

SHETLAND NHS BOARD

**Minutes of the Joint Audit and Committee Chairs meeting held at 10:00 on
Tuesday 17th May 2022 via Microsoft Teams**

Present	
Mr Colin Campbell	Non-Executive Director (Chair)
Mr Lincoln Carroll	Non-Executive Director (Chair of Endowment Committee)
Mrs Natasha Cornick	Non-Executive Director (Chair of Staff Governance Committee)
Mrs Jane Haswell	Non-Executive Director (Chair of Clinical Governance Committee)
In Attendance	
Ms Elizabeth Young	Azets (Internal Audit)
Mr Ashley Bickerstaff	Azets (Internal Audit)
Ms Stephanie Hume	Azets (Internal Audit)
Mr Andrew Fuller	Deloitte (External Audit)
Mr Gary Robinson	Board Chair (Chair of Remuneration Committee)
Mr Michael Dickson	Chief Executive
Mr Colin Marsland	Director of Finance
Mrs Emma Garside	Clinical Governance and Risk Lead [minute ref. 12]
Dr Susan Laidlaw	Interim Director of Public Health [from 10:15]
Mrs Pauline Moncrieff	PA to Director of Finance (minutes)

1. Apologies

Apologies were received Karl Williamson.

2. Declaration(s) of Interest

There were no declarations of interest.

3. Draft Minutes of meeting held on 18th May 2021 (previously approved in principle by the Audit Committee on 23rd June 2021)

The minutes from the previous minutes on 18th May 2021 were formally approved.

4. Matters Arising

There were no matters arising from the previous minutes or Action Tracker.

Internal Audit

5. Internal Audit Report: Follow up Report Q4 2021-22

Ms Hume presented the report and reported that up to March 2022, IA had reviewed 17 actions in total which sat on the audit tracker of which, it had been possible to close 5 (2 were complete and fully implemented and 3 as a result of the Business Continuity Planning audit). These were actions had been on the tracker from 2016/17. The remaining 12

Approved by Joint Audit & Risk Committee and Chairs of Governance Committees on 25 May 2023 actions have been carried forward to the next follow-up. This number is lower than it had been for several years and was more in line with expectations. Only 3 of the risks are Grade 3 with the remainder all Grade 1 or Grade 2 so slightly more comfortable in terms of grading.

The graph illustrating the percentage of actions completed shows a positive improvement and one of the highest percentages seen by the committee for some time. In addition, the number of open and overdue actions is also at its lowest point for some considerable time. IA commended this work which reflects the effort that management have made to complete these actions.

The status by grading breakdown shows there are 3 high risk actions on the tracker which are all not yet due in this current follow-up and will be picked up at a later. The majority of actions are sit at Grade 2 (moderate risk).

Appendix 1 outlines the action status by each individual report that has been raised through the year. Those dating back to 2018/19 and 19/20 are the ones which should be focused on to in an effort to complete and move forward. Updates were received for all actions requested which is positive progress and management have been driving work forward. Appendix 2 gives a breakdown of the Grade 3 actions which are not yet due.

Mr Campbell said that in 2020/21 the Audit Committee had set as a KPI that there would be zero non-responded to audit actions so this target has been achieved. He extended the committee's thanks to EMT and Mr Dickson for their support and assistance in addressing these audit issues.

The Committee noted the Internal audit Follow-up Report Q4 2021/22.

6. Chief Internal Audit Annual Report 2020/21

Mr Bickerstaff presented the reporting explaining that IA had conducted a Business Continuity Audit looking at 4 control areas all of which are rated amber. The graph within the report shows the 3 improvement actions that were resulting from this. Some of the key themes and finding from the fieldwork were:

1. Business continuity management processes are not embedded throughout NHS Shetland with work underway to develop and roll out a new business continuity framework;
2. Whilst Business Continuity Plans (BCPs) are in place they are undermined by the absence of a Business Impact Assessments (BIA) as part of their development; and
3. There has not been any testing of the Business Continuity Plans nor is there a schedule of testing in place.

IA noted that as part of the drive to improve business continuity within the organisation, a Resilience and Business Continuity Officer had been brought in. All of the findings within the report had been reached through discussions with the officer. The findings had already been identified as areas that required improvement and work had started at the time the

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fieldwork was carried out. There was also a new assessment tool that has been implemented to feed into the BCPs and these will also be tested going forward.

Mr Dickson expressed concern that there were inconsistencies in narrative of the report compared with the recommendations within it. There was recognition that the board had invested resources to support business continuity and developments had been made, but the conclusion was written in such a way that suggested that the board was not prioritising this work nor did it acknowledge that this work had been carried out during a pandemic.

The committee and internal auditors discussed this at length with some members feeling they would not be comfortable accepting the report at this meeting with its current wording. Ms Young suggested that if the committee decided not to accept the BCP report, it would be necessary to defer the Internal Audit Annual Report 21/22 as it was formed on the basis of some of the conclusions on this work.

It was acknowledged that there was a lesson to be learned that issues with audit reports must be addressed in detail prior to them being presented the audit committee.

Members agreed that from the audit committee perspective, reasonable conclusions were reached in the report, the control assessments identified were acceptable, and the actions by the management team will be taken forward accordingly. However, the report narrative requires revision of the wording.

ACTION: Ms Hume to meet with Mr Dickson and Mr Marsland to agree wording

Mr Campbell suggested that James McConnachie should be invited to the September meeting to give a progress update to the committee.

ACTION: Mrs Moncrieff

The Committee accepted the Internal Audit Business Continuity Planning report with the caveat that the narrative will be reworded and presented to the meeting in June for final agreement.

7. Internal Audit Annual Plan 2021/22

Ms Young presented the annual report summarising the work carried out by Internal Audit during 2021/22 and the key aspect for the committee's attention is the annual Internal Audit Opinion (on page 3 of the report).

IA have qualified the opinion based on highlighting a number of weaknesses around business continuity planning and issues around statutory and mandatory training. The reason for arriving at this conclusion was the weaknesses that were identified in BCP and Statutory and mandatory training are considered to be pervasive and affect all aspects of the organisation rather than being contained within a very specific area. Both these areas had also been raised in previous annual and audit reports and although there may have been significant focus on BCP recently, there has not been substantial progress made to address the issues that were previously identified.

The committee were reminded that one audit had been deferred resulting in a reduced number of audit activity within the past year.

Approved by Audit Committee on 16 June 2022
Approved by Joint Audit & Risk Committee and Chairs of Governance Committees on 25 May 2023
The Committee noted the Internal Audit Plan 2021/22.

8. Strategic Internal Audit Plan 2022/23-2024/25

Ms Hume presented the report which members had seen previously at the November meeting and at the last meeting in March. No changes have been made to the plan since March.

There is a small contingency of 2 days within the plan as a result of there being no property transaction audit required this year. These days can be used for other means in the year.

The plan can be updated at any time, audits can be deferred and added as risks are identified or a need is identified by management or the committee throughout the year.

Mr Campbell said there was one training session on the plan still to be finalised and invited committee members to come forward with suggestions for topics for this session.

ACTION: Committee members

Mr Marsland pointed out that the last audit report should go to the March meeting in advance of the Annual Report being presented in May.

Mrs Haswell said it would be useful to have a clear understanding of the audit cycle and timeframes in terms of producing and presenting audit reports to the audit committee. Ms Hume said she was happy to build a section into the IA progress report outlining the process carried out with management to agree the management responses for each of the reports.

ACTION: Ms Hume

Members agreed it would be helpful to receive an update on the action plan in relation to completion of Statutory and Mandatory Training at the September meeting including statistics on completion targets.

ACTION: Mrs Moncrieff

The Committee approved the Strategic Internal Audit Plan 2022/23-2024/25.

External Audit

9. External Audit Annual Accounts Audit Plan 2020/21

Mr Marsland explained that the report is being presented at this meeting because normally not all governance committee chairs are members of the Audit Committee so this is to make them aware of the External Audit comments so that they can consider those when reviewing the annual report.

Mr Fowler said the plan had previously been presented to the Audit Committee at the end of March and gave a brief update on the audit process. EA are into the second week of the audit and to date have not identified any material issues to date.

Mr Fowler expressed his thanks to Mr Marsland and the finance team for being very accommodating and working with EA to allow the audit to proceed in a timely manner. The wider scope work had been completed subject to the final director review and it was hoped

Approved by Joint Audit & Risk Committee and Chairs of Governance Committees on 25 May 2023 to keep on schedule and report the Audit Committee on the deadline in the next couple of months.

The Committee noted the External Audit Plan for the 2021/22 accounts.

Annual Report and Accounts Review

10. Changes to Annual Accounts Manual

Mr Marsland reported that paper updated members of some of the key changes in summary that are happening in the annual accounts. Reflected in the submission are the changes which were required to be adopted last year and also issues in regard to climate change which are gaining priority across the public sector.

The Committee noted the Changes to Annual Accounts Manual for 2021/22.

11. Performance Report (Governance Committee Reports 2021/22)

Mr Campbell presented the report which included reports from Staff Governance Committee, Clinical Governance Committee and Audit and Risk Committee.

The Committee noted the Governance Committees Annual Reports 2021/22.

12. Risk Management Summary Report 2020/21

Mrs Garside presented the Risk Management Summary Report for 2021/22 for approval after being noted by the board in April. There were no changes made to the report following review by the Board in April. The report confirms how the risk management governance was reinstated following the pandemic and the progress that has been made against the objectives that were in place for 2021/22. The Medical Director has reviewed the report and there is a requirement to review the priorities, objectives and KPIs and these are in the updated appendices. Highlights within the report include:

- The Risk Management Strategy was approved by the board in April and a key part of the priorities for 22/23 is to focus on the implementation and embedding of the strategy. Some work has already begun and members have seen updates at this committee and the board.
- The internal audit recommendation to have risk management on each agenda of the Audit Committee meeting has been achieved this year. RMG meetings are aligned with Audit Committee meetings and the training with members of the Audit Committee was held in June 2021. RMG notes are shared at each meeting also.

The Committee approved the Risk Management Summary Report 2021/22.

13. Counter Fraud Service Patient Exemption Checking Analysis of Fraud or Error in 2021

Mr Marsland explained that annually Counter Fraud Service provide information on their risk assessment of what they believe is potential fraud or error within each NHS board. Due to Covid19 CFS were not fully operational last year and resumed this year but do not have the data to do the explanation in a statistical manner as would be the process. Therefore, there is a holding report this year but members can take assurance of the status regarding fraud from the following papers on the agenda today.

The Committee noted the status of the Counter Fraud Service Patient Exemption Checking Analysis of Fraud or Error in 2021.

14. Local Fraud Annual Report 2021/22

Mr Marsland reported that at the end of 2021/22, staff were still being engaged and doing the statutory and mandatory training on fraud awareness. NHS Shetland have the highest uptake of employees participating in the fraud training course partly due to this being part of its statutory and mandatory training suite.

There will be additional training courses in respect to cyber and procurement fraud which staff involved in procurement have been asked to complete and there is a national course on cybercrime awareness which 9 members of staff attended in total.

During 2021 there were no actual reports however there are some cases which have come to the finance team's attention involving NHS and are currently live cases. CFS are engaged with boards to support moving forward with Counter Fraud Standards which boards must introduce. The annual meeting is currently scheduled for May.

The reports presents the analysis of information regarding claims in respect of ophthalmic and dental cases in relation to Shetland. Fraud still exists within in the system and the team are continue to work on measures to prevent fraud and to raise awareness

The Committee noted the Local Fraud Annual Report 2021/22.

15. Draft 2021-22 Performance and Accountability Report

Mr Marsland advise members that it was the responsibility of Audit Committee (on behalf of the board) to review the content of these sections of the annual accounts. The remuneration and financial sections are missing from this draft because they are subject to financial audit and are not narrative.

As present it identifies the 2 issues in terms of a governance statement:

- Internal Audit have made a qualified report and the board must reflect the qualified report in our governance statement as being an significant issue to highlight.
- Highlight that the board has made progress on mental health in terms of psychological services waiting times despite there still being a backlog within the service and is well short of the 90% target.

The Committee noted the Draft 2021-22 Performance and Accountability Report

Other Items

16. AOCB

There was no other further competent business.

Approved by Audit Committee on 16 June 2022

Approved by Joint Audit & Risk Committee and Chairs of Governance Committees on 25 May 2023

Date of next meeting: the provisional date for next meeting of the Joint Chairs and Audit Committee will be Tuesday 16th May 2023.

The meeting ended at 10:55am.