HIGHLAND NHS BOARD	Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 www.nhshighland.scot.nhs.uk	**NHS** Highland
DRAFT MINUTE of MEETING of the NHS Board Audit Committee Microsoft Teams	**6 December 2022 10.00am**	

Present: Alasdair Christie, NHSH Board Non-Executive (Chair)
Gerry O'Brien, NHSH Board Non-Executive (Vice Chair)
Alexander Anderson, NHSH Board Non-Executive
Susan Ringwood, NHSH Board Non-Executive
Gaener Rodger, NHSH Board Non-Executive

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

In Attendance: Heledd Cooper, Director of Finance
Ruth Daly, Board Secretary
Pam Dudek, Chief Executive
David Eardley, Azets, Internal Auditors
Fiona Hogg, Director of People and Culture
Katie Jobling, Scottish Clinical Leadership Fellow
Stephanie Hume, Azets, Internal Auditors
Sophie Kiff, Head of Financial Services
David Park, Deputy Chief Executive
Kate Patience-Quaite, Interim Nurse Director
Boyd Peters, Medical Director
Iain Ross, Head of eHealth
Katherine Sutton, Deputy Director of Operations
Nathan Ware, Governance & Assurance Co-ordinator
Stephen Chase, Committee Administrator

1. WELCOME, APOLOGIES AND DECLARATION OF INTERESTS

The Chair welcomed the members and attendees to the meeting and noted….

Apologies had been received from S Sands.

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.

David Eardley declared an interest, on behalf of Azets, in item 3.3 in case any directly relevant matter was raised.

The Chair noted that he had discussed outwith the meeting the intention to add a special meeting of the committee in February in order to address Internal Audit reports and minimise their potential impact on the March meeting, the last before the end of the financial year. A February date will be found and an invitation circulated to the committee.

2. MINUTE AND ACTION PLAN OF MEETING HELD ON 6 SEPTEMBER 2022   [*pp.1-7*]

− The minute of the meeting held on 6 September 2022 was approved as an accurate record.
− The rolling actions had been reissued the previous day noting completed and outstanding items. The Chair urged that a push be made to close off outstanding items for the February meeting in order to ease the transition between Chairing of the committee from A Christie to G Rodger, especially concerning actions around Maternity Services and Payroll Expenses.
− The actions around development sessions were considered of more direct relevance to the Board and that it would be a question of determining if the Board felt these sessions would be useful as to whether they remained as actions for the committee.
− G Rodger noted that the action on Unfilled Shifts had come to the Clinical Governance Committee and could be closed for the Audit Committee.

> **The Committee**
> − **APPROVED** the amended minute of the meeting held on 6 September 2022.
> − **NOTED** The Rolling Action plan.

3. MATTERS ARISING

3.1 RISK MANAGEMENT AUDIT RECOMMENDATIONS   (*pp.8-15, plus spreadsheet*)

The Chair noted that he and G O'Brien had met with the team to discuss actions and that Stuart Sands had sent comments in response to the recommendations.
− The main thrust of discussion had been around the delays on the action plan and the points that had not yet started and if this impacted the offer of substantial assurance.
− S Sands had also asked if Internal Audit could look at progress, perhaps in spring 2023, on how this work is developing and will be embedded into the organization.

L Cowie introduced the report and associated action plan and noted that it is a developmental area for the organisation and had been discussed in depth at EDG.
− Recruitment to the role of Corporate Risk Manager had not been successful and therefore a secondment had been implemented to support the organization to start the process of leading the development of a project plan to support the Executive Directors.
− It is felt that there is a plan in place for the pivotal areas to initiate the process and enable the work to be embedded.
− The Risk Champions or DATIX champions (whatever it is decided to call them) will support individual areas to achieve a robustness for regular risk processes throughout the organization.

The Chair commended the report and asked if there would be adjustment of the target dates as listed in the report to recognise revisions.
L Cowie noted that the dates were ambitious but that it was an iterative process to assist the organisation achieve focus.

S Compton-Bishop noted a concern about the naming in that it does not reflect a pan Highland approach under the Together We Care banner which risked isolating Argyll and Bute from the process.
B Peters commented that this had been discussed the previous week with the EDG and that the paper had yet to be modified to reflect the discussion had.

The committee **accepted** substantial assurance from the report.

3.2 Unfilled Shifts Report

B Peters introduced the report and noted that it had been reviewed at the recent Clinical Governance Committee.
- There were three outcomes:
- It was recognized that the work done so far is still unvalidated but given any flaws it had been considered a very interesting piece of work.
- The audit had been given as advisory rather than commissioned by the usual routes.
- It had been suggested that the report be shared with HIS (Healthcare Improvement Scotland) who are working on ways to measure safe and appropriate staffing across the healthcare system because it could be a significant contributor to that work.
- It was decided to share the information in the operational clinical world, so that people are aware of the concerns identified in the work and to help shape responses.
- It was felt that the work could help the organization maintain some grip oversight in terms of development and therefore the final outcome would be overseen by Fiona Hogg.
- The Clinical Governance Committee had been assured of the actions and by the direction of travel.

G Rodger added that there had been good discussion at Clinical Governance Committee over the past year on the subject and there was agreement that there were useful parts of the report.

The committee **accepted** the report.

3.3 Update on Internal Audit Procurement

H Cooper provided a verbal update from and noted that the procurement team had reviewed the best route to procurement and decided to use the APUC (advanced procurement for universities and colleges framework agreement) to enable the widest scope of suppliers.
The team were well advanced with its commodity strategy and are collating all marketing engagement information to start the engagement in January.

A timetable will be circulated when that becomes available.
The possibility of running a financial or productivity efficiency saving before it is put out to tender given the financial position of the organisation, was raised, and views on this were requested.

The Chair suggested that S Sands could be useful in the conversations around planning these actions given his knowledge and experience.

The Committee
- **Noted** the update.

INDIVIDUAL INTERNAL AUDIT REPORTS

4.1 Progress Report [*pp.16-23*]

D Eardley noted support for the addition of a special meeting of the Committee in February 2023 to assist with the close-off of remaining Internal Audits.

The Internal Audit plan remains on track with a peak of activity towards March 2023, and work is at advanced stages in all areas and Management responses are being drawn together with liaison work with B Peters and H Cooper to address areas of cross cutting in the audits.

4.2   2023/23 Draft Internal Audit Plan   [*pp.24-42*]

D Eardley commented that he was keen for the relationship between Azets and NHS Highland to continue but respected that the procurement process was in train. Therefore item 4.2 was not a definitive plan but part of an iterative process based on work done previously considered on a risk assessment basis, with areas for discussions to be had and to invite the committee to consider areas.

During discussion the following points were addressed,
− G Rodger noted, in her role as Board champion for Environment and Climate Change issues that there was due to be an Environmental Sustainability audit. She asked that with two key members of staff in this area having recently left their posts and recruitment had faced some challenges if now was the most suitable time for such an audit.
− D Eardley commented that the environmental report audit is at a relatively advanced stage and that the challenges around recruitment would be reflected in the reporting and in terms of the recommendations and associated time scales.

− G Rodger noted the suggested audit of Infection Control and the Vaccination Programme could be delayed, as currently there were robust processes and procedures in place for these areas, in order to prioritise other areas. The Vaccination Transformation Programme was perhaps an area for scrutiny instead of the Vaccination Programme itself.
− D Eardley commented that Internal Audit did not see this as an area of high risk for NHS Highland but that it is a risk for every health board, however this was a decision for the Audit Committee if this should be a piece of work as proposed or as a short, targeted project.

− G O'Brien noted that it would be helpful to see timelines of when it is thought work commitment could be met and therefore at which meetings of the Committee the audits could be seen.
− G O'Brien noted that an audit of Social Care could be useful in terms of moving the health and social care agenda forward and for the internal audit to be a 'critical friend' with clear objectives.

− D Park commented that there would be external audits of cyber security and GDPR (see IAG below) and that therefore it may not be necessary to carry out an internal audit in this area, however this would be for the Committee to consider.

4.3 Recruitment Report

S Hume introduced the report which outlined five control objectives, with an aim to consider the whole process and with some root cause analysis of the main barriers to recruitment, and what initiatives had been implemented within the organization to think differently.
− For those posts which were not being filled, rather than repeatedly advertise the same post without success the audit had looked at the wider process and whether the organization is seeking feedback on recruitment exercises and embedding change as a result.
− Particular areas of recruitment challenge had been considered such as initiatives to aid recruitment and reporting on recruitment within the organization.

- Six improvement actions were identified, three of which were grade 3:
- With regard to feedback activities (point 3.1) under Control Objective 3. While feedback can be given and in a number of different ways, there is not a formalized process for obtaining, reviewing and learning from within the organization, and therefore no agreed action plan in place.
- Plans were noted for 'on boarding' surveys which staff will be required to complete at key points in the process. However, this process will miss out unsuccessful applicants who may have insightful feedback and still have an interest in working with the organisation.
- Another area of consideration is if Staff Governance or other committees consider these processes.
- With regard to integrated decision making around the Authority to Recruit form is an assessment of a risk when a vacancy is not filled. This requires the relevant operational management leads to sign off and it highlights any consultation with professional leads outlining where the post is related to cost improvement plan. It was found from a sample of the ATR forms that there were a few issues to consider within the process such as linking to wider service strategies, recruitment market intelligence and workforce planning.
- Documentation of the recruitment process was found to be variable across management teams and some staff were unclear as to their role in the process. Therefore the recommendations include clarifying and communicating to staff the need for proper documentation and to involve them more fully in the recruitment process to give a better understanding of the requirements of their roles in a recruitment procedure.
- Management have a role here to consider any appropriate resources to support the process especially when capacity within teams is stretched.
- Regarding reporting structures (5.1), it was found that there is a reporting structure for recruitment activities via the senior leadership team and the Partnership Forum reports going to these committees are ad hoc and tend to relate to changes or clarifications in processes rather than a wider holistic review of recruitment with insufficient evidence of monitored action plans, risk assessments, and assurances over recruitment activity.

F Hogg commented that the audit had been very helpful and that the team were keen to use it in its planning work much of which is already underway.

Work is already in progress for the next internal audit on Workforce Planning which is likely to arrive in February. She acknowledged that many key questions the team have been considering were raised by the audit and gave assurance that the right approvals and authorisations are in place, and the Executive team are currently looking at this.

The importance of fully involving staff in the recruitment process was acknowledged in order to get away from the idea that all responsibilities default to the Recruitment team rather than acknowledging the key role of everyone within a recruiting department to understand their roles in ensuring successful recruitment processes.

In discussion, it was re-emphasised that Recruitment itself is a supporting service for teams rather than the team who handle every aspect of the process and that successful recruitment has to involve the particular team who are recruiting for a satisfactory outcome for both the team and the successful candidate.

The Committee
- **NOTED** the reports.

ASSURANCE REPORTS

5. MANAGEMENT FOLLOW UP REPORT ON OUTSTANDING AUDIT ACTIONS
5.1 Internal Audit Recommendations Update (pp.62-65)

The Chair suggested that historical actions be addressed at the present meeting and that remaining items could be discussed at the next meeting.

The Director of Finance gave an overview of the appendix that had been circulated to give the committee a position statement for the actions.

− The majority of actions from the Internal Audit relating to Payroll and Expenses, Staff Redeployment and PMO financial savings had been completed, and the outstanding items were being monitored through the People and Culture Programme Board.

− It was recommended that these actions were closed off because they were now monitored through existing groups as business as usual, and will be reported on through these existing structures for assurance.

In discussion,

− The Chair requested that focus and resource be given to ensure that the work around point 2.3 is closed off and agreed with Internal Audit before the February meeting of the Committee.

− G Rodger commented that the Significant Adverse Events item had come routinely to the Clinical Governance Committee and expressed surprise that the item was still marked for completion as it had been considered closed off at Clinical Governance Committee.

− The Chair expressed approval for the clear template in which the actions were laid out.

− The Chair invited a response from Internal Audit:

− S Hume commented that she would be happy to meet with H Cooper and sponsors for the actions in order to ensure items are closed off.

− The Chair asked that the CE convey thanks to the Executive Team for pushing these items to conclusion.

The Committee
- **Accepted** substantial assurance from the report
- **Agreed** to the closure of historic audits, and
- Took **assurance** where actions had been incorporated into 'business as usual' reporting assigned to appropriate governance monitoring.

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6. CORPORATE GOVERNANCE – Audit Committee Annual Report

6.1 Annual Review of Committee Terms of Reference   (pp.66-107)

R Daly introduced the item and noted that this year there were three specific elements to the Code of Corporate Governance that had been revised:

− Terms of Reference for Governance Committees

− Confirmation of the inclusion of the new Code of Conduct for Board members

− Revisions to the Fraud Policy and Action Plan.

Terms of Reference for the Staff Governance Committee are still to be considered at its meeting in January and therefore this item will return to Audit Committee for approval at a later point.

It was recommended that any future updates to policies of an administrative nature that would be contained within the Code, for example changing contact details, could be made as appropriate throughout the year with notification at meetings of the Audit Committee.

The Committee

- (a) **Approved** and took assurance from the revisions to the Code of Corporate Governance for recommendation to the Board as follows:
  – the proposed changes to Committee Terms of Reference as set out in the appendices to this report,
  – the inclusion of the new Code of Conduct for Board members issued by Scottish Government in May 2022,
  – the update to the Counter Fraud Policy and Action Plan.

- (b) **Noted** that a report will be submitted to the Committee with revisions to the Staff Governance Committee ToR in due course;
- (c) **Took assurance** that the updated Code of Corporate Governance would be published on the Board's website after the next meeting of the Board;
- (d) **Agreed** that any future updates to contacts and personnel referred to in policies contained within the Code of Corporate Governance be made as appropriate throughout the year, with confirmation in the yearly update report to the Committee.

7. INFORMATION ASSURANCE GROUP UPDATE   (pp.108-114)

D Park introduced the item as Senior Information Risk Owner and noted that this was the second such report since the governance arrangements for Information Governance had been reviewed.

I Ross gave an overview of the report for the Committee.

– He noted that the IAG (Information Assurance Group) had met on four occasions since its last report to Audit Committee.

– The IAG had closed off 23 points from its action plan.

– NHS Highland will receive an audit from the Information Commissioners Office on 12th, 13th and 16th January, and preparations are underway. Evidence must be submitted by 19th December. As part of the preparations planning interviews will be conducted with the key people being interviewed. The ICO are auditing all health boards and therefore it has been possible to receive advice from other boards who have already been audited.

– In the circulated appendices for the ICO audit was a list of data breaches for 2022.

– NHS Highland will also be audited by NIS (Network Information Systems) which covers all aspects all around the running of an IT department, especially cyber work. The IAG is also engaging with the Cyber Centre of Excellence, a new NHS body that is beginning to provide guidance to health boards on cyber defences and how to react to a cyber incident.

– The NIS audit health boards annually around cyber compliance and in 2022 overall NIS compliance rose by 4% to 55%. The auditor was pleased that there was steady progress, particularly against the backdrop of the pandemic.

– Scottish Government had changed the focus of the NIS audit and there will be some different compliance levels and targets to be met. These levels of compliance affect the supply chain and therefore areas such as Procurement, Medical Physics, Radiotherapy, and Estates, because of their digital footprint within NHS Highland.

– A Digital Resilience Group has been set up to focus on the NIS work. Dates are awaited for the 2023 NIS audit.

- The IAG is carrying out a significant piece of work on compliance regarding the safe handling of information as part of Statutory Mandatory Training. This will consider overall compliance and areas of overdue compliance and the potential for creating hard controls to ensure SMT is completed, which could include shutting off access as a final sanction. This is still work in progress within the IAG.

- The IAG issued a newsletter in September and this will be done on a regular basis so that NHS Highland staff get a better understanding of the work going through the IAG.

- Work to review the structure for Records Management is also underway.

- A piece of work is in progress to look at providing data protection services to General Practice. Currently, all but one practice is signed up to this initiative.

- Further hard controls have been implemented regarding the removal of staff access on leaving NHS Highland to ensure secure removal from systems.

- There had been some significant incidents which the IAG have been reviewing and the key incidents were listed in the appendices. I Ross commended the Out of Hours Service in terms of their business continuity plan and speed of response.

In discussion,

- The Chair commented on the excellence of the report and noted the difficulty of negotiating contracts for specialist work in relation to supporting data protection within GP services.

- I Ross noted that there would be some national funding to take on this work which had allowed some additional recruitment into the team.

- Concern about the levels of staff not completing Statutory Mandatory Training was discussed and the difficulties involved in sanctioning staff were noted especially from an operational perspective such as addressing locum GPs who have arrived ready for work but have not completed all the required Statutory Mandatory compliance. The aim is for staff to only be allowed onto the systems once they have completed Statutory Mandatory Training but consideration of the wider practicalities are still under review.

- D Park proposed that a development session be held for the Audit Committee on GDPR in the coming year to increase understanding of the issues involved.

- The Committee **noted** the report and accepted the recommendations.

> **The Committee**
> - **Noted** the report and **accepted** substantial assurance that the Information Assurance Group are ensuring compliance with legislation, policy and Board objectives for NHS Highland.
> - **Noted** that the Committee work plan will be updated to include a development session on GDPR in 2023.

8. COUNTER FRAUD

H Cooper requested that the item be deferred to the next meeting where the Counter Fraud lead will provide an update.

The Fraud Policy and Response Plan have been amended, as noted in item 6.1 above.

9. SIGNIFICANT ADVERSE EVENTS

B Peters noted that a progress report had been going to Clinical Governance Committee and provided an overview of the action plan.
- An audit tool had been developed and had seen two cycles so far.
- A review of QPS resourcing has been carried out and some additional training has taken place to support the processes.
- Some restructuring of the 'When Things Go Wrong' web page has been carried out and this will be incorporated into the new NHS Highland Intranet.
- As noted above, Clinical Governance Committee will close off the completed actions.
- A Significant Adverse Events newsletter is now complete and will be circulated. This will be a quarterly item.

> **The Committee**
> - **NOTED** the update.

10. RISK MANAGEMENT PROCESS

- This item was considered as part of item 3.1.1 above.

11. AUDIT SCOTLAND

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

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

12. ANY OTHER COMPETENT BUSINESS

- H Cooper commented that she had met with the new External Auditors for NHS Highland, who are Audit Scotland. Introductions will be made with the Adudit Committee Chair and it is hoped that an audit plan for this financial year will be agreed at the next meeting with them.

- The Chair thanked the committee members for their support during his time as Committee Chair.

- B Robertson, as Chair of the Board commended A Christie on his contribution as Chair of the Audit Committee having taken over during a difficult time for the Board and had instilled much confidence in the committee and its area governance oversight.

13. DATE OF NEXT MEETING

An additional meeting of the committee will be held on **Tuesday 7 February 2023** (details to be confirmed).

The following (scheduled) meeting will be on **Tuesday 8 March 2022** at **9.00am** on a virtual basis.

The meeting closed at **10.28 am.**