

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	5 September 2023 9.00 am

Present: Gaener Rodger, NESH Board Non-Executive (Chair)
 Alexander Anderson, NESH Board Non-Executive
 Alasdair Christie, NESH Board Non-Executive
 Stuart Sands, Independent Lay Member

In Attendance: Gareth Adkins, Director of People and Culture
 Ruth Daly, Board Secretary
 Pam Dudek, Chief Executive
 Patricia Fraser, Audit Scotland, External Auditors
 David Hoy, Audit Scotland
 Stephanie Hume, Azets, Internal Auditors
 Leigh Johnston, Audit Scotland
 Andrew Nealis, Information Governance & IT Security Manager
 David Park, Deputy Chief Executive
 Kate Patience Quate, Deputy Nurse Director
 Boyd Peters, Medical Director
 Liz Porter, Assistant Director Financial Services
 Stephen Chase, Committee Administrator

Please note, the numbering of the agenda items has been corrected below.

1.1 WELCOME, APOLOGIES AND DECLARATION OF INTERESTS

Apologies were received from Susan Ringwood, Tim Allison, Fiona Davies, Pam Cremin and Louise Bussell who was deputised by Kate Patience Quate.

The Chair welcomed G Adkins to the meeting as the new Director of People and Culture.

1.2 DECLARATION OF INTERESTS

No declarations were made.

1.3 MINUTE AND ACTION PLAN OF MEETING HELD ON 24 JULY 2023

The Chair expressed thanks to S Ringwood for chairing the July meeting which saw the formal sign off of the annual accounts.

- The Chair requested an amendment to the second sentence of page 3 to read in the third person.

- It was noted that updates from the Resilience Group and Argyll and Bute Audit Committee would be available for the December meeting.
- It was noted that the Public Finance and Accountability Scotland Act item was an anomaly and referred to the Counter Fraud item.
- It was confirmed that the Workplans for Governance Committees had a new format as circulated ahead of the present meeting.
- The Chair requested that the workplan be updated for the next meeting.

The Committee

- **APPROVED** the minute of the meeting held on 24 July 2023 as an accurate record, pending the amendment noted.
- **NOTED** The Workplan, and Rolling Actions.

1.4. MATTERS ARISING

There were no matters arising.

INDIVIDUAL INTERNAL AUDIT REPORTS

2.1 Internal Audit Progress Report

The Chair noted that some changes had been made subsequent to the submission of the report.

S Hume introduced the progress report and noted that two audits had been completed to date and that good progress was being made with the rest of the plan regarding meetings with sponsors. It was noted that the Vacancy Management audit had been due to come to the December meeting but following further discussion of the scope of the review management had requested that the review be pushed back to a February start and therefore the report would come to the May meeting of the Committee.

The Director of People and Culture commented that there had been an ongoing piece of work on vacancy control and that having the audit moved to later would add value to allow the improvements from the work to be tested. He also noted that the scope for the Raising Concerns audit was under consideration with a view to tying-in the audit work around a review of whistleblowing.

In discussion,

- The Chair noted that there would need to be consideration given to Committee dates to allow for proper reporting time (see item 10).
- It was clarified that the People Processes audit would start field work in December and that the report may come to the Committee earlier than the scheduled March date.
- Some concern was expressed that it appeared that at this early stage audits were being moved back in the work plan, however assurance was given by Internal Audit that the remaining audits were currently on track and that the December meeting would see the Strategic and Financial Planning Integration and Data Framework reviews.
- The Chief Executive commented that it would be good to see a clarification of the timelines following the discussion in order to assist the EDG and the Committee with due diligence, and noted that there should be a follow up meeting for the EDG after Audit Committee meetings in order to reflect progress and changes to the audit work.
- Further discussion noted the importance of challenging scopes of audits in order to make best use of the resources of Internal Audit and address risk within the organisation and to avoid using Internal Audit as simply a problem-solving mechanism.

- Regarding the audit of Data Management, it was noted that the report had been deferred to December to allow for conversations with management to agree the scope and it was commented that management had felt that the Head of eHealth was not the appropriate sponsor for the work.
- The Deputy Chief Executive noted that he had joined the discussions around the scope of the audit at a later stage where it had become clear that the scope of the audit was beyond eHealth and that he was working with colleagues to agree the scope soon so that it is practical and can give proper assurance to the Committee as to actions and outcomes.
- The Chair commented that the change in the scope of the audit would need to be approved by the Committee, following the recommendations of the EDG, outwith the meeting in order to allow work to commence with the aim that the report come to the December meeting.
- The Chair commented that it would be useful for the recommendations to indicate risks to the Data Framework, and some explanation as to the reasons for the agreed scope in relation to risk.

- The Committee **noted** the report and the changes to the Internal Audit work plan.
- The Chair **requested** that the change in the scope of the audit would need to be approved by the Committee, following the recommendations of the EDG, outwith the meeting in order to allow work to commence with the aim that the report come to the December meeting.

2.2 Communications

S Hume spoke to the report which confirmed that NHS Highland had a Communications and Engagement Strategy in place for 2021-2024 outlining the strategic approach to both internal and external communications. This took cognisance of where the organisation currently was with internal and external communications and engagement, and where it would like to be in the future as part of a continuous improvement journey. In addition, it was noted that there was a clear governance structure in place to oversee the implementation of the strategy and supporting action plan. A small number of areas of moderate-to-lower risk for improvement were noted, including a need to update the 2023/24 Annual Action Plan to ensure that outcome measures are as SMART as possible, and an update to the Communications and Engagement Strategy to include greater detail on the roles and responsibilities of the Communications team and wider NHS Highland staff.

During discussion,

- The Director of People and Culture commented that he would be looking at the communications and engagement strategy especially in terms of the communication of the strategy, the aims of engagement work and making best use of and supporting the small team. The need to be clearer of the differences between strategic and operational plans for the Comms Team was noted.
- The capacity of the Comms Team against the management of expectations of other staff regarding what they could deliver was discussed.
- The Chief Executive noted the need for discussion around engagement work with communities to better give assurance regarding redesign and codesign work.

- The Committee **noted** the report.

2.3 Property Transaction Monitoring

S Hume spoke to the report which confirmed that clear roles and responsibilities were in place within the Property Management Team and Asset Management Group to help ensure transactions met the Scottish Government's Property Transaction Handbook requirements.

Testing found that independent legal advisers were appointed for the transaction reviewed. Minor issues in the checking of invoice amounts against the lease and the timeliness of certification completion were noted (no issues were found in the supporting evidence). It was determined that the transaction reviewed could be awarded an A rating.

During discussion, the Assistant Head Financial Services noted that there were no concerns with the report and that it backed up some planned compliance work on documentation.

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| <ul style="list-style-type: none">• The Committee noted the report. |
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3. Management Follow-Up Report on Outstanding Audit Actions

The Assistant Director Financial Services spoke to the Excel tracking report that had been circulated ahead of the meeting and noted areas of completion and work to be done to close off actions. Substantial assurance was offered to the Committee on the basis that two historic audits were offered to the Committee for final audit sign off and that outstanding actions were up to date and monitored in real-time, with assurance that actions were progressing.

In discussion,

- The Chair commented that the revised dates column was useful and that dates for Statutory Mandatory Training, Recruitment and Workforce Planning, and Governance and Accountability should be added.
- The direction of progress noted in the report was noted positively by Committee members but it was noted in discussion that 'moderate' assurance would be more acceptable to the Committee at this stage in order to emphasise the need to close off remaining items, after which substantial assurance could be accepted.
- The Director of People and Culture noted in relation to actions around Statutory Mandatory Training that the short life Working group would focus on addressing barriers and note actions that could be completed. A response would be provided to Internal Audit with the aim of seeking continued improvement via the FRP Committee and other monitoring routes.
- Regarding Workforce Planning, it was noted that there was a risk that the follow up actions become ongoing performance management work as opposed to step changes in response to the Internal Audit which the Director of People and Culture wished to avoid.
- The Director of People and Culture offered to produce a position paper in relation to the audits in his remit with proposals as to how actions may be closed off or managed as a 'business as usual' risk.
- Concern was expressed around the six months assigned to address Statutory Mandatory training. The Director of People and Culture noted the tight remit for the work of the short life group to ensure good performance management, appropriate reporting and governance in order to better manage and monitor progress in implementing a more successful approach to Statutory Mandatory training.
- The Chief Executive noted ongoing conversations around statutory mandatory training as part of national negotiations around pay awards including the rostering of protected time, and that therefore controls were being looked at and funding sought to support this work from NES.

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| <ul style="list-style-type: none">• The Committee noted the report and accepted moderate assurance with the expectation that further progress reported to the December meeting would result in a level of substantial assurance to be accepted. |
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4. Information Assurance Group Update

The paper covered the period from April 2023 to June 2023 and was provided for awareness of the work undertaken by the IAG and for assurance of the controls that in place were being implemented.

The Information Governance Manager spoke to the report which noted,

- Support given by the IAG to the Data Protection team in response to the ICO (Information Commissioners Office) audit that had been carried out earlier in the year for all NHS Scotland boards. The overall rating from the ICO for Highland was 'reasonable' and compared well with other NHS Scotland boards. The report highlighted 17 recommendations of which 3 items had been completed and 14 were in progress, with 10 of these rated as medium priority and 4 as high priority recommendations.
- The report also outlined the Scottish Health Competent Authority (SHCA) Network & Information Systems (NIS) Regulations audit which had completed on site work in July and would receive its final report in December 2023.
- Regarding Records Management, scanning of clinical records was continuing with IAG oversight, and scanning of Acute and Community hospital site records were on schedule for completion by the end of quarter 3 of the 2023/24 year. The NHS Highland Records Management Plan had been submitted and formally accepted by National Records, Scotland, and areas for improvement were marked in the plan.
- Freedom of Information performance was outlined, and it was noted that the Level 2 Intervention Order will be withdrawn due to the maintaining of acceptable performance rates.
- Information about a second regulatory audit by Network and Information Systems was noted. This was an annual audit commissioned by the Scottish Health Competency Authority as appointed by Scottish Government conducted against all NHS Scotland boards. The onsite audit had been conducted in July and general feedback from the auditor was very positive. There were a couple of minor observations which were addressed, and outstanding actions would be addressed in the course of the move of the data centre.

During discussion,

- It was confirmed that the outcome of the NIS audit was expected in December.
- Regarding reported data breaches at the national level, it was noted that the use of nationally hosted systems brought with it risks but that in bringing attention to contracts the organisation could make third parties more aware of their data protection responsibilities.
- A Christie noted that, give the number of responses to recommendations following the audits that a level of moderate assurance would be a better recommendation to the committee than substantial assurance at least until there is more evidence that the responses were completed. A Nealis agreed to feed this back to the IAG.
- It was suggested that future papers to the Committee could be more compressed with a focus on key concerns so that the Committee see where support is most needed.
- Discussion was had about the appropriateness of the level of assurance offered in terms of the number of ICO and NIS actions that were still to be closed off. It was recognised that there is a subjective element in determining levels of assurance, and that substantial assurance had been offered on the basis of how NHS Highland compared with other health boards audits and that there were clear plans in progress to address the recommendations. However, it was agreed that with a majority of audit responses not yet completed that it would be astute to change the assurance rating offered to the Committee.
- The Committee agreed to alter the assurance level to 'moderate' and that an update to the December meeting to confirm further progress could be used to allow for 'substantial' assurance to be accepted.
- It was noted that the regular update from the IAG would return to the Committee in approximately six months time.

- The Committee **noted** the report and accepted **moderate** assurance on the basis that an update would come to the December meeting at which substantial assurance could be considered.

5. Counter Fraud

L Porter spoke to the report which was given to provide the Audit Committee with an update as to the progress of Counter Fraud actions and services in order to both highlight instances of Fraud and to provide assurance on the actions being taken to prevent Fraud.

Current Counter Fraud activities included:

- Confirmation that NHSH had completed all 12 Counter Fraud components and submitted the Fraud Standard Statement to CFS. NHSH will continue to work closely with CFS in areas where improvement is required and feedback had been provided to CFS on this process.
- 7 general alerts had been issued by CFS to the health boards and distributed to appropriate staff.
- The Fraud Liaison Officer meets with CFS on a regular basis to review active cases and liaise with appropriate Board staff who are investigating these.
- Payment verification (PV) meetings were held quarterly to review Pharmacy payments with Dental & Ophthalmology PV reviews recommencing having being suspended due to COVID.
- Of the reports of suspected fraud during the year, it was confirmed that none within NHS Highland were over £5k.
- Staff were continuing to work through the results of the National Fraud Initiative 22/23 Exercise and were liaising with other boards who had requested information.
- CFS maintains a learning space in TURAS Learn which hosts a suite of fraud awareness information, guidance and e-learning modules, that can be accessed by staff. The Counter Fraud services module is currently mandatory for some staff. CFS are currently working on a new model to assist managers.

In discussion,

- The Chair asked that the Fraud Standard Statement be seen next year before submission at the Committee.
- The Chair asked what the risk to the organisation was for those standards where NHS Highland had not complied. The Assistant Head Financial Services confirmed that she would bring an update from her colleague to the December meeting.

The Committee **noted** the report and accepted **substantial** assurance.

6. Risk Management

The Chair noted that Risk Management was a standing agenda item, but that the item was here offered as an opportunity for the Committee to consider what it wanted to receive in future and ensure that it had a good understanding of its role in addressing risk within the organisation.

- The Medical Director noted that the items arising from the Risk Audit could be closed off on the advice of the Director of Finance by the Audit Committee and that the evidence had been submitted to support this.
- The Medical Director gave a presentation to show the current state of Risk Management for the organisation.
- The management actions relating to the Internal Audit on Risk had been completed with the twelfth action to be embedded in business as usual by establishing education and training. After review it had been felt that this action needed to be built into the system for

staff wherever they find themselves in the organisation as appropriate instead of bringing in training to the system.

- In addition to standardising risk systems, there were now 'risk champions' across the various parts of the organisation to assist with increasing colleague knowledge and understanding of risk and related responsibilities.
- The governance routes were noted for risk with the Risk Management Steering Group which had gathered together those staff assigned with responsibility of oversight for different areas of risk. This group reports in to the EDG and the Audit Committee with the aim of finding a common approach to risk, although it was noted that it had not met as often as would have been liked over the past year.
- A draft dashboard outlining risk intelligence to assist with organisational risk appetite and compliance with the Blueprint for Good Governance was shown. The dashboard showed accountable owners of risk, associated completion dates for actions, and gave a colour coding as to risk levels.

In discussion,

- The Committee members noted the usefulness of the draft dashboard.
- It was suggested that specific changes to risk ratings might be indicated in the document to show progress or decline. It was commented that this would be more appropriate for the Strategic Risk document but that a way of showing trends would be considered.
- It was discussed that the resource to run the risk management process would sit with the Executive team and that ways of automating the process were under consideration to assist with implementation.
- The Chair suggested that a six-monthly update and conversation come to the Committee on Risk Management and the Strategic Risk Register.

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| <ul style="list-style-type: none">• The Committee noted the report. |
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7. Audit Scotland Reports

7.1 Audit Scotland Report Overview

The Chair invited the members of Audit Scotland to give a presentation on the Audit Scotland Report.

- D Hoy noted that the report had been published in February and that it was slightly different to Audit Scotland's traditional overview reports in that it focused on the NHS recovery plan.
- And that in publishing the report a balance was sought to take note of the challenging ask to health boards to deliver against the recovery plan given ongoing challenges faced by the NHS.
- The themes of financial pressures was addressed in terms of both overall trends in growth and funding but also the challenges of inflation and rising energy costs. Other pressures noted included media scrutiny, substantial winter pressures, the ongoing impact of COVID, delayed discharge at high levels and serious staffing issues.
- Staff surveys analysed by Audit Scotland all showed that existing staff were under increasing pressure.
- Concerns had been noted over the take up rates for training new staff and for supervisory capacity to support trainees.
- The plan implemented by Scottish Government was ambitious but it was felt to be rushed with little consultation with health boards on implementation which had resulted in a tension between delivery targets and finances and capacity to deliver.
- It was felt by health boards that the progress plan recently published by government was not properly reflective of the work done to progress recovery.
- A change in focus in addressing waiting list backlogs was noted during the audit with a move away from clinical prioritisation back towards clearing some of the longest waits. This had led to some progress with the longest waits due to the flexibility afforded to

boards by government. However, boards had not been consulted on targets which had led to a lack of clarity around some of the measures making the targets more of a challenge.

- In terms of innovation and reform, there had been good progress around the Centre for Sustainable Delivery with boards working with the centre to progress new models of delivering services though a lot of the work was at an early stage.
- There had been some good work to improve population health and to eliminate health inequalities and a recognition that there would need to be a whole system approach to tackle these issues.

During discussion, it was noted that field work towards the 2023 report was underway and that current insights indicated ongoing challenges around wait times but that the report was more likely to conform to a traditional model of having a focus on finances, funding and sustainability including capital pressures for areas such as the National Treatment Centres. The report would also likely include a focus on systems around patient safety where there were some early signs of progress.

The Committee **noted** the report and the Chair thanked the team for its update.

The Committee **noted** the information.

7.2 Audit Scotland Reports

The Chair had indicated links to reports of interest to the Committee in the agenda.

The Committee **noted** the information.

8. Review of Committee Terms of Reference

The Chair invited proposals for changes to the Terms of Reference to be sent to her in good time ahead of the December meeting for consideration and final agreement. No proposed changes were raised at the meeting.

The Committee **noted** the Terms of Reference in its current form and that proposals for changes to the document would be discussed for agreement at the December meeting.

9. Any Other Competent Business

The Committee reviewed the dates for meetings in 2024.

It was noted that the 25 June meeting date may need to be reconsidered in light of Scottish Government deadlines for accounts having not yet been released.

The Chair noted that there may be a need for an additional meeting in late May or early June to be scheduled to address and close off Internal Audit reporting ahead of the annual accounts.

10. DATE OF NEXT MEETING

The next meeting will be on **Tuesday 5 December 2023** at **9.00 am** on a virtual basis to have a detailed review of the annual accounts.

The meeting closed at **11.08 am**.