson commented that he had attended the PAPLS (Public Audit and Post-legislative Scrutiny) Committee last week with P Dudek and D Garden. The committee have agreed to close scrutiny of the report which is a positive outcome.
- I Addison noted that the date of the next meeting on the agenda was incorrect. The correct date is shown below.

13. DATE OF NEXT MEETING

The next meeting will be held on **Tuesday 28 June 2022 at 10.30am** on a virtual basis. It will directly follow a meeting of the Endowment Trustees, and will directly precede a meeting of the Board to agree the Annual Accounts.

The meeting closed at **10.33 am**.