



# Audit & Risk Committee


09 January 2020, 10:00 to 12:00  
Boardroom, Staff Club, Victoria Hospital


## Agenda



1. **Apologies for Absence**
2. **Declaration of Members' Interests**
3. **Minutes of Previous Meeting held on 5 September 2019**


Martin Black
-  Item 3 - A&R min 5 September 2019.pdf (8 pages)
4. **Action List**



Martin Black
-  Item 4 - A&R Action List 0120.pdf (1 pages)
5. **Matters Arising**
6. **GOVERNANCE - GENERAL**
- 6.1. **Performance & Accountability Review Framework**


Carol Potter
-  Item 6.1 - Performance Accountability Framework 2019-20.pdf (4 pages)
- 6.2. **Assurance Mapping Process**


Gillian MacIntosh
-  Item 6.2 - Risk Assurance Mapping.pdf (3 pages)
- 6.3. **'A Blueprint for Good Governance' Update: Template Governance Documentation**











Gillian MacIntosh
-  Item 6.3 - Blueprint Update - Gov Documentation.pdf (3 pages)
-  Item 6.3 - CGSG Plan Oct 19 Appendix.pdf (20 pages)
7. **GOVERNANCE - INTERNAL AUDIT**
- 7.1. **Internal Audit - Progress Report**

Barry Hudson
-  Item 7.1 - NHSF Jan 2020 Progress Report and Audit Plan Revisions.pdf (15 pages)
- 7.2. **Interim Evaluation of Internal Control Framework**

Barry Hudson
-  Item 7.2 - SBAR ICE cover.pdf (2 pages)
-  Item 7.2 - B08-20 Draft Evaluation of Internal Control 2019-20.pdf (37 pages)
- 7.3. **Audit Follow Up Protocol**

Barry Hudson
-  Item 7.3 - Audit Follow Up Protocol.pdf (6 pages)
- 7.4. **Internal Audit - Follow Up Report Recommendations**

Barry Hudson
-  Item 7.4 - NHSF Jan 2020 Audit Follow Up (20 pages)

<b>8.</b>	<b>GOVERNANCE - EXTERNAL AUDIT</b>	
<b>8.1.</b>	<b>Annual Accounts – Progress Update on Audit Recommendations</b>	Carol Potter
	<div>  <div>Item 8.1 - SBAR cover Annual Audit Report Recommendations.pdf</div> <div>(2 pages)</div> </div> <div>  <div>Item 8.1 - Annual Audit Report Recommendations Update.pdf</div> <div>(12 pages)</div> </div>	
<b>8.2.</b>	<b>Audit Scotland Annual Audit Plan</b>	Patricia Fraser
	<div>  <div>Item 8.2 - Audit Scotland Plan 2019-20.pdf</div> <div>(15 pages)</div> </div>	
<b>8.3.</b>	<b>Audit Scotland Report – NHS Scotland in 2019</b>	Carol Potter
	<div>  <div>Item 8.3 - Audit Scotland - NHS Scotland Overview Report 201819.pdf</div> <div>(3 pages)</div> </div> <div>  <div>Item 8.3 - Audit Scotland - NHS Scotland Overview Report Appendix 1.pdf</div> <div>(46 pages)</div> </div> <div>  <div>Item 8.3 - Audit Scotland checklist Appendix 2.pdf</div> <div>(7 pages)</div> </div>	
<b>9.</b>	<b>RISK</b>	
<b>9.1.</b>	<b>Board Assurance Framework</b>	Helen Buchanan
	<div>  <div>Item 9.1 - BAF.pdf</div> <div>(13 pages)</div> </div>	
<b>9.2.</b>	<b>Risk Appetite</b>	Helen Buchanan
	<div>  <div>Item 9.2 - Risk Appetite.pdf</div> <div>(7 pages)</div> </div>	
<b>9.3.</b>	<b>Update on Risk Management Workplan 2018-19</b>	Helen Buchanan
	<div>  <div>Item 9.3 - Risk Management Workplan.pdf</div> <div>(3 pages)</div> </div>	
<b>9.4.</b>	<b>Risk Management Key Performance Indicators</b>	Helen Buchanan
	<div>  <div>Item 9.4 - Risk Management KPIs.pdf</div> <div>(4 pages)</div> </div>	
<b>10.</b>	<b>OTHER</b>	
<b>10.1.</b>	<b>Issues for escalation to NHS Board</b>	Martin Black
<b>11.</b>	<b>Any Other Competent Business</b>	
<b>12.</b>	<b>Date of Next Meeting - Friday 13 March 2020 at 2.00pm within the Boardroom, Staff Club, Victoria Hospital.</b>	

**MINUTES OF THE NHS FIFE AUDIT AND RISK COMMITTEE HELD AT 10:00AM ON THURSDAY 5 SEPTEMBER 2019 IN THE STAFF CLUB, VICTORIA HOSPITAL, KIRKCALDY.**

**Present:**

Mr M Black, Non-Executive Director (**Chairperson**) Ms S Braiden, Non-Executive Director  
Ms J Owens, Chair, Area Clinical Forum

**In Attendance:**

Mrs H Buchanan, Director of Nursing  
Mr B Hudson, Regional Audit Manager  
Dr G MacIntosh, Head of Corporate Governance & Board Secretary  
Mrs C Potter, Director of Finance

**ACTION**

**44/19 APOLOGIES FOR ABSENCE**

Members Cllr D Graham and Ms M Wells and attendees Mr P Hawkins, Mr T Gaskins and Ms P Tate.

**45/19 DECLARATION OF MEMBERS' INTERESTS**

There were no declarations of interest.

**46/19 MINUTES OF PREVIOUS MEETING HELD ON 20 JUNE 2019**

The Minutes of the previous meeting held on 20 June 2019 were **approved** as an accurate record.

**47/19 ACTION LIST**

Members of the Audit and Risk Committee **noted** that all the outstanding actions on the Committee's rolling Action List were complete.

**48/19 MATTERS ARISING**

There were no matters arising.

**49/19 GOVERNANCE - GENERAL**

**(a) IJB Annual Assurance Statement**

Dr MacIntosh advised that the IJB Assurance Statement had been through the IJB Governance Structure in July, as its timing was aligned to their annual accounts process and the budget setting timetable of the Council. The paper was largely for

**ACTION**

information, as its timing means it cannot be considered as part of the financial year-end assurance process of the Health Board.

Members noted the Statement but wished it recorded that, in members' view, the 'medium' level of control identified in the report is not an accurate reflection of the IJB's still developing systems of Corporate Governance, there being much work still to be done to improve the level of assurance in this area.

The Audit and Risk Committee:

- **noted** the report

**(b) Corporate Calendar – Future Committee Meeting Dates**

Dr MacIntosh reported that she had worked in closer partnership with colleagues in the IJB and Council to ensure that dates are better aligned. The full Board Calendar will be presented to the next meeting of the NHS Fife Board for formal approval. Thereafter, she electronic calendar invitations will be issued to Members.

**GM**

The Audit and Risk Committee:

- **noted** the proposed meeting dates to 2021.

**(c) Review of Property Transactions**

Mr Hudson advised that under the Property Transactions Handbook (PTH) regulations, the Audit and Risk Committee is charged with oversight of the monitoring of the process of property transactions. This is a cyclical exercise, with the Committee receiving details of the relevant property transactions annually at its May meeting.

Three 2018/19 transactions were advised to the May 2019 Committee, and Internal Audit were asked to review all three to ensure the requirements of the PTH were followed.

The audit report assessed each transaction at Grade A, i.e. each transaction is properly completed. The related recommendation related to the timeliness of certification sign off, which has been accepted by management.

A clean property transaction return in respect of 2018/19 can therefore be submitted to the Scottish Government Health and Social Care Directorate (SGHSCD) by the 30 October 2019 deadline.

The Audit and Risk Committee **noted**:

- the requirements of the Property Transactions Handbook have been complied with; and
- arrangements are in place to issue the Board's Annual Property Transactions Return to SGHSCD by the deadline of 30 October 2019, and that the return can be submitted with no significant issues identified.

## **50/19 GOVERNANCE - INTERNAL AUDIT**

### **(a) Internal Audit Progress Report / Update on Follow Up Work**

Mr Hudson reported that since the date of the last meeting the Internal Audit Team has continued to progress the delivery of the 2019/20 audit plan. The report shows the number of reports that have been issued since the last meeting and includes a summary their findings.

He drew attention to the Audit Follow Up update on page 36, which highlighted the possibility of using the DATIX system for future Follow Up reporting. This approach has been initially discussed with the Director of Finance.

The overall aim is to make the follow up report to this Committee a more visual product for recording the status of all internal audit report action points, with reports available from DATIX to allow regular reporting to the Audit and Risk Committee and Executive Directors.

Mr Hudson added that he had recently changed the format of the full report and had revised definitions and risk assessments. He encouraged members to have a look at the new reports and provide any feedback.

Mrs Potter reiterated that the proposed Audit Follow Up process will be a very helpful and positive step forward, using technology to enhance the way we report and give assurance to the Committee. Historically this has been very manual, people dependant and bureaucratic process. She added that it will also help to inform future audits as the information is being uploaded as evidence of an action being completed. If that provides additional assurance, that might mean that the Internal Audit team do not have to review something for a longer period; or, if it is not adequate, it gives a indication to be able to go back and look at a particular area.

## ACTION

Dr MacIntosh added that the Standing Committees of the Board are now receiving relevant internal audit reports for information. She suggested that a standard S-bar cover paper should be produced to highlight that the reports are there for each Committee's assurance only, that the actions rest with the individuals named within the report, and that the Audit and Risk Committee has general oversight that the improvement actions are being progressed.

Mrs Potter and Mr Hudson agreed to produce an S-bar to accompany the Internal Audit reports to each Standing Committee.

CP/BH

The Audit and Risk Committee:

- **noted** the ongoing delivery of the 2018/19 and 2019/20 NHS Fife internal audit plan;
- **noted** the proposed changes to the management of the Audit Follow-up-system and;
- **agreed** to comment on the change to the reporting format and audit opinion.

### (b) Internal Audit Framework

Mr Hudson reported that as the Audit and Risk Committee is responsible for all audit activities, it is important its members have oversight of the Internal Audit function and any specific requirements of Public Sector Internal Audit Standards (PSIAS). This is largely encapsulated in three documents:

- Internal Audit Charter
- Internal Audit Services Specification
- NHS Fife Internal Audit Reporting Protocol

As stated in the PSIAS, an Audit Charter requires to be in place. The Charter was previously approved in September 2018. It is subject to annual review and has been updated to take account of the recent External Quality Review. The process for the updating of the Service Specification is detailed on page 42. A formal process around how this works has been approved by the FTF partnership board. There are certain documents within the service specification that require the approval by the committee e.g. the internal audit reporting audit protocol and the follow up protocol.

The Audit and Risk Committee:

- **noted** the NHS Fife Specification for Internal Audit

- Services;
- **approved** the updated Internal Audit Charter and;
  - **approved** the updated NHS Fife Internal Audit Reporting Protocol.

## 51/19 GOVERNANCE – ANNUAL ACCOUNTS

### (a) Annual Accounts – Progress Update on Audit Recommendations

Mrs Potter reported that a number of recommendations had been highlighted in the respective annual reports of each auditor. The S-BAR sets out what the annual reports cover and the position for both the Chief Internal Auditor and Audit Scotland at the year end. The appendix gives a summary of the actions/findings and recommendations, along with the proposed actions and responses from the internal audit annual report and external audit.

The current status against each of the actions required to take forward was included in the report. This is first of these reports to the Audit and Risk Committee, and the same paper will also be considered by the Finance, Performance and Resources Committee. The report seeks to give the Board assurance that responsible individuals are taking forward the improvement actions.

The Audit & Risk Committee:

- **noted** the actions taken to date;
- **noted** this update will also be considered by the Finance, Performance & Resources Committee at its meeting on 10 September; and
- **requested** that a regular update be given at future meetings of the Committee.

**52/19 RISK**

**(a) Board Assurance Framework (BAF)**

Mrs Buchanan reported that the BAF identifies risks to the achievement of Fife NHS Board's objectives, particularly (but not exclusively) related to delivery of the:

- NHS Fife Strategic Framework
- NHS Fife Clinical Strategy
- Fife Health & Social Care Integration Strategic Plan

She took members through the BAF, highlighting the changes since the last meeting:

**Financial Sustainability**

Current Controls

The current controls have been strengthened to include a system-wide Transformation programme. Lessons will be learned from the successes of the medicines efficiency programme in terms of its approach and use of evidence based, data-driven analysis.

Additionally, where appropriate, external support has been appointed to accelerate a programme of cost improvement across Acute Services.

Mitigating Actions

Actions around engagement with Health & Social Care / Council colleagues on the risk share methodology further emphasise the need to ensure that the Executive Directors' Group, Finance, Performance & Resources Committee and the Board are appropriately advised on the options available to manage any overspend within the IJB before applying the risk share arrangement.

Current Performance

The current score reflects the ongoing financial challenges facing Acute Services in particular, and the early stage in the delivery of efficiencies across the health budgets delegated to the Health & Social Care Partnership.

Changed in Linked Risks

Risk 1357: Financial management, planning and performance. The risk level has decreased from high to moderate.

**Environmental Sustainability**

There have been no changes and no changes to the linked risk.

**Workforce Sustainability**

There are no changes to the overall BAF but there has been a change to the linked risk. The Risk has decreased from high to moderate due to the recent recruitment of rheumatology consultants.

**Quality & Safety**

There are no changes to the overall BAF. Two linked risks have been added related to:

- Temperature Monitoring
- Oxygen Driven Suction

These were fully discussed at the NHS Fife Clinical Governance Committee Meeting on 4 September.

**Strategic Planning**

The Chief Executive now chairs the Transformation Board and the refreshed work will focus on:

- Acute Transformation Programme
- Joining Up Care
- Mental Health Redesign
- Medicine Efficiencies

**Integration Joint Board**

Continuing to develop with the Health and Social Care Partnership.

**eHealth BAF**

A proposed draft of this will be reported to the Clinical Governance Committee in November.

Mr Black asked where the Transformation group's activities will report to in terms of the BAF.

Mrs Buchanan stated that the transformation programme will impact all the BAFs and updates would be taken forward accordingly.

Mrs Potter noted that that delivering on the transformation agenda will mitigate a lot of the risk that sit within each of the areas. However, the financial climate will continue to be challenging but we have a very robust approach across the services with an overarching forward look.

Mrs Buchanan will make sure that the transformation components are reflected appropriately in the next round of documentation.

The Audit and Risk Committee:

- **noted** the BAF; and
- **noted** the developments to its risks and ratings.

**(b) Risk Management Report**

Mrs Buchanan reported that defining the Board's Risk Appetite is being taken forward and we have agreed to:

- adopt HM Treasury risk appetite definition and classification;
- reviewed examples of risk appetite statements;
- agreed the content should be in Plain English and where possible include info graphics; and
- agreed the work should be taken forward initially through the standing committees of the Board.

After consideration at each Committee, the work to conclude Risk Appetite will go to the Board Development session in October and for approval at the NHS Fife Board thereafter. A suite of Key Performance Indicators (KPIs) have also been developed and will be taken to EDG for initial consideration.

The Audit and Risk Committee:

- **noted** the update.

**53/19 OTHER BUSINESS**

- (a)** There were no matters of escalation to the NHS Board from this meeting's agenda.

**54/19 Any Other Competent Business**

There was no other competent business.

**55/19 DATE OF NEXT MEETING:** Thursday 9 January 2020 at 10.00am, within the Boardroom, Staff Club, Victoria Hospital, Kirkcaldy.

### ACTION LIST FROM AUDIT & RISK COMMITTEE – 2019-20

	Title	Action	Lead	Outcome
1	Electronic Calendar invitations	For future Board and Committee dates, make use of electronic calendar to send invitations to members and attendees.	GM	Complete
2	Internal Audit reporting to other Standing Committees	Create a standard S-bar cover paper to highlight that the reports are there for each Committee's assurance only and that the actions rest with the individuals named within the report.	BH / CP	Complete



Completed



Updated

<b>DATE OF MEETING:</b>	9 January 2020
<b>TITLE OF REPORT:</b>	Performance & Accountability Review Framework
<b>EXECUTIVE LEAD:</b>	Carol Potter, Director of Finance & Performance
<b>REPORTING OFFICER:</b>	Carol Potter, Director of Finance & Performance

**Purpose of the Report** (delete as appropriate)

**For Discussion**
**For Assurance**
**SBAR REPORT**
**Situation**

NHS Fife is committed to supporting the people of Fife to live long and healthy lives. The strategic and operational management of the organisation must be aligned to this vision, with a robust governance framework in place to provide assurance to the Board of the systems and processes and culture to deliver this vision. It is essential therefore, that there is effective scrutiny across all quadrants of governance.



The implementation of a Performance & Accountability Review Framework across NHS Fife earlier this year seeks to provide a structured, transparent and systematic approach to ensure delivery of standards and targets across the four quadrants of governance, with an effective reporting and assurance mechanism from 'service to Board'. An overview of this Framework has previously been provided to the Clinical Governance; Finance, Performance & Resources; and Staff Governance Committees, however it is recognised that this Framework provides additional assurance to the Audit & Risk Committee and an update is therefore required. As we move toward the new financial year, the process will be reviewed and refreshed as appropriate.

**Background**

At Board level the Integrated Performance & Quality Report provides an overarching view of the key performance, quality, workforce and financial metrics, however there is an opportunity to enhance the approach at an operational level with individual management teams and services, and to ensure greater connectivity between operational management and Committee / Board level assurance mechanisms.

Historically there was a performance review process within the Acute Services Division, led by the Chief Operating Officer, but this lacked any overt relationship with those corporate Directors with professional, system wide responsibility; the Executive Directors Group; and wider stakeholders. Within the health services delegated to the Health & Social Care Partnership and corporate areas,

there has been no formal performance review process to date.

## Assessment

Establishing a formal Performance & Accountability Review Framework seeks to ensure the Board, Executive Directors Group, management teams and individual staff are able to:

- Assess performance against clear targets and goals
- Inform strategic and operational decision making using robust data
- Undertake exception reporting
- Predict future performance and forecast outturn
- Identify and monitor key actions
- Establish effective review structures including intervention as necessary and appropriate
- Focus resources and improvement efforts in key areas
- Identify any systematic problems across NHS Fife
- Evaluate the impact of new developments or initiatives
- Prioritise key improvements in line with the Clinical Strategy

The **overarching purpose of the Performance & Accountability Review Framework**, therefore is to:

- Ensure effective systems and processes are in place to provide assurance to the NHS Board and stakeholders that services are performing to the highest statutory and regulatory standards
- Develop the business intelligence capability of NHS Fife and thus inform service delivery, improvement activity; productivity and efficiency; sustainability; and deliver transformation
- Support delivery of strategic objectives as set out in the Clinical Strategy and the Annual Operational Plan
- Provide assurance on best value in the use of all resources

Implementation of the Performance & Accountability Review Framework will support the risk management process and ongoing review of the Board Assurance Framework (BAF).

**Critically, the Performance & Accountability Review Framework seeks to ensure that those individuals holding delegated responsibility for operational performance, workforce, quality & safety and financial resources, as agreed through the Board's Scheme of Delegation, are held accountable through robust and effective reporting and assurance mechanisms. It will form a key pillar in support of the Board's overall system of corporate governance.**

A number of key principles will underpin the Performance & Accountability Review Framework:

- **Creating a performance culture through improvement** – the framework is intended to support a culture of continuous improvement, delivered for the benefit of patients. It is not intended as a punitive or negative process. It will require clear objectives at all levels of the organisation supported by existing individual PDP/appraisal processes. The aim is to instil a rigorous performance and accountability culture with a clear understanding of individual responsibility.
- **Transparency** – the metrics and evidence used to assess performance will be clearly set out for all services, adapted to reflect clinical and non clinical services.

- **Delivery focus** – the approach will be integrated, action focused, and seek to improve performance.
- **Proportionality** – the arrangements eg frequency of meetings will be adapted to suit the requirements of different services, to ensure management actions and interventions are proportional to the potential performance risk
- **Balance** – all parties involved in the performance and accountability review meetings will seek to deliver a balance between challenge and support

The Performance & Accountability Review meetings will be chaired by the Chief Executive or Director of Finance & Performance, supported by the Medical Director, Director of Nursing, and Director of Workforce.

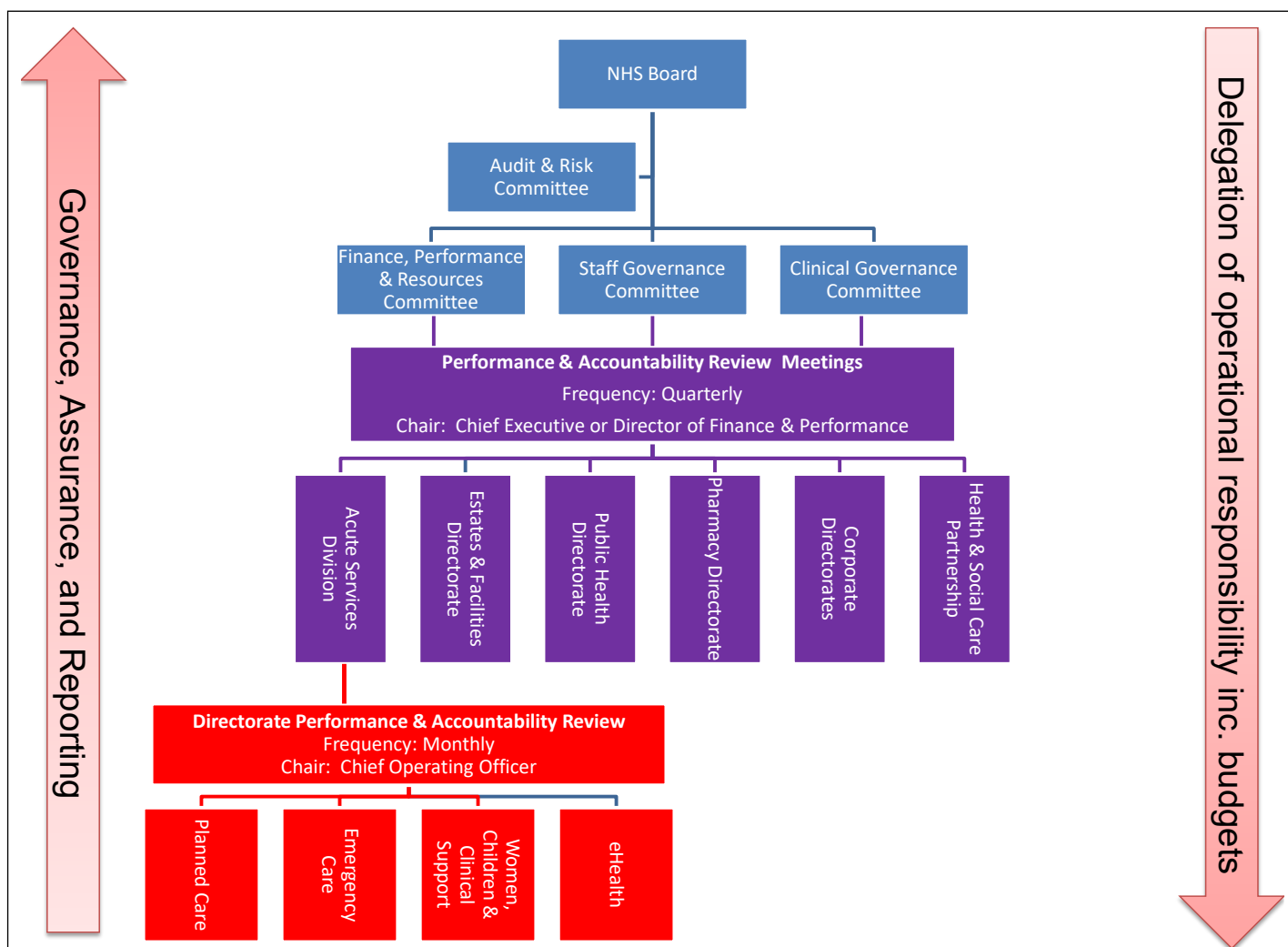
A parallel process is in place within the Acute Services Division; whereby the Chief Operating Officer will chair Directorate Performance & Accountability Review meetings, supported by the Deputy Chief Operating Officer, Deputy Director of Finance, Associate Medical Director, Associate Director of Nursing and Senior HR Manager. The model to be adopted within the Health & Social Care Partnership is being considered by the new Director of Health & Social Care.

For meetings with the Finance, Human Resources and Estates & Facilities Directorates, the Chief Operating Officer and Director of Health & Social Care will also be invited to attend, to allow feedback and challenge on services provided to their respective areas.

The purpose of the 'corporate' roles at the meetings will be to question, understand, request information and to escalate matters as required, and onwards as required through the Board's governance structures. Attendees from services will be expected to provide written data on performance in advance of the meetings. During the meetings, the services will be expected to present a summary of key performance metrics, explain any variances, and highlight planned actions, with a focus on areas of exception, both positive and negative.

Outcome reporting from the Performance & Accountability Reviews will seek to provide a concise and streamlined summary of key issues and actions, with a clear escalation route to link operational services and discussion at Committee level, in support of the Integrated Performance & Quality Report. This will be undertaken in the form of the brief SBAR approach, as already adopted by each Governance Committee for reporting of issues for escalation to the NHS Board.

The diagram below provides a visual overview of the process.



## Recommendation

Members of the Board's standing governance Committees are asked to:

- **Note** the Performance & Accountability Framework to be implemented for 2019/20, in support of enhanced assurance on all aspects of performance.

## Objectives: (must be completed)

Healthcare Standard(s):	All
HB Strategic Objectives:	All

## Further Information:

Evidence Base:	NA
Glossary of Terms:	NA
Parties / Committees consulted prior to Committee:	Chief Executive EDG Other Governance Committees

## Impact: (must be completed)

Financial / Value For Money	Statutory requirement to break even
Risk / Legal:	There are no specific implications from the issues in this paper as it provides an overview of the planning approach
Quality / Patient Care:	
Workforce:	

## Audit & Risk Committee

<b>DATE OF MEETING:</b>	9 January 2020
<b>TITLE OF REPORT:</b>	Risk Assurance Mapping Process
<b>EXECUTIVE LEAD:</b>	Carol Potter, Director of Finance
<b>REPORTING OFFICER:</b>	Gillian MacIntosh, Board Secretary

<b>Purpose of the Report</b>
<b>For Information</b>

<b>SBAR REPORT</b>
<p><b><u>Situation</u></b></p> <p>This paper provides an update on work underway to develop a process for enhanced assurance mapping, aligned to existing risk management practices and in support of more robust assurances of internal control, particularly around financial year-end.</p>
<p><b><u>Background</u></b></p> <p>The December 2018 Audit &amp; Risk Committee meeting received a report on the requirements of the <a href="#">Scottish Public Finance Manual</a> (SPFM) Audit Committee Handbook, revised in March 2018. Also detailed therein was related guidance from <a href="#">HM Treasury</a> on frameworks for assurance mapping. The paper noted that ‘consideration should ... be given to developing an assurance map for NHS Fife, which in itself would substantially assist in the work to ensure risk management arrangements are sufficiently robust’. In considering the paper, the Committee agreed ‘that ongoing work on reviewing the Board’s corporate governance arrangements, in line with national proposals for Boards to adopt a ‘model blueprint’ of good corporate governance, will take due cognisance of the revised guidance produced in the new Handbook, particularly as relates to the effective operation of the Audit &amp; Risk Committee in its approach to risk and assurance.’</p>
<p><b><u>Assessment</u></b></p> <p>Risk assurance mapping is an area receiving attention nationally, largely due to the drive to enhance present NHS governance arrangements. As further detailed in paper 6.3 of the Committee’s current agenda, one of the national workstreams linked to the implementation of the NHS Scotland Blueprint for Good Governance is the potential development of a common set of general principles around risk assurance that can be applied consistently to all Boards. Some initial work is underway at the Scottish Ambulance Service (SAS) to scope proposals, though this remains at an early stage. NHS Lothian have also presented on their own assurance and internal control approach to the Board Secretaries’ meeting held in late September 2019.</p> <p>In order to progress work locally, the four Boards covered by the FTF Internal Audit Service (Fife, Forth Valley, Lanarkshire and Tayside) have agreed to set up a small working group</p>

involving members from each Board, to agree a proposed process for assurance mapping, together with associated documentation, templates and timescales. The attendees vary from Board Secretaries to Risk Managers. Two meetings have taken place thus far – in late October and late November – and topics discussed included the relevant guidance in the area of risk mapping; the principles that lie behind the various mapping approaches; and the design of an Excel template ‘map’ that can be used to test an exemplar risk based on the ‘three lines of defence’ format. In Fife, this planned review of an individual risk will encompass the eHealth / IG BAF, which was thought to be a good balance with the clinical risks being trialled in other Boards (the review in Forth Valley will consider Unscheduled Care and in Tayside Mental Health). For each of the four Boards, the Internal Auditors will also be undertaking audit work to assist in the development of an assurance mapping process, including whether the proposed approach will meet the requirements of the SPFM and HM Treasury guidance.

Related to the above is a review of various year-end assurance processes, such as Directors’ certificates (specifically the process by which Directors consider and evidence how the control environment in their specific area of responsibility has functioned over the year in question) and the content and format of annual assurance reports within the governance committee structure. At the time of writing, a slimmed-down version of the Internal Control checklist detailed in the SPFM has been drafted, for group members’ input. A review of the format of Committee annual assurance statements is also planned, to ensure the consistency of the information contained therein and the quality of their content.

### **Recommendation**

The Audit & Risk Committee is invited to:

- **note** the update given in this paper on initial work underway to develop an assurance mapping process for NHS Fife.

### **Objectives:**

Healthcare Standard(s):	Governance and assurance is relevant to all.
HB Strategic Objectives:	All

### **Further Information:**

Evidence Base:	<a href="#">Scottish Public Finance Manual</a> ; <a href="#">HM Treasury Assurance Frameworks</a>
Glossary of Terms:	N/A
Parties / Committees consulted prior to Meeting:	Chief Internal Auditor; Risk Manager

### **Impact:**

<b>Financial / Value For Money</b>	There are no financial implications.
<b>Risk / Legal:</b>	Compliance with best practice in this area evidences that NHS Fife has robust corporate governance practices in place that help deliver and support organisational objectives.
<b>Quality / Patient Care:</b>	Delivering improved governance across the organisation is supportive of enhanced patient care and quality standards.
<b>Workforce:</b>	The implementation of any of the recommendations from this paper will be met from existing resource.

<b>Equality:</b>	There are no specific Equality and Diversity issues arising from undertaking this work.
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## Audit & Risk Committee

<b>DATE OF MEETING:</b>	9 January 2020
<b>TITLE OF REPORT:</b>	NHS Scotland 'A Blueprint for Good Governance' Update: Template Governance Documentation
<b>EXECUTIVE LEAD:</b>	Carol Potter, Director of Finance
<b>REPORTING OFFICER:</b>	Gillian MacIntosh, Board Secretary

<b>Purpose of the Report</b>
<b>For Information</b>

### SBAR REPORT

#### Situation

By a Director's letter issued in February 2019, all NHS Boards and Special Health Boards are required by the Scottish Government to adopt NHS Scotland's '[A Blueprint for Good Governance](#)', authored by John Brown CBE and Susan Walsh OBE. This report reviewed best practice in corporate governance and set out a model 'blueprint' for a refreshed system of corporate governance to be applied consistently across all NHS Boards.

#### Background

Practical implementation of the Blueprint and its supporting suite of documents is being overseen through the NHS Scotland Chairs' sub-group, the Corporate Governance Steering Group, on which the NHS Fife Chair, Tricia Marwick, serves as a member. The Group is also reviewing recommendations on NHS governance from the Health & Sport Committee's [2018 report](#) and related Audit Scotland work on Boards' performance, and combining these into its general programme of work.

The NHS Scotland Board Secretaries' Group is also leading on a number of supporting workstreams, including the creation of various 'Once for Scotland' templates to inform key governance documents such as Standing Orders, Schemes of Delegation / Standing Financial Instructions, Terms of Reference for key governance committees, and Induction programmes and material. The bulk of this national work is still underway at the time of this report's submission, but this paper provides an update on the various workstreams and the implications for the Board.

#### Assessment

Since early 2019, a number of various workstreams have been advanced that seek to standardise governance procedure and documentation across NHS Boards. Much of this work remains in progress at the time of writing, though some activities, such as that on creating an standard [Induction process](#) for NHS Non-Executives (largely based on the NHS Fife approach) and a new [website](#) learning resource for Board Development, have been completed and relevant guidance issued. Details of the full programme of work are contained in Appendix 1,

along with a progress update at the issue of the last report in October. For the purposes of the Audit & Risk Committee, further information is given below on progress with a number of key documents that, once complete, will be tabled to the Committee for discussion.

#### Model Standing Orders

These were circulated to Chairs and Chief Executives for comment in the autumn. A benchmarking exercise has been undertaken internally to compare the changes to our current guidance. The new version of the Standing Orders, as issued to Boards by a [Director's letter on 13 December](#), has implications for: (i) the publication of Committee papers in advance of the meeting, as we do currently (this is discouraged in the new text); (ii) specifying matters reserved for the Board to be considered in private session only (i.e. the Annual Operational Plan and Annual Accounts, with both to be kept from the public domain until approved by SG); and (iii) allowing only final minutes of Committees (i.e. those approved at the subsequent Committee meeting to be tabled to the Board), potentially introducing a significant lag in reporting unless a separate mechanism is introduced to cover the draft business discussed. Work will begin in January 2020 to consider how the various changes will be introduced in NHS Fife and an update provided to the Committee's next meeting in March.

#### Templates for Board covering papers

In an attempt to standardise and share best practice, a reporting template for Board papers has been designed, in tandem with guidance on how to write a properly structured and suitably detailed paper. Meeting paper templates from 18 Boards were compared to identify common areas and those of variation, and the final draft reflects best practice. The template remains based on the SBAR format, but is intended to be simpler, more streamline and accessible to all. The current draft awaits the Steering Group's consideration, following initial scrutiny by Board secretaries.

#### Terms of Reference for standing Board committees

This work is considering the format and content of remits for mandatory committees of the Board (Audit, Clinical Governance, Remuneration and Staff Governance). For the Remuneration Committee specifically, this is to link to the existing review that is presently underway by the Scottish Government, which is also aiming to produce detailed guidance on the actual operation of Remuneration Committees.

The proposed draft Terms of Reference for Audit is the most complete of the examples being prepared, and this was discussed at the Board Secretaries' meeting on 10 December. A number of changes were agreed. The revised draft now awaits feedback from Directors of Finance and Internal Auditors.

The other remits will broadly follow this approved format. Medical Directors have been sought for input into the Clinical Governance model, with a view to standardising the range of issues that fall within this Committee's remit (this might prove challenging given the differences in integration arrangements across Scotland).

#### Defined role description for Board Secretaries

This is currently under preparation with input from the Scottish Government, to align with the Blueprint's expectations of the role and to identify other areas for further training and development that could be supported nationally.

Further details on these workstreams, and others related to the appointment and development of Non-Executives, can be found in the appendix to this paper.

## Recommendation

The Audit & Risk Committee is invited to:

- **note** the update given in this paper on the ongoing work to develop a 'Once for Scotland' national suite of key governance documents.

## Objectives:

Healthcare Standard(s):	Governance and assurance is relevant to all.
HB Strategic Objectives:	All

## Further Information:

Evidence Base:	<a href="#">DL(2019) 02 - NHS Scotland Health Boards and Special Health Boards - Blueprint for Good Governance</a>
Glossary of Terms:	N/A
Parties / Committees consulted prior to Meeting:	Board Chair; Finance Director

## Impact:

<b>Financial / Value For Money</b>	There are no financial implications.
<b>Risk / Legal:</b>	Implementing the Board's action plan will mitigate any risks of non-compliance with the Blueprint's requirements. Compliance evidences that NHS Fife has robust corporate governance practices in place that help deliver and support organisational objectives.
<b>Quality / Patient Care:</b>	Delivering improved governance across the organisation is supportive of enhanced patient care and quality standards.
<b>Workforce:</b>	The implementation of any of the recommendations from this paper will be met from existing resource.
<b>Equality:</b>	There are no specific Equality and Diversity issues arising from undertaking this work.

## Corporate Governance Steering Group

9 October 2019

### Corporate Governance programme plan

Attached is an updated project plan as at start of October 2019. As a remind the key questions the CGSG are focused on are those actions arising from the Health and Sports Committee and Audit Scotland's reports (alongside wider governance developments aligned to the blueprint).

Below is a reminder of the key questions on governance which were asked by Audit Scotland and Health and Sports Committee and a snapshot of progress to date, alongside side commentary on future developments.

Action (Audit Scotland/Health and Sport Committee)	Status as at October 2019	Summary of Further actions/developments between now and end of December 2019
NHS Governance arrangements are clear and robust, and roles and responsibilities and accountabilities are clear	In progress	This is supported by most of the activities in workstream 1 of the programme plan.
Diversity of appointments	In progress	Supported by workstream 2 of the programme and links to work in conjunction with the PAU.
Modernise foundations of the Boards (reflect population and knowledge and skills of broader people)	In progress (links to Diversity)	
Non-executive role and training to focus on the strategic not operational and consistent approach to training	Good progress to date	<ul style="list-style-type: none"><li>• TURAS site</li><li>• Development of on-line training modules which will be completed this calendar year</li><li>• Induction material 'once for Scotland agreed'</li></ul>
National approach to induction, training and assessment	Good progress to date	<ul style="list-style-type: none"><li>• Promote the new TURAS site</li><li>• Feedback on material and ongoing development of the site</li><li>• 6 months feedback for new non-executives on training, induction and self-development</li></ul>

CGSG Members are asked to:

- Determine if they agree with the snapshot position as set out;
- Agree the priorities for the next 3 months, as reflected in the CGSG programme and linked to the wider governance questions asked; and
- Agree any amendments/updates to the CGSG Programme.

Joanne Brown, CGSG Programme Manager

4 October 2019

# CORPORATE GOVERNANCE STEERING GROUP - PROGRAMME PLAN

## Updated as at 1 October 2019

### 1. Background and programme governance

Following the Scottish Government commissioning a review of best practice in corporate governance the Corporate Governance blueprint was agreed by Scottish Government and the NHS Chairs group in October 2018. The Corporate Governance Steering Group was established in November 2018 and a term of reference for the group was agreed. The Blueprint was formally circulated to NHS Boards in January 2019 in the form of a Directors letter. The Corporate Governance Steering Group, co-chaired by John Brown and Christine McLaughlin has agreed a remit which includes overseeing a programme of actions designed to support the implementation of the Blueprint across NHS Boards, and address the governance gaps identified in the work undertaken to create the Blueprint, the recommendations of the Health and Sports Committee and Audit Scotland findings in the NHS Overview report (2018).

### 2. Communication arrangements

Communication throughout the programme will be key to successfully delivering the programme and implementing the agreed actions across all NHS Boards, in a consistent “once for Scotland” basis. Underpinning the programme will be a programme of communication. Communication to date and on an ongoing basis includes:

Who	What	Why	When
Board Chairs, NHS Boards	Requirement to implement the Blueprint - via SGHSCD letter	Clarity over expectations on the blueprint	October 2018 - Board Chair agreement January 2019 - Directors letter and formal publication
Board Chairs Group	Regular updates on programme progress to Board Chairs	Understanding of all project activity, the three workstreams and areas of potential overlap	Quarterly and also as required
Board members	Engagement with wider Board community via Board blueprint survey, action plan, future developments	Engagement and commitment Focus on sharing practices and once for Scotland solutions	Via Board Chairs Board workshops and action - April 2019
Corporate Governance Steering Group	Oversight of the programme and programme delivery	Ownership and commitment to the programme and rolling out the outcomes/solutions agreed.	Monthly meetings
SGHSCD - Management Board	Routine updates to SGHSCD Management Board	Awareness and engagement with the programme	Update in March 2019, next update scheduled for June 2019 (quarterly)

### 3. Project plans for each workstream

There are 3 workstreams making up the programme each with their own project plan. Each workstream plan is included in this paper.

- Workstream 1: Corporate Governance system (pages 2 to 6)
- Workstream 2: Attraction, recruitment and retention (pages 7 and 8)
- Workstream 3: Board members induction, skills development and appraisal (pages 9 to 13)

The project plan for each workstream has been streamlined to reflect key activities. Each activity has several sub activities which are captured with the sponsors and action owners being clear on the detail behind the core activity.

### 4. Programme evaluation

At various stages in the programme evaluation needs to take place to evaluate has the programme delivered the intended outcome and how the respective outputs continue to be reviewed and evaluated to continue to reflect developing practices and remain fit for purpose. The various evaluation stages will be built into the programme plan going forward.

Initial stages of evaluation will include:

- Review of the Governance Blueprint against developing corporate governance guidance to ensure remains fit for purpose, relevant and supporting good governance in NHS Boards (October 2019 to January 2020).
- Review of the programme plan based on the thematic areas arising from the Blueprint survey and NHS Board action plans to ensure planned activities remain relevant and will address potential gaps in governance (June 2019)
- The survey and learning that can be captured and built into the future survey (annual survey planned) to continually develop the survey, to also include enablers as well as functions (December 2019).
- To continually share practices between NHS Boards to be built into future templates based on lessons learned and use of the templates in practice whilst remaining as a once for Scotland solution (ongoing).
- To evaluate on a quarterly basis the actions being taken to ensure they remain relevant, will deliver the intended outcomes and address any identified gaps in good governance (ongoing)
- Evaluate the outcomes of the programme against the initial findings of Audit Scotland and Health and Sports Committee, as related to governance (ongoing - at key points in the programme)

## Project Workstream 1: Corporate Governance System

Activity	What	Why	How	Sponsor	Action owner	When	Status
Final Blueprint	Share Blueprint	Communication on expectations to comply with the blueprint	Directors letter setting out Board responsibilities in implementing the blueprint	Christine McLaughlin	Robert Kirkwood	January 2019	Complete
Board Self-Assessment Survey	Survey to self-assess against Blueprint	Baseline around current compliance with Blueprint	NSS survey issued to Non-Execs, Execs on Board, appointed members.	Board Chairs	Robert Kirkwood	By Mid-February 2019	Complete
Board's action plans	Board workshop to produce an agreed governance action plan over implementation of the Blueprint	Agree actions to strength governance going forward and transparency over actions	Workshop and action plan produced using guidelines issued and submitted to SGHSCD.	Board Chairs	NHS Boards	By end of April 2019	Complete
Survey themes	Analysis of common themes from survey	Identify common themes and gaps that need addressed	Review of scoring and narrative provided captured in a thematic paper	Christine McLaughlin	Jo Brown	End of August 2019 - Although board survey results (cumulated on CGSG 21 August)	In progress
Action plans	Review action plans completed	Identify gaps and areas of best practice and how action plans related to survey themes	Review of action plans and themes and gaps in governance summarised alongside next steps (link to validation)	Christine McLaughlin	Jo Brown	End of October 2019 (as will also link to independent assurance activities)	In progress

## Project Workstream 1: Corporate Governance System

Activity	What	Why	How	Sponsor	Action owner	When	Status
Independent validation	Set out an approach to independent validation per Blueprint recommendations	Independent assurance over NHS Board governance arrangements - agreement of methodology	Paper considering options, based on thematic paper, the Blueprint requirements and Board needs	Christine McLaughlin	Jo Brown (paper to CGSG)	November 2019	In progress - initial conversations to discuss options with a view to drafting out in a paper
Independent assurance	Compliance with Blueprint. Opportunity to share best practices and highlight areas for improvement	A programme agreed of independent validation cover all Boards over a 3-year period	Activity based on the agreed outcomes and approach agreed with CGSG and SGHSCD	Christine McLaughlin	SGHSCD	From November 2019 onwards (based on agreed programme)	Look to ask Board's to provide an update on Action Plans by end of November and then activity considered, alongside independent validation options
<b>Corporate Governance - Core documentation and templates</b>							
Standing orders	Standardisation, sharing best practice	Model standing orders for all Boards to use	Production of a model standing orders reflecting all requirements and best practice to be adopted by all.	Tom Steele	Board Secretaries	End of June 2019	Completed - Board Secretary update at August CGSG meeting
Standing financial instructions	Standardisation, sharing best practice	Model SFIs and scheme of delegation for all Boards to use	Standard SFIs and SOD covering all requirements and best practice	Mark White, Director of Finance	Short life working group including some DOFs and Board Secretaries	October 2019 (as SOD added and year-end activity)	In progress

## Project Workstream 1: Corporate Governance System

Activity	What	Why	How	Sponsor	Action owner	When	Status
Scheme of delegation (This activity has merged with SFI activity and will be considered re importance level in respect of SFIs)							
Reporting templates (including cover papers)	Inconsistency in Boards on templates used and an opportunity to standardise and share practice	Develop model templates adopting best practice to be used by all Boards (once for Scotland)	Model templates will include: Standard Board report cover paper Principles on writing reports Standard order of cover sheet covering all legislative requirements	Tom Steele and Neena Mahal	Board Secretaries (supported by Sandi Scott of GJNH)	October to November 2019	In progress - Covered in Board Secretary update to August CGSG meeting with more detail due at Oct/Nov CGSG Meeting.
Cover papers (added into reports)							
Board Committee remits and Board Sub-Committees	Standard Board Committee (and sub-committees) and Board terms of reference	Sharing best practice and giving an example to be used once in Scotland	Standard templates agreed and core principles	Tom Steele	Board Secretaries	End of October 2019	In progress - Template agreed and started
Board Sub-Committees (added into remits)							
Timing of papers (will be addressed through the updated to the standing orders)	Consistency of papers being issued before Board meetings	Inconsistent practices and opportunity to share standard	Will be built into standing orders	Tom Steele	Board Secretaries	End of June 2019	Complete - Built into Standing Orders

## Project Workstream 1: Corporate Governance System

Activity	What	Why	How	Sponsor	Action owner	When	Status
Board agenda and work plan	Develop a model Board agenda and forward look work plan	Once for Scotland and sharing good practices. Sign posting future work and agenda items including all standing items	Develop a model based on current practice shared and agreed. Suggested board forward plan including all standing items required per good governance requirements	Tom Steele	Board Secretaries and Board Chairs	End of November 2019	To be reconsidered - Value of a standard approach and likely take up (once agreed will either come out or be amended with updated timescales)
Board members code of conduct	Clarify Board members code of conduct arrangements	Consistent practice and understanding	Ensure board members conduct included in code of corporate governance and where needed training provided	Tom Steele	Board Secretaries (based on the Standards Commission published guidance)	June 2019	Complete - Linked to Commission guidance
Board Secretaries	Define role and qualifications of Board Secretary	Need for consistent Board Secretary support per Blueprint to contribute to good governance	Determine current arrangements and where this fits with the Blueprint expectations and consider options for further development.	SGHSCD	Robert Kirkwood and Board Chairs	September 2019	In progress - draft will come to the September CGSG meeting

## Project Workstream 1: Corporate Governance System

Activity	What	Why	How	Sponsor	Action owner	When	Status
<b>Assurance Information Framework</b>							
Risk assurance framework	Need to develop and enhance risk management framework and agree general principles all apply	Develop an effective framework reflecting good practice to support good governance and compliance with the Blueprint	Collate current practice and agree good practices and a common set of principles to be applied at all Boards	Tom Steele	Julie Carter, DOF SAS	October 2019 (if developing at SAS)	In progress - This is potentially work that can use SAS as a pilot, as SAS are further developing the risk management framework
Financial assurance framework	Need to develop financial framework to get consistency and once for Scotland	Develop an effective framework reflecting good practice to support good governance and compliance with the Blueprint	Collate current practice and agree good practices and a common set of principles to be applied at all Boards	Tom Steele	Julie Cater with some of the DOF group	June 2019	Complete - Paper on agenda which has been agreed with the DOFs group
Assurance information framework (referred to as realistic measurement)	Consistent capture and analysis of data to support decision making and Board Scrutiny.	Develop an effective framework reflecting good practice to support good governance and compliance with the Blueprint	Collate current practice and agree good practices and a common set of principles to be applied at all Boards	Tom Steele and David Garbutt	NES Project team including input from NHSI and SAS)	June 2019 Updated date September 2019.	In progress - Discussions taken place to make use of material in England - agreed will produce a training programme and guidance rather than put on TURAS.

## Project Workstream 1: Corporate Governance System

Activity	What	Why	How	Sponsor	Action owner	When	Status
Workforce assurance framework	Consistent capture of workforce data to support decision making and Board Scrutiny	Develop an effective framework reflecting good practice to support good governance and compliance with the Blueprint	Collate current practice and agree good practices and a common set of principles to be applied at all Boards	Tom Steele (Tom asking Jacqui and David Garbutt to liaise to ensure no duplication)	Jacqui Jones, HR and OD Director NSS	June 2019 Updated Date September 2019	In progress Similar principles being looked at by the Directors of HR (to what finance did). Will come to September CGSG meeting
Assurance Sources	Awareness of assurance sources	Develop an assurance framework	Development of framework based on good practice	Cathie Cowan	Workshop being planned	September 2019	Not yet started

## Project Workstream 2: Attraction, Recruitment and Retention

Activity	What	Why	How	Sponsor	Action owner	When	Status
Time commitment	Flexibility may not have been applied consistently or aligned to actual time required	Understand how flexibility used	Need to baseline how flexibility was used in each Board and the rationale and consistency.	Robert Kirkwood	Robert Kirkwood	End of May 2019	Complete
	Need to agree a baseline for actual time required for the role	Differing time commitments and expectations within Board Chairs and Board members	Gather evidence of time required for role and agree a baseline to inform remuneration and support attraction/recruitment.	Robert Kirkwood	Robert Kirkwood and Board Chairs	End of May 2019	Complete
Attraction	Review advertising, engagement and communication to increase opportunities for recruiting skills required	Are current methods attracting the right individuals and creating fair and open opportunities for all	Review end to end process for recruiting Board Members (including Chairs) to determine what lessons can be learned and where improvements can be made.	Robert Kirkwood	Robert Kirkwood (and Public Appointments Team, Commission for Ethical Standards in Public Life)	December 2019	In progress
Skills matrix	Understanding of Board skills required and how this can be captured including gaps	Skills matrix template for all Boards to use, aligned to required competencies	Collate current skills matrices for Boards and create a good practice template.	Board Chairs	Robert Kirkwood	End of December 2019	Not yet started (will need to align to agreed competencies etc.)

## Project Workstream 2: Attraction, Recruitment and Retention

Activity	What	Why	How	Sponsor	Action owner	When	Status
Diversity	Ensuring meet good practice re diversity on Boards (during and an outcome from recruitment)	Ensuring compliance with best practice and diversity achieved	Collation of good practice and future consideration of Diversity built into all recruitment, attraction and retention arrangements	Board Chairs	Robert Kirkwood	December 2019	In progress and linked to wider activity under this workstream
	Engagement to promote diversity	To identify and develop effective engagement with existing networks and stakeholders who are supporting initiatives around diversity on Boards, including the office of the Commissioner for Ethical Standards in Public Life in Scotland		Robert Kirkwood	Public Appointments/Commissioner of Ethical Standards in Public Life	November 2019	In progress
	Pipeline	To consider the development of initiatives/positive action for NHS Scotland to support a pipeline of potential applicants to Boards		Robert Kirkwood	Public Appointments	November 2019	In progress (will link to wider pipeline work - trial 2020)
Core competencies	Develop a common set of core competencies for the recruitment of NHS Board (once for Scotland and sharing good practice)	Core competency framework linked to recruitment and skills	Develop a core competency framework for Chairs and Board Members based on good practice	Robert Kirkwood	Public Appointments Team	By end of October 2019	Not yet started (will also link to work under workstream 3)
Recruitment panels	(Linked to review of Values based Recruitment) - Ensuring recruitment panels are suitable skilled and resourced	Recruitment panels with sufficient experience and skills	Identify development needs and devise suitable training based on good practice (including links to values and behaviours)	Robert Kirkwood	SGHSCD	September 2019	In progress

## Project Workstream 2: Attraction, Recruitment and Retention

Activity	What	Why	How	Sponsor	Action owner	When	Status
Aspiring Board member	Realistic expectations on the Board member role	Case studies/Digital stories to promote skills and experience and provide insight into the role of a Board member to support recruitment and retention.	Electronic case studies/stories of the role Self-assessment tool on Board readiness	Robert Kirkwood	SGHSCD	End of October 2019	Not yet started (will link to previous work on skills development)
Aspiring Board Chair Programme	Need to have a programme to support development of NEDS to give a future pool of Board Chairs	Formal aspiring board chair development programme	Develop a programme focused on skills and enablers to support the development of future Chairs	David Garbutt	Robert Kirkwood with the Office of the Commissioner for Ethical Standards	November 2019	Not yet started moved from Workstream 3
Appointments 2020 - Board Chair	Need to look ahead and how future recruitment can be better supported and planned	A forward look process that can support a bank of candidates in future recruitment	Trial on forward look and pool of future candidates based on appointment processes and active targeting of individuals for Board Chair positions	Robert Kirkwood	Public Appointments Team	By end of October 2019	Not yet started (linked to above item)
Value based recruitment	Need to assess outcome and impact of Value based recruitment	Evaluate the impact of value-based recruitment and learn future lessons to further improve the recruitment process	Agree criteria for evaluation from a range of evidence and pull together into a summary paper outlining next steps	Robert Kirkwood	SGHSCD	November 2019	In progress

## Project Workstream 2: Attraction, Recruitment and Retention

Activity	What	Why	How	Sponsor	Action owner	When	Status
	Based on assessment need to consider the best options for delivering value-based recruitment going forward	Plan to develop and skill to support value-based recruitment	Consider options on capacity and capability for individuals to be trained to support Value Based recruitment going forward	SGHSCD	Robert Kirkwood	December 2019 (depending on options paper)	In progress
Flexibility in recruitment model	Need to ensure that value-based recruitment works for all	Considering alternative models/Different circumstances and when reasonable to support recruitment of skills and diversity	Explore (depending on assessment of value-based recruitment) whether two tier option available as explored in NHSGGC and if there is good practice that can be rolled out.	John Brown	Robert Kirkwood	December 2019	Not yet started

### Project Workstream 3: Board Members Induction, Skills Development and Appraisal

Activity	What	Why	How	Sponsor	Action owner	When	Status
<b>Board Member induction</b>							
Induction approach booklet	Overview of induction and what is covered and required	Updated induction approach booklet - guide and requirements for induction	Refresh of current booklet, update for blueprint and national material and build into TURAS	David Garbutt	Sharon Millar alongside SGHSCD and Public Appointments	End of June 2019	Complete Refreshed text to reflect Blueprint for Good Governance. Tables illustrating contribution of roles by function complete. Section on how the "Enablers" influence impact and a visual framework of the new induction and orientation to be added.
Local Induction	Need for a once only local induction training programme reflecting good practice	Induction programme and supporting material	Use existing material to create a good practice model to be used by all	David Garbutt	NHS Fife	End of April 2019	Complete Directors letter imminent but the new induction process and examples being used already by Board Secretaries.
	Move for information to all be electronically available	Accessibility and promote once for Scotland	Create induction into on-line material on TURAS	David Garbutt	Sharon Millar	End of September 2019	Complete. Induction tab on Turas learn hosts all resources and online training for Board members. Waiting on

### Project Workstream 3: Board Members Induction, Skills Development and Appraisal

Activity	What	Why	How	Sponsor	Action owner	When	Status
							approval and sign off.
<b>Skills development</b>							
eLearning	Need for learning which supports ongoing development and the skills outlined in the blueprint	e-Learns on TURAS linked to induction	Agree 3 skills priorities and create material using existing material and good practice to create e-Learns in TURAS to be completed by Board Members	David Garbutt	Sharon Millar	January 2020	In progress. Procurement of technical partner underway for two of the e-Learning modules: Finance and Audit & Risk. Reference group members identified, and meeting being convened for August. Planning for the third priority e-Learning module: Quality Governance to commence in August
Mentoring and coaching	Ensure Mentoring for Board members is available to accelerates learning at transition points	Establish a Board level Mentoring scheme guidance and training	Recruit a quantity of quality mentors Establish guidance and training. Manage the matching and quality of the scheme.	David Garbutt	Board Chairs and Sharon Millar	End of June 2019  End of October 2019	In progress. 12 Mentors recruited and trained by July Promote the Mentoring scheme for a second round of mentor training and open to Mentees in August.

### Project Workstream 3: Board Members Induction, Skills Development and Appraisal

Activity	What	Why	How	Sponsor	Action owner	When	Status
							Second round of recruitment to be expanded to include ex Chairs/Non-Executives and IJB Board Members and Board members in other public bodies. This will be done in collaboration with Public Appointments team.
Skills aligned to Blueprint areas	Skills of Board members and Chairs need to align to those in Blueprint to support good governance	Suite of skills development training for Chairs and Board members which are considered essential	Convert and update the current booklets available into e-learns which reflect good practice, and this will ensure a common approach going forward	David Garbutt	Sharon Millar	By end of December 2019	In progress. Booklet authors contacted for updates. Material uploaded and cross referenced to the Blueprint for Good Governance. Standalone tips and tools to be extracted from the booklets into a more user-friendly form by December. Preparing to reuse Making Data Count (NHS Improvement England) resource

### Project Workstream 3: Board Members Induction, Skills Development and Appraisal

Activity	What	Why	How	Sponsor	Action owner	When	Status
							until Scottish Data and Dialogue resource developed
		Future programme created including supplementary learning to support ongoing development and link to Board members ongoing CPD.	Suite of e-learns available on TURAS setting out essential and ongoing development	David Garbutt	Sharon Millar	During 2020 completed end of December 2020	In progress - Two e-learning TURAS packages being agreed
TURAS	Need for all skills development to be available once to all Board members	Central place on TURAS to access all Board members and Chairs material	Develop site on TURAS to hold all information and move paper information to electronic solutions to promote ease of access and share practices	David Garbutt	Sharon Millar	Agree requirements end of September 2019 Agree programme to develop and implement on TURAS end of November 2019. Programme roll out completed June 2020	<b>Phase 1 Complete</b> Turas Board Development page included: <ul style="list-style-type: none"> <li>• Introduction to the site</li> <li>• Induction (Local, National values-based reflection)</li> <li>• Integration of health and social care</li> <li>• Mentoring &amp; Coaching</li> <li>• Leadership CPD</li> <li>• Introduction to Policy</li> </ul>

### Project Workstream 3: Board Members Induction, Skills Development and Appraisal

Activity	What	Why	How	Sponsor	Action owner	When	Status
							<b>Phase 2 In progress.</b> Turas Board development to include: Committee skills and resources (Clinical and Staff Governance) Quality Management Data and dialogue - understanding and using data for continuous quality improvement
<b>Appraisal</b>							
Annual appraisal	Strengthen annual appraisal to support non-executives in their role	More formal annual appraisal captured on-line with development plans	Develop a good practice annual appraisal template, which is electronic and used consistently.	Susan Douglas-Scott	Sharon Millar	End of June 2019	Complete. Paper presented to Chairs Group June and approved. Revised documentation to be circulated with instructions form S Gov System to be built into Turas Appraisal
Six monthly appraisals for new non-execs and Chairs	A formal opportunity to reflect on performance and future development	Best practice template for 6-month appraisal where	Develop a good practice annual appraisal template, which is electronic and used	David Garbutt	Sharon Millar	End of October 2019	In progress. Values based reflection tool created to support new Non-

### Project Workstream 3: Board Members Induction, Skills Development and Appraisal

Activity	What	Why	How	Sponsor	Action owner	When	Status
	needs (linked to required skills)	developments can be captured	consistently and linked into skills development programme				Executive Board Members capture learning and observation about Board culture during first 6 months in role. Reference to the Values based reflective tool to be incorporated into Appraisal guidance. Guidance for Chairs/induction approach documentation to be finalised with SG.
360 Feedback	Structured way of capturing and evaluating feedback for Chairs	360 survey	Develop a 360-feedback process based on good practice which can be used to inform Chairs appraisals building on arrangements already in place	Susan Douglas-Scott	Sharon Millar	End September 2019	In progress. Occupational Psychologists (Silver maple) contracted to develop the resource.

### Project Workstream 3: Board Members Induction, Skills Development and Appraisal

Activity	What	Why	How	Sponsor	Action owner	When	Status
Aspiring Board Chair Programme	Need to have a programme to support development of NEDS to give a future pool of Board Chairs	Formal aspiring board chair development programme	Develop a programme focused on skills and enablers to support the development of future Chairs	David Garbutt	Sharon Millar	August 2019	Link with Public Appointments and workstream 2 activity on skills matrix, core competencies and diversity Promote the Aspiring Board Chairs programme within NHS Boards
<b>Appraisal</b>							
Evaluation	Need to consider impact of workstream on skills and development of Chairs and Board members	Formal evaluation on the impact and outcome these actions/activities have had on the Board skills - aligned to the blueprint	Formal evaluation undertaken and reported back to CGSG to reflect next steps	David Garbutt	CGSG	February 2020	In progress. Outcome framework developed and being translated into a logic model (illustrating information to illustrate impact and means to gather this) Need to link to Workstream 2 core competence/skills matrix and benchmarking against for self-assessment and appointment process



<b>DATE OF MEETING:</b>	9 January 2020
<b>TITLE OF REPORT:</b>	Internal Audit Progress Report, Summary of Reports, Changes to Audit Plan 2019/20 and Update on External Quality Assessment Action Points
<b>EXECUTIVE LEAD:</b>	Tony Gaskin, Chief Internal Auditor
<b>REPORTING OFFICER:</b>	Barry Hudson, Regional Audit Manager

#### Purpose of the Report (delete as appropriate)

		For Assurance
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#### SBAR REPORT

##### Situation and Background

##### Progress Report

The aim of this paper is to brief the Audit and Risk Committee on the audits completed since the last meeting and provide an update on progress towards the completion of the two remaining reviews from 2018/19 and the ongoing delivery of the 2019/20 plan.

The Internal Audit year runs from May to April. Since the date of the last meeting the Internal Audit Team has continued to progress the delivery of the 2019/20 plan under the supervision of the Chief Internal Auditor. Audit work is planned to allow the Chief Internal Auditor to provide the necessary assurances prior to the signing of the Board's annual accounts.

The work of Internal Audit and the assurances provided by the Chief Internal Auditor in relation to internal control are key assurance sources taken into account when the Chief Executive undertakes the annual review of internal controls, and forms part of the consideration of the Audit and Risk Committee and the Board prior to finalising the Governance Statement which is included and published in the Board's Annual Accounts.

##### Annual Plan 2019/20

At the 20 June 2019 Audit and Risk Committee meeting, it was "noted that the plan may be subject to revision later in the year for which approval would be sought."

##### Update on External Quality Assessment (EQA) Action Points

The EQA was presented to the May 2019 Audit and Risk Committee and updates to the agreed actions were to be provided to future Audit and Risk meetings.



## Assessment

### **Progress Report**

Each audit report includes an action plan that contains prioritised actions, associated lead officers and timescales. Progress on implementation of agreed actions is monitored through the Audit Follow-up (AFU) system. An enhanced system of undertaking Audit Follow-up is being progressed, with a revised AFU report included on the agenda.

As of 13 December 2019 actual input against the 2019/20 NHS Fife plan stood at 361 days (67%) of the planned audit input of 543 days. We can confirm that we will complete audit work sufficient to allow the Chief Internal Auditor to provide his opinion on the adequacy and effectiveness of internal controls at year-end and to provide robust assurance to the Audit and Risk Committee within his Annual Internal Audit Report.

### **Updates to the Annual Plan 2019/20**

Since the approval of the plan at the June 2020 Audit and Risk Committee, we have been notified of further reviews from members of the Executive Directors Group which would require changes to the extant audit plan, and then approval by the Audit and Risk Committee.

### **Improvement Activities**

FTF's service to NHS Fife and NHS Forth Valley was subject to External Quality Assessment (EQA) by Midlothian Council on behalf of the Scottish Local Authorities Chief Internal Auditors' Group. Actions from the report are monitored by the FTF Partnership Board. Assurance on progress is included within this report.

This progress report includes Key Performance Indicators (KPIs) as set out in the internal audit annual report.

## Recommendation

The Audit and Risk Committee is asked to:

- I. Note the ongoing delivery of the 2018/19 and 2019/20 NHS Fife internal audit plan;
- II. Approve the changes and revision of the 2019/20 Internal Audit Plan;
- III. Note the progress of actions in the External Quality Assessment.

## **Objectives:**

Healthcare Standard(s):	The breadth of internal audit work cuts across all Healthcare Standards.
HB Strategic Objectives:	The breadth of internal audit work cuts across all of the strategic objectives within the Board's Strategic Framework.

## **Further Information:**

Evidence Base:	N/A
Glossary of Terms:	SGHSCD – Scottish Government Health and Social Care Directorates
Parties / Committees consulted prior to Health Board Meeting:	Director of Finance



Impact: (must be completed)	
<b>Financial / Value For Money</b>	Financial Governance is a key pillar of the annual internal audit plan and value for money is a core consideration in planning all internal audit reviews.
<b>Risk / Legal:</b>	The internal audit planning process which produces the annual internal audit plan takes into account inherent and control risk for all aspects of the Audit Universe. Individual internal audit assignments identify the key risks at the planning stage and our work is designed to evaluate whether appropriate systems are in place and operating effectively to mitigate the risks identified. Legal requirements are a core consideration in planning all internal audit reviews.
<b>Quality / Patient Care:</b>	The Triple Aim is a core consideration in planning all internal audit reviews.
<b>Workforce:</b>	Management responsibilities, skill sets and structures are a core consideration in planning all internal audit reviews.
<b>Equality:</b>	All internal audit reviews which involve review of policies and procedures examine the way in which equality and diversity is incorporated in Board documentation. In addition, equality and diversity is included as a specific topic within our Audit Universe.



# Internal Report

## Audit

## Progress

## Introduction

This report presents the progress of internal audit activity up to 13 December 2019.

## Internal Audit Activity

### NHS Fife Completed Audit Work

The following audit products, with the audit opinion shown, have been issued since the last Audit and Risk Committee meeting on 5 September 2019. Each review completed has been categorised within one of the five strands of corporate governance. A summary of each report is included for information within the 'Summary of Audit findings' section.

Audit 2018/19	Opinion on Assurance	Recommendations	Draft issued	Finalised
<b>Financial Governance</b>				
B23 & 24/19 – Savings Programme and Financial Planning	C - Adequate	Two Priority 2	29 August 2019	4 September 2019

Audit 2019/20	Opinion on Assurance	Recommendations	Draft issued	Finalised
<b>Corporate Governance</b>				
<b>B08/20</b> – Internal Control Evaluation	N/A	See Report – separate agenda item	13 December 2019	Final report to 9 Jan 2020 Audit and Risk meeting
<b>B09/20</b> – Audit Follow Up	N/A	N/A	N/A	Report provided to each Audit and Risk Committee – 9 January 2020
<b>B14/20</b> – Follow Up of B13/18 – Fire Safety	Moderate Assurance	Two Merit Attention	18 October 2019	2 December 2019
<b>Clinical Governance</b>				
<b>B21/20</b> – Transport of Medicines	Limited Assurance	Four Significant and Four Merit Attention	30 September 2019	2 December 2019
<b>B23A/20</b> – Safety Alerts Follow Up	N/A	None	3 December 2019	20 December 2019

Financial Governance				
<b>B27/20</b> – Financial Process Compliance	N/A	Two Merit Attention	17 October 2019	20 December 2019
Staff Governance				
<b>B23A/20</b> – Attendance Management	N/A	Three Merit Attention	18 October 2019	20 December 2019

### NHS Fife Draft Reports Issued

Audit 2019/20	Draft issued
<b>B25/19</b> – Financial Management	29 August 2019
<b>B13/20</b> – Risk Management	17 December 2019
<b>B32/20</b> – Waiting Times Methodology	18 December 2019

### NHS Fife Work in Progress and Planned:

Audit 2019/20		Status	Target Committee	Audit
<b>B01/20</b>	Audit Risk Assessment and Planning	Planning	16 May 2020	
<b>B10/20</b>	Governance Blueprint	Planning	12 March 2020	
<b>B11/20</b>	Assurance Mapping	Fieldwork	12 March 2020	
<b>B15 and 16/20</b>	Strategic and Operational Planning – Transformation Programme	Planning	12 March 2020	
<b>B17/20</b>	Organisational Performance Management	Fieldwork	12 March 2020	
<b>B19/20</b>	Adverse Event Management	Fieldwork	12 March 2020	
<b>B25/20</b>	Capital Management – Orthopaedic Project	Planning	16 May 2020	
<b>B22/20</b>	Staff Governance – Workforce Strategy	Fieldwork	12 March 2020	
<b>B30/20</b>	Information Assurance	Planning	16 May 2020	
<b>B31/20</b>	eHealth Strategic Planning and	Fieldwork	16 May 2020	

	Governance		
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## Audit Follow Up

An Audit Follow Up Report has been produced by Internal Audit and is included on the agenda for the 9 January 2020 Audit and Risk Committee.

## Amendments to the Internal Audit Plan 2019/20

To ensure the Audit Plan meets the needs of NHS Fife, Internal audit have engaged with the EDG and specifically liaised with the Director of Finance. We have identified 63 days to be removed from the plan with 40 of those 63 days for the additional reviews requested by EDG members. The balance of days relates to two reviews which were undertaken at the request of Executive Directors which over ran in terms of number of days to complete. These were B23A/20 – Attendance Management and B21/20 – Transport of Medicine. Both of these reviews “added value” to NHS Fife and were “welcomed” by the responsible Director.

The following reviews have been requested for inclusion in the audit plan for 2019/20:

Identified Area	Executive Director	Days
Audit Follow Up – increase in days to undertake the AFU process.	Director of Finance	10
Governance for Elective Orthopaedic Centre Project.	Director of Finance	15
Recruitment and Selection – Potential cost consequences of lengthy recruitment processes and controls in place for recruitment.	Director of Finance/ Director of Human Resources	15

To accommodate these reviews in the 2019/20 Plan, changes are required which will require Audit and Risk Committee approval. The following jobs are to be removed/postponed and will all be subject to risk assessment for inclusion in the 2020/21 Audit Plan which will be presented to the May 2020 Audit and Risk Committee:

Job Number	Description	Reason	Original Plan	Revised Plan
B20/20	Infection control	Assignment plan agreed. Undertake review in 2020/21 Audit Plan.	8	0
B23B/20	Workforce	Supplementary Staffing – enhanced process of control over the approval of all supplementary staffing in place to aid financial balance in 2019/20.	10	0

B33/20	Departmental Review Estates	Other high risk reviews within the Estates Department have been completed (see B14/20)	25	0
B34/20	Brexit	Timing of review will not add value to NHS Fife	15	0
B31/20	eHealth Strategic Planning	Internal Audit have contributed and provided comments, and continue to liaise with responsible Directors on the draft Digital Strategy for NHS Fife. We will provide a yearend summary of our input to the May 2020 Audit and Risk Committee.	10	5

## Improvement Activities

An update on the action plan to the External Quality Assessment (presented to May 2019 Audit and Risk Committee) of FTF Audit and Management Services is provided below:

Recommendation	Response and Action	Update
<p>Approval of resource to FTF Internal Audit Service is made by the Partnership Board comprising the Directors of Finance for NHS Fife, NHS Forth Valley and NHS Tayside.</p> <p>The Audit Charter does not specify how the Chief Executives and Audit Committees contribute to the Chief Internal Auditor's (CIA's) appraisal.</p> <p>The Partnership Board should review the requirements of PSIAS Standard 1100 with Senior Management, Chairs of the Audit Committee, and the CIA, with a view to improving compliance in line with local circumstances.</p> <p>The Charter should specify how the Chief Executives and Committees contribute to the</p>	<p>The Partnership Board will consider this recommendation and suitable actions agreed by both Audit Committees as part of the presentation of this report to them.</p> <p>30 June 2019</p> <p>Client Directors of Finance already contribute to the Chief Internal Auditor's appraisal through NHS Fife Director of Finance. In future these contributions will be informed by discussions between the Director of Finance and Audit Committee Chair.</p> <p>31 May 2019</p>	<p>This was considered at the 12 April FTF Partnership Board and a revised process agreed and implemented.</p> <p>Status: Complete</p>

CIA's appraisal.		
<p>The training budget for FTF Internal Audit Service is relatively small considering the number of auditors employed and there is no resource for appointment of short term specialist auditors.</p> <p>The level of resource put aside for training and development should be reviewed to ensure the skill set of auditors remains appropriate for organisations.</p>	<p>This will be considered by the Partnership Board as part of the discussions around the FTF Budget for 2019/20 and onwards.</p> <p>30 April 2019</p>	<p>Increased training budget approved as part of 2019/20 Budget</p> <p>Status: Complete</p>
<p>FTF do not explicitly report to the Audit Committee on progress in implementing the Quality Assurance Improvement Programme (QAIP). In future, within the Annual Internal Audit Report, or through periodic update of the Audit Charter, the QAIP should be reported to the Audit Committees.</p>	<p>This will be included in all future Annual Internal Audit Reports</p> <p>30 June 2019</p>	<p>The issue of the EQA was too close to the annual report for any meaningful update, although the EQA was referred in the annual reports. Progress will be reported in the ICE.</p> <p>Status: Ongoing</p>
<p>For both NHS Fife and NHS Forth Valley Internal Audit Plans, audits were carried forward from the prior year and these were reported after the prior year's Annual Internal Audit Opinion.</p> <p>Consideration should be given at the time of reporting the next year's Annual Internal Audit Plan to closing off in full the previous year's plan. Prior year audits would then be added to the current plan after reassessing the risk and priority or dropping these audits entirely in favour of current year proposals. This would allow the plan to be more reactive to emerging risks, the views of senior management and the Audit Committee.</p>	<p>This will be discussed with the Partnership Board in the first instance and then agreed with each individual Audit Committee as part of the consideration of this report.</p> <p>30 June 2019</p>	<p>This was discussed at the Partnership Board then at each Audit Committee and the agreed approach included within the 2019/20 plan.</p> <p>Status: Complete</p>

## Summary of Audit Findings

This section provides a summary of the findings of internal audit reviews concluded since the previous Audit and Risk Committee meeting.

### B23 & 24/19 Savings Programme and Financial Savings

**Audit Opinion - Category C – Adequate – Business objectives are likely to be achieved.**

**[Link to strategic / operational risk – Financial Sustainability BAF](#)**

#### **Executive Summary & Agreed Management Action:**

The design of the controls examined did ensure that budget holders were aware of their responsibilities to contribute to the overall requirement to breakeven but given the diminishing performance regarding delivering recurring efficiency savings, the £17m target for efficiency savings in 2019/20 and the interdependencies between the different parts of the organisation efforts need to be stepped up to identify opportunities for whole system transformative changes to meet this challenge. This has been recognised by NHS Fife and the outcomes of the recent Transformation Workshop and the engagement with Deloitte UK referred to above are expected to identify system wide transformations that will deliver efficiency savings.

Agreed findings and management actions were:

- The information provided to the Finance, Performance and Resources Committee on efficiency savings should outline individual Health Board and IJB efficiency savings. As this financial year progresses the output from the engagement with Deloitte UK will provide more detail on savings plans for the Acute Services Division which will be reported to FP&RC. The target savings for the Corporate Directorates are much smaller but details of these will also be reported to FP&RC. The Health element of IJB efficiency savings will be reported along with the Social care element to the IJB of which NHS Fife Board members are members.
- The process for reviewing efficiency saving opportunities should include consideration of the interdependencies in, and between, the Health Board and the IJB both in respect of additional savings opportunities to mitigate risks of adverse consequences up or down stream from where an efficiency project is being implemented. The need for focus on joint transformation has been recognised and the outcomes from the recent Joint Transformation Workshop will inform the savings plans of the Health Board and IJB for 2020-21. There are also some transformation projects that will contribute to achieving savings targets for 2019-20 (eg potential repatriation of vasectomy activity from Stracathro Hospital to NHS Fife – business case still to be considered by EDG).

### B08/20 Internal Control Evaluation

[Separate agenda item for 9 January 2020 Audit and Risk Committee.](#)

### B09/20 Audit Follow Up

[Separate agenda item for 9 January 2020 Audit and Risk Committee.](#)

### B12A/20 – Safety Alerts Follow Up

[Link to strategic / operational risk: N/A](#)

#### [Executive Summary](#)

All of the 6 recommendations have been completed.

## B14/20 – Follow Up of B13/18 – Fire Safety

Audit Opinion – Moderate Assurance

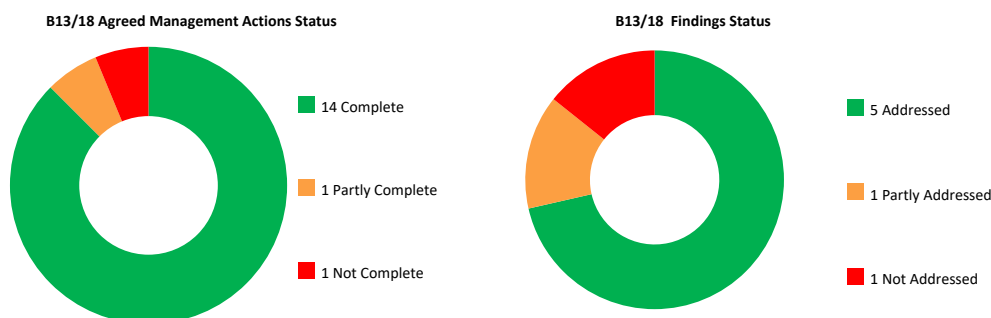
[Link to strategic / operational risk:](#)

NHS Fife Board Assurance Framework – Quality and Safety – ‘*There is a risk that due to failure of clinical governance, performance and management systems (including information and information systems) NHS Fife maybe unable to provide safe, effective, person centred care*’.

NHS Fife Board Assurance Framework - Environmental Sustainability - ‘*There is a risk that Environmental & Sustainability legislation is breached which impacts negatively on the safety and health of patients, staff and the public and the organisation’s reputation*’

[Executive Summary & Agreed Management Action:](#)

B13/18 – Fire Safety report included 7 findings and 12 recommendations with 16 management actions identified to address these. The graphs below illustrate the status of the agreed management actions and the findings they related to:



The control issues that have not yet been fully addressed relate to the ability to readily identify areas/departments/wards or staff groups with low levels of compliance for staff attending fire safety training as the eESS system is not yet capable of producing this information.

Management agreed to:

- A development request for the eESS system will be submitted to the eESS National Team for it to be developed to allow non-compliance with mandatory training to be reported. We will continue to consult with colleagues in Learning and Development regarding the availability of this functionality in the eESS system and will implement fire safety non-compliance reporting when this is available. We are currently providing service manager's with lists of staff who have attended and asking them to make sure any of their staff who have not attended are booked on to training as soon as possible.
- Further Standard Operating Procedures will be reviewed for components of the operational system for fire safety in NHS Fife and the sections for these processes will be summarised in the NHS Fife Fire Safety Procedure and cross referenced to the appropriate SOPs.

## B21/20 Transport of Medicines

[Link to strategic / operational risk:](#)

The NHS Fife Quality and Safety Board Assurance Framework (BAF) describes the following risk which could threaten the achievement of these strategic objectives – ‘*There is a risk that due to failure of clinical governance, performance and management systems (including information and information systems), NHS Fife may be unable to provide safe, effective, person centred care*’

Audit Opinion – Limited Assurance

[Executive Summary and Agreed Management Action](#)

We evaluated how the controls, related to the transportation of medicines included in the SSUMPP, are operating to mitigate the risks for the delivery of medicines to these locations by checking a sample of Medicines Uplift and Delivery Forms and collating responses to questionnaires completed by staff involved in the preparation, delivery and receipt of medicines. The results of our audit have been shared with the Transport Project Group to allow them to consider any identified areas for improvement along with their findings and to formulate an action plan to address these. Detailed findings and information are included at Section 3 below.

The main issues identified from our review were:

- From a sample of 92 Medicines Uplift and Delivery Forms for medicines delivered to Community Hospitals checked half were not signed by pharmacy staff to acknowledge responsibility for releasing the medicines and a third of the forms were not signed by clinical staff to acknowledge responsibility for receipt of the medicines
- Medicines Uplift and Delivery Forms recording the stages of the uplift and delivery of medicines are frequently not returned to Pharmacy as they should be
- A number of issues related to preserving the cold chain for medicines that require refrigeration were identified from questionnaire responses.

Across all of our areas of testing the issues we identified from our review increase the likelihood of the following risks materialising:

- Non-efficient use of resources with examples being waste associated with medicines that need to be discarded due to not being stored correctly whilst in transit and inappropriate use of taxis for medicine delivery
- Diversion of controlled drugs and other desirable medicines, and associated risks of patient harm, negative publicity, financial loss and civil and regulatory liability
- Medicines stored outwith temperature tolerance for unknown periods of time potentially compromising their effectiveness and thus impacting on patient care (Cold chain risks).

Whilst the focus of this review was on the delivery of medicines to Community Hospitals our findings and recommendations may also be applicable to other areas within NHS Fife (eg locations within the Acute Services Division).

Electronic and automated solutions should be explored to mitigate against the issues highlighted in this report to allow a clear audit trail to be recorded in real time for each stage of the process whoever is involved (eg through the use of logistics solutions that use bar code scanning to swiftly record the handover of items).

## B23A/20 Attendance Management

[Link to strategic / operational risk:](#)

NHS Fife 'Workforce Sustainability Board Assurance Framework (BAF)' describes the following risk which could threaten the achievement of this strategic objective – *'There is a risk that failure to ensure the right composition of workforce, with the right skills and competencies deployed in the right place at the right time will adversely affect the provision of services and quality patient care and impact on organisational capability to implement the new clinical and care models and service delivery set out in the Clinical Strategy'*.

[Audit Opinion – Moderate Assurance](#)

[Executive Summary and Agreed Management Action](#)

It is accepted that demonstrating effective controls within the area is complex given the many component parts that need to be operating at the optimum level to support a sustained improvement in attendance levels. The Attendance Management update to the SGC meeting of 30 August 2019 states that the current sickness absence rate of 5.55% for June 2019 is 0.29% above the trajectory of 5.26%. The trajectory for sickness absence is to achieve a rate of 4.89% by the end of March 2020. Where there is quantifiable data such as absence rates these will continue to be considered in the normal manner as reported to the relevant committees and the Board. We recommended that the SGC use this sickness absence data to form a view on whether the overall approach is effectively mitigating the risk.

NHS Fife aims to improve Attendance Management and uses a holistic multifaceted approach, as no one intervention can lead to an improvement in this area. The approach includes the consistent application of the NHS Fife Management of Ill Health and Management of Capability policies; supporting Well@Work initiatives to promote healthier lifestyles for the workforce; NHS Fife and local Attendance Management Groups which provide support with the implementation of the policies; Review and Improvement Panels to facilitate earlier interventions to support staff and managers when managing attendance and seeking supportive measures to stop staff having to be absent from work or to return them to the workplace earlier following a period of absence; implementation of new management information systems such as Tableau which will provide real time information for Managers; In addition, the staff experience within NHS Fife is measured via the use of iMatter which is a national NHS Scotland tool adopted by all Boards. National evidence also demonstrates that a positively engaged workforce leads to less absence from work and the delivery of quality care to patients.

Agreed findings and management actions were:

- The SGC should use the sickness absence data to form a view on whether the overall approach is effectively mitigating the risk. The trajectory for sickness absence is to achieve a rate of 4.89% by the end of March 2020. Where there is quantifiable data such as absence rates these continue to be considered in the normal manner as reported to the relevant committees and the Board.
- A communication should be disseminated to all Managers to raise awareness of the importance of the timeliness of the return to work discussion. Internal Audit findings concluded that only 43% of forms are completed within 0-2 days of return to work. The return to work discussion is a key part of the management of attendance and can be a highly effective approach to managing short term absence and should take place as close to the return to work as possible to facilitate a smooth safe return to work.
- If NHS Fife have input to the Return to Work Form, cognisance of the recently published Once for Scotland Workforce Policies should be considered to include prompts for discussion, trigger levels and tick boxes. As the National work in respect of paperwork associated with the Management of Attendance has been concluded, the ability to influence the design of the return to work form may be limited.
- There is further scope to improve the governance arrangements around the purpose of the NHS Fife Attendance Management Group and the other associated groups such as the Review and Improvement panels to show each groups purpose and how they interrelate to provide an Attendance Management Framework with clear lines of reporting and escalation. A governance review should be undertaken to identify any gaps or duplication with the Attendance Management groups and ensure that there is a clear framework of all the groups, their purpose (strategic or operational) and how they interrelate to ensure that themes, reporting and escalation are defined and reported.

## B27/20 – Financial Process Compliance

[Link to strategic / operational risk: N/A](#)

This review provided assurance that for the noted key financial systems, processes and procedures are established and meet the requirements of the Financial Operating Procedures and the relevant Standing Financial Instructions. This exercise tested outputs from and certain procedures within those financial systems.

### [Executive Summary & Agreed Management Action:](#)

Due to the limited nature of the review undertaken, we have not provided a full audit opinion on each system. However, based on the testing carried out, we can find no evidence to suggest that any of the two systems are failing to meet their business objectives of:

- The Payments Department is responsible for payment of all the Board invoices and for dealing with any queries relating thereto;
- The security of Cash and Banking within the Board.

## Key Performance Indicators 2019/20

Performance against service specification as at 13 December 2019:

	Planning	Target	05 Sep 2019	9 Jan 2020
1	Audit assignment plans for planned audits issued to the responsible Director at least 2 weeks before commencement of audit	75%	100%	100%
2	Draft reports issued by target date	75%	100%	83.3%
3	Responses received from client within timescale defined in reporting protocol	75%	100%	67%
4	Final reports presented to target Audit Committee	75%	100%	100%
5	Number of days delivered against plan	100% at year-end	145 – 27%	361 – 67%
6	Number of audits delivered to planned number of days (within 10%)	75%	100%	60%

## Audit & Risk Committee Meeting



<b>DATE OF MEETING:</b>	9 January 2020
<b>TITLE OF REPORT:</b>	Internal Control Evaluation (ICE)
<b>EXECUTIVE LEAD:</b>	Tony Gaskin
<b>REPORTING OFFICER:</b>	Tony Gaskin

Purpose of the Report (delete as appropriate)		
		<b>For assurance</b>

SBAR REPORT
<p><b><u>Situation and Background</u></b></p> <p>As Accountable Officers, Chief Executives are responsible for maintaining a sound system of internal control and to manage and control all the available resources used in his/her organisation. The work of Internal Audit and the assurances provided by the Chief Internal Auditor in relation to internal control are key assurance sources taken into account when the Chief Executive undertakes the annual review of internal controls, and forms part of the consideration of the Audit and Risk Committee and the Board prior to finalising the Governance Statement which is included and published in the Board's Annual Accounts. This review aims to provide early warning of any significant issues that may affect the Governance Statement.</p> <p>The principal objective of this review is to provide assurance to the Chief Executive, as Accountable Officer, that there is a sound system of internal control that supports the achievement of the Board's objectives.</p>
<p><b><u>Assessment</u></b></p> <p>Key findings from our review include:</p> <ul style="list-style-type: none"> <li>◇ Sustainable financial balance will not be achieved without greater progress on transformation and the IJB risk share agreement</li> <li>◇ Information Governance assurances are not sufficient</li> <li>◇ Integration Governance arrangements have still not been concluded</li> <li>◇ Actions to address the recommendations within Internal Audit Report B15/17 &amp; B18/18 Clinical and Care Governance Strategy and Assurance have not progressed as expected.</li> </ul>
<p><b><u>Recommendation</u></b></p> <p>The Audit and Risk Committee is asked to:</p> <ul style="list-style-type: none"> <li>• Consider and comment upon the Internal Control Evaluation;</li> </ul>

<b>Objectives: (must be completed)</b>	
Healthcare Standard(s):	The breadth of internal audit work cuts across all Healthcare Standards.
HB Strategic Objectives:	The breadth of internal audit work cuts across all of the strategic objectives within the Board's Strategic Framework.

<b>Further Information:</b>	
Evidence Base:	N/A
Glossary of Terms:	SGHSCD – Scottish Government Health and Social Care Directorates
Parties / Committees consulted prior to Health Board Meeting:	Director of Finance

<b>Impact: (must be completed)</b>	
<b>Financial / Value For Money</b>	Financial Governance is a key pillar of the annual internal audit plan and value for money is a core consideration in planning all internal audit reviews.
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<b>Quality / Patient Care:</b>	The Triple Aim is a core consideration in planning all internal audit reviews.
<b>Workforce:</b>	Management responsibilities, skill sets and structures are a core consideration in planning all internal audit reviews.
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# FTF Internal Audit Service

## Interim Evaluation of Internal Control Framework Report No. B08/20

**Issued To:** [P Hawkins, Chief Executive]  
[C Potter, Director of Finance and Senior Information Risk Owner]  
[C McKenna, Medical Director]  
[B Nelson, Director of Workforce]  
[M Olsen, Interim Chief Operating Officer – Acute Services Division]  
[G Macintosh, Head of Corporate Planning and Performance]

[Audit & Risk Committee]  
[External Audit]

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Draft Report Issued	13 December 2019
Management Responses Received	19 December 2019
Target Audit & Risk Committee Date	9 January 2020
<b>Final Report Issued</b>	<b>TBC</b>

## EXECUTIVE SUMMARY

1. As Accountable Officers, Chief Executives are responsible for maintaining a sound system of internal control and to manage and control all the available resources used in his/her organisation. This review aims to provide early warning of any significant issues that may affect the Governance Statement.

## OBJECTIVE

2. The principal objective of this review is to provide assurance to the Chief Executive, as Accountable Officer, that there is a sound system of internal control that supports the achievement of the Board's objectives.

## RISK

3. Whilst there is no overarching corporate/strategic risk relevant to this review, our audit will specifically consider whether governance arrangements are sufficient, either in design or in execution, to control and direct the organisation to ensure delivery of sound strategic objectives.

## AUDIT OPINION

4. The key issues arising from the report with detailed findings and actions are included in Section 2.

## ACTION

5. The action plan [has been agreed with management] to address the identified weaknesses. A follow-up of implementation of the agreed actions will be undertaken in accordance with the audit reporting protocol.

## ACKNOWLEDGEMENT

6. We would like to thank all members of staff for the help and co-operation received during the course of the audit.

**A Gaskin, BSc. ACA**  
**Chief Internal Auditor**

## Corporate Governance

### Internal Audit Assessment

The Annual Internal Audit Report 2018/19, issued in June 2019, concluded that the Board had adequate and effective internal controls in place during 2018/19. Of the 8 recommendations, 3 are fully complete, 2 are not yet due, 2 are partially complete and 1 has not been addressed.

- Key developments during 2019/20 include:
  - Update of the Code of Corporate Governance which reflects structures, terminology and job titles. The contribution of the Board Secretary within Fife and nationally for her contribution to the development of 'Once for Scotland' was noted by the Board;
  - Audit Scotland have issued a s102 report for Fife IJB. At year end this issue should be reported as part of the Audit and Risk Committee (A&RC) consideration of all potential year end disclosures;
  - Continued reporting of minutes from the Brexit Assurance Group Board to the Board and the Finance, Performance and Resources Committee;
  - The development of NHS Fife Induction packs which has been adopted nationally by the Scottish Government. The programme of Board Development Events also provides ongoing training and development for Board members.
  - Ongoing review of Committee Annual Assurance Statements by the Board Secretary of the conclusions provided around work plan completion, consideration of the key risks assigned to the Committee, and whether risks are scored adequately and controls and actions are both adequate and effective.

### Governance

- The 'Update on Board Action Plan for the implementation of the NHS Scotland Governance Blueprint' to the November 2019 NHS Board meeting provided the background to work completed during the year and the outcomes of the Board self assessment. The action plan was submitted to Scottish Government in line with the timetable. The self-assessment survey will be re-performed in early 2020 and we would expect that Fife NHS Board will routinely review progress against the rolling action plan.
- Internal audit B11/20 – Assurance Framework & Mapping is ongoing and will assist the Board in developing a "pilot" assurance map for a strategic risk and developing an overall process for assurance mapping with an associated work plan, project plan and timetable. The Chief Internal Auditor (CIA) is working with the NHS Fife Board Secretary and leads from other FTF clients on this process. The CIA provided the EDG with an Assurance Mapping presentation which set out the proposed approach with the benefits and anticipated outcomes from the process.
- As reported to the November Finance, Performance and Resources Committee (FPRC), 53% (29 of 55) of General Policies are beyond their review date. This was previously reported at the May FPRC at 39%. We have been informed staggered review dates for policies have been implemented and we will revisit progress achieved at year end.
- A revised Best Value (BV) Framework was noted by the Board in January 2018 and there was a BV statement within the Annual Statement of Assurance 2018/19 to the May 2019 meeting of A&RC. We note the focus on BV within the Good Governance Blueprint, however the Annual Assurance Statement for the IJB Report, presented to

the September 2019 A&RC does not refer to BV within the assurances provided.

- A detailed self-assessment exercise on the integration progress has been undertaken by all partners in April 2019 and agreement reached to review the current version of the Fife Integration Scheme during 2020. This is expected to further develop the governance arrangements in place for the IJB and consequentially improve the Board's own systems of governance and assurance for the matters delegated to the Health & Social Care Partnership.
- The final version of self-evaluation response to the Ministerial Strategic Group (MSG) Integration of Health & Social Care report was submitted by Fife IJB to Scottish Government in May 2019, and detailed areas for further work locally. The appointment of the new Director of Health & Social Care will provide further impetus to this programme of work.
- The Scottish Government has provided Internal Audit with further guidance for IJB Governance and we have updated our governance principles and these should be taken into consideration as part of the update of the Integration Scheme. It is not clear that the governance models operated in Fife IJB is fully in line with the latest SG guidance. The Single Outcome Agreement is also out of date as the latest version was agreed by the Fife Partnership Board in 2013.
- The Strategic Objectives for 2019/20 were agreed at the 29 May 2019 meeting of the Board.
- The NHS Fife Board members' register of interests for 2018/19 is available on the NHS Fife website. This will require updating for 2019/20.

#### Transformation

- The transformation update provided in the Governance Blueprint paper to the November 2019 Board meeting stated that *'a joint programme of strategic and operational transformation is essential to the sustainability of the services delivered by NHS Fife. We are implementing a refreshed approach to the oversight of this area under the leadership of the Chief Executive and Director of Finance & Performance, as well as an enhanced framework of performance and accountability between operational services and the Board's Committees.'*
- A new Performance & Accountability Review Framework was initially established in 2019, to provide a structured, transparent and systematic approach to ensure delivery of standards and targets, with an effective reporting and assurance mechanism from each service to the Board. The process is expected to evolve further, to provide enhanced assurance on performance. A refreshed Integrated Transformation Board, to be additionally supported by the six-month appointment of a Director of Programme Management Office (PMO), has been established, to provide leadership and strategic direction to the joint transformation programmes underway in NHS Fife and the H&SCP.
- The importance of the Transformation agenda to NHS Fife cannot be underestimated and the pace of progress requires improving. We note reporting to the Clinical Governance Committee around roles, remits and future plans, with reporting to the NHS Fife Board through the minutes and Chair Assurance report. However there is no Transformation risk or BAF and consideration should be given to creating a Transformation Risk in NHS Fife. There is also no specific reference to risk within the Integration Transformation Board Terms of Reference, which is responsible for monitoring the progress of the Transformation Project.
- Internal audit B15/20 – currently at fieldwork stage, will undertake a review of the revised Transformation Programme Governance arrangements including the risk reporting and monitoring.

**Performance**

- A management review during the summer 2019 of the Integrated Performance Report has resulted in a more detailed and standardised report, which now incorporates the Quality Report. The Integrated Performance & Quality Report (IPQR) includes benchmarking information over time for the key indicators, where available, and this provides the Board with more transparent benchmarking. Feedback from Non-Executive Board members on the revised report has been very positive.
- The IPQR, presented to each meeting of Fife NHS Board, provides a clear summary of performance which enables the Board to make decisions and to conclude on progress, and explains variance and remedial action to address performance issues. Within the Governance Blueprint Action Plan we note the continuing development of the IPQR report.
- A Board Development Session was held in August 2019, using the new format of the IPQR as the basis of a broader discussion on improving the presentation of complex data to Board members.
- The Annual Operational Plan (AOP) 2019/20 was approved by Fife NHS Board at its May 2019 meeting and submitted to Scottish Government by end July 2019. The EDG meeting of 28 October 2019 received a paper and timetable for submission of the AOP 2021. The Draft AOP will be submitted to SGHSCD on 24 December 2019, with the final AOP planned for submission on 28 February 2020.
- The IPQR report to the November 2019 Board meeting shows the current performance status of the 24 indicators as 7 (29%) within upper quartile, 12 (50%) in mid-range and 5 (21%) in lower quartile. In general, we note the continuing improvements during 2019/20.
- On 28 June 2019 the Chair wrote to the Cabinet Secretary for Health and Sport summarising action to address points from the 2017/18 Annual Review.

**Audit and Risk Committee**

- The Terms of Reference of the Audit & Risk Committee (A&RC) have been updated to ensure compliance with the Audit Committee Handbook and the A&RC work plan has been reviewed.
- The A&RC approved the updated Internal Audit Framework at their September 2019 meeting.
- A new enhanced Audit follow Up Report is being produced by Internal Audit and will be presented to the January 2020 Audit and Risk Committee.
- The Internal Audit External Quality Assessment (EQA) was presented to the May 2019 A&RC meeting. The EQA assessment concluded that *'following completion of the comprehensive EQA checklist it is my opinion that FTF Internal Audit Service, generally conforms with the PSIAS.'* All actions have been completed.

**Risk Management**

- Internal audit Report B13/20 provided a staging report on the progress made by NHS Fife around its Risk Management Framework. In summary we concluded that:
  - A definition and methodology of classification of a risk management appetite has been agreed by the Risk Management Short Life Working Group and

progress has been made through consultation with the Standing Committees and through Board Development Sessions on agreeing a Risk Appetite. The risk management definitions and classifications were agreed at the Board meeting on 27 November 2019. Key Performance Indicators have been agreed by the Executive Directors Group in preparation for implementation, once the full Risk Management Framework has been approved by the Board.

- The delegation of functions to the IJB and the implications for risk management, governance and assurance, in particular, the treatment of residual risk, has not yet been clarified. A review of the Fife IJB integration scheme and governance arrangements is scheduled for early 2020 and these arrangements should clarify and facilitate risk management arrangements.
- Management have advised that the revision of the Risk Management Policy is in progress and the November 2019 Board meeting noted that the updated Framework will be submitted to the A&RC and Board in January 2020.
- In light of the Section 102 Report for Fife IJB, we are of the opinion that the NHS Fife IJB BAF risk needs to be fundamentally reviewed and updated. For example, many of the mitigating actions are out of date.

**Action Point Reference 1****Finding:**

The Ministerial Strategic Group (MSG) for Health and Community Care Review of Progress with Integration of Health and Social Care was issued in February 2019 and includes a proposal that *'the understanding of accountabilities and responsibilities between statutory partners must improve'*. The responses from Fife IJBs, indicate that a number of areas require attention including governance and accountability.

The Scottish Government has now provided Internal Audit with updated governance principles.

**Audit Recommendation:**

NHS Fife should be provided with an update on work being undertaken to foster closer working relationships with colleagues in local authorities and IJBs. This update should include agreement of overall governance and risk management arrangements and monitoring of the implementation of actions in response to the MSG report.


We would encourage NHS Fife to consider the updated governance principles when taking forward the MSG proposals and that these be taken into consideration as part of the planned update of the Integration Schemes.

Based on these updated principles, the Fife IJB models are not in line with Scottish Government (SG) guidance and this issue should be clarified with SG.

We would expect that the Board will maintain an awareness of the MSG action plan contents and will monitor implementation (or delegate this responsibility to the A&RC). IJBs are key to the success of the Board and the Board therefore needs to be assured that they are properly configured and supported.

The NHS Fife IJB BAF risk will require to be updated to ensure it reflects the current arrangements, mitigating actions and any further controls/assurances.


**Assessment of Risk:**

Significant		Weaknesses in control or design in some areas of established controls.  <b>Requires action to avoid exposure to significant risks in achieving the objectives for area under review.</b>
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**Management Response/Action:**

Work has commenced to review the integration scheme, which is line with the actions outlined in the MSG report. This will be undertaken in close partnership with NHS Fife and Fife Council in line with legislation, the model Integration Scheme and best practice principles. Work is also planned to review the governance arrangements to streamline governance and reduce duplication of reporting arrangements, which will provide assurance to the Integration Joint Board, NHS Fife and Fife Council to reflect lines of accountability. The Board Assurance Framework IJB risk will be reviewed and updated to

reflect the actions being taken.	
<b>Action by:</b>	<b>Date of expected completion:</b>
Director of Health & Social Care	30 April 2020

Action Point Reference 2		
<b>Finding:</b>		
The NHS Fife website has a link to the Register of Interests for Board members for 2018/19 and a link to the Register of Staff Interests and Gifts/ Hospitality 2018/19.		
<b>Audit Recommendation:</b>		
The Register of Interests for Board members for 2019/20 and Register of Staff Interests and Gifts/ Hospitality for 2019/20 should be made available and a links to the NHS Fife website should be provided.		
<b>Assessment of Risk:</b>		
Merits attention		There are generally areas of good practice. <b>Action may be advised to enhance control or improve operational efficiency.</b>
<b>Management Response/Action:</b>		
The updating process for both registers is scheduled, as usual, to be aligned with the end of the financial year and, once completed, the returns will be uploaded onto the website as per the normal timeframe. An up-to-date register is maintained in Corporate Services on a rolling basis.		
<b>Action by:</b>	<b>Date of expected completion:</b>	
Board Secretary	30 April 2020	

## Clinical Governance

### Internal Audit - Assessment

#### Clinical Governance Framework

- The Fife Clinical and Care Governance Strategy (C&CGS), approved by Fife NHS Board on 25 April 2017, has a review date of April 2020.
- The status update to the Clinical Governance Committee (CGC) on 4 July 2018, on action to address our internal audit report Clinical Governance Strategy and Assurance (B15/17 & B18/18) action plan point 1 indicated that a complete re-write of the Strategy was required and this was scheduled to be undertaken by 31 December 2018. This re-write has not been undertaken and neither the CGC nor the C&CGC workplans for 2019/20 include provision for considering a revised C&CG Strategy.
- The recommendations made in internal audit report B15/17 & B18/18 remain largely unaddressed. In the latest follow-up response the Medical Director, having discussed the report with the Chair of the Clinical Governance Committee, stated that *'at this time we are unable to provide further update to recommendations laid out in the above reports. We recognise the need to address the issues raised however we feel that as there is currently a review of the integration authority, it would be prudent to await the outcome of any changes to the governance reporting structure of the IJB.'* We are also advised that initial meetings have been arranged in December 2019 to begin discussions regarding the review of the Clinical & Care Governance Strategy.

#### Clinical Governance Committee (CGC)

- The NHS Fife CGC, , has an agreed Terms of Reference approved by the Board and was recently updated with changes made to responsibilities, attendees, the sub-groups it receives minutes from and the frequency of reporting to the Audit and Risk Committee on the BAF sections relevant to Clinical Governance.
- The CGC has an agreed workplan scheduling its business for the year to meet the requirements of its remit. The current version of the workplan is still evolving and we were advised that the latest version includes the Duty of Candour Annual Report for 2018/19, scheduled for November 2020, and this will also be updated to clearly indicate when annual assurance statements and annual reports are expected from sub committees/groups and the C&CGC. The latest version of the workplan will be presented to the next meeting of the CGC in January 2020.
- The Fife Health and Social Care Partnership Clinical and Care Governance Committee has an agreed Terms of Reference and workplan scheduling its business for the year. The committee reports to the Fife Integration Joint Board and its minutes are presented to the NHS Fife Clinical Governance Committee.
- The NHS Fife CGC has considered the BAF sections relevant to Clinical Governance (Currently Quality and Safety & Strategic Planning) at every meeting in 2019/20 to date.
- Separate Quality and Performance reports were presented to the NHS Fife CGC meetings in May and June 2019 and an amalgamated Integrated Performance and Quality Report was presented to its September and November 2019 meetings. The report states the overall position in relation to themes identified as a focus for improvement, and national and local priorities which are relevant to both NHS Fife and the Health and Social Care Partnership (HSCP). The latest report indicated that NHS Fife was currently meeting the national standard for CDiff but is below the national standard for SABs and included the status of improvement actions.

- The C&CGC now receives a Clinical Quality Report and a Care Quality Report (Social Care). The latest Care Quality Report covering the first quarter of 2019/20 indicates that of 7 performance indicators only 2 are at or above target.

#### External Review

- An Activity Tracker report detailing the results of any external reviews by regulatory bodies, such as Healthcare Improvement Scotland, and the progress made in addressing any issues identified was historically presented to each meeting of the NHS Fife CGC and the Fife HSCP Clinical and Care Governance Committee. This process changed in September 2019 with responsibility for considering External Reports relevant to Clinical Governance being delegated to the Acute Services Division CGC, the HSCP's Clinical and Care Governance Committee and its 3 Clinical and Care Governance Groups (East, West and Fife-Wide), but this change has not been reflected in the Terms of Reference of the committees and groups.
- A year-end summary of External and Internal reports relating to NHS Fife Clinical Governance and the status of action plans to address them has not historically been included in the NHS Fife CGC's Annual Statement of Assurance. Given the delegation of responsibility for monitoring action against these reports to ASD CGC and C&CGC and C&CGGs, the inclusion of such a summary would provide appropriate assurance to the NHS Fife CGC that action was being progressed to address the findings in these reports.
- The reporting on the findings of External and Internal reports relevant to NHS Fife Clinical Governance do not currently include an assessment and conclusion regarding whether any internal controls/quality systems need to change in the future to make sure further issues are quickly identified/prevented.
- The HIS report on the Safety and Cleanliness unannounced inspection at Glenrothes Hospital in March 2019 is still being discussed with HIS as the draft contained inaccuracies. The report states that the inspection resulted in 3 requirements for improvement in order to comply with the HIS Healthcare Acquired Infection Standards. This may require disclosure at year-end and considered by the A&RC as part of the Governance Statement.

#### Significant Adverse Events

- The NHS Fife Adverse Events Policy is published on the NHS Fife intranet with a review date of 22 March 2021. The policy includes reference to, and consideration of, the HIS guidance, April 2015 (2nd Edition) - *'Learning from Adverse Events through Reporting and Review, A national framework for Scotland'*. It also reflects the Duty of Candour (Scotland) Regulations 2018 which came into force on 1 April 2018.
- Internal Audit B16/19 – Management of Significant Adverse Events reported that *'No key performance indicators are currently reported within the Quality Report detailing compliance with the timescales for investigating and processing major and extreme adverse events detailed in the Adverse Events Policy. Management are currently reviewing this position to consider what measures can be adopted and appropriate actions will be created'*. The introduction of KPIs started to be considered in September 2019.
- Assignment B19/20 – Adverse Event Management is work in progress and will cover the design and operation of the controls relating to the implementation of actions to address the issues identified from Adverse Event reviews.

#### Duty of Candour

- Internal Audit B16/19 – Adverse Event Management considered Duty of Candour

implementation and concluded that that *'the actions taken to revise NHS Fife's procedures for dealing with adverse events are in accordance with Scottish Government guidance'*.

- The Duty of Candour Annual Report for 2018/19 was presented to CGC on 6 Nov 2019 and to Fife NHS Board 27 Nov 2019 and indicated that between 1 April 2018 and 31 March 2019 there were 46 adverse events where the duty of candour applied with the most common related outcome being an increase to the person's treatment. The 2019/20 report is scheduled for the November 2020 CGC.

**Action Point Reference 3****Finding:**


The recommendations made in internal audit report B15/17 & B18/18 Clinical Governance Strategy and Assurance remain largely unaddressed. In the latest follow-up response the Medical Director, having discussed the report with the Chair of the Clinical Governance Committee, stated that *'at this time we are unable to provide further update to recommendations laid out in the above reports. We recognise the need to address the issues raised however we feel that as there is currently a review of the integration authority, it would be prudent to await the outcome of any changes to the governance reporting structure of the IJB.'* We are also advised that initial meetings have been arranged in December 2019 to begin discussions regarding the review of the Clinical & Care Governance Strategy.

**Audit Recommendation:**

The recommendations made in B15/17 & B18/18 Clinical Governance Strategy and Assurance should be presented to the Clinical Governance Committee with an update on the status of actions to address them.

The recommendations made in B15/17 & B18/18 Clinical Governance Strategy and Assurance should be considered and should inform the review of the Clinical & Care Governance Strategy.

**Assessment of Risk:**

Significant		Weaknesses in control or design in some areas of established controls.  <b>Requires action to avoid exposure to significant risks in achieving the objectives for area under review.</b>
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**Management Response/Action:**

The recommendations are accepted and will be presented in the final quarter of the financial year, to inform the ongoing discussions regarding the Clinical & Care Governance Strategy.

Action by:	Date of expected completion:
Medical Director	31 March 2020

**Action Point Reference 4****Finding:**

Responsibility for considering External Reports relevant to Clinical Governance (eg from Healthcare Improvement Scotland) has been delegated from the NHS Fife Clinical Governance Committee to the Acute Services Division Clinical Governance Committee, the Health and Social Care Partnership's Clinical and Care Governance Committee and its 3 Clinical and Care Governance Groups (East, West and Fife-Wide) but this change has not been reflected in the Terms of Reference of the committees and groups.

A year-end summary of External and Internal reports relating to NHS Fife Clinical Governance and the status of action plans to address them has not historically been included in the NHS Fife CGC's Annual Statement of Assurance. Given the delegation of responsibility for monitoring action against these reports to ASD CGC and C&CGC and C&CGGs a the inclusion of such a summary would provide appropriate assurance to the NHS Fife CGC that action was being progressed to address the findings in these reports.

The reporting on the findings of External and Internal reports relevant to NHS Fife Clinical Governance do not currently include an assessment and conclusion regarding whether any internal controls/quality systems need to change in the future to make sure further issues are quickly identified/prevented.


**Audit Recommendation:**

The change in approach regarding responsibilities for considering the Activity Tracker Report outlined in the SBAR to 6 Sep 2019 CGC should be reflected in the Terms of References of the NHS Fife CGC and ASD CGC and the H&SCP's C&CGC and C&CGGs.

A year-end summary of NHS Fife responses to External and Internal reports should be included in the CGC Annual Statement of Assurance and should include an indication of whether any of the matters reported will require to be included as a disclosure in the Board's Governance Statement which forms part of the annual accounts.

As a development, consideration should be given to triangulating significant findings from external inspections with the issues identified by internal control systems and we recommended that, in addition to responding to the substantive points within the external report(s), NHS Fife undertake a holistic review to understand why internal systems did not identify these issues.

**Assessment of Risk:**

Significant		Weaknesses in control or design in some areas of established controls.  <b>Requires action to avoid exposure to significant risks in achieving the objectives for area under review.</b>
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**Management Response/Action:**

The recommendation is accepted and a summary report will be prepared for consideration in the final quarter of the financial year.

**Action by:**

**Date of expected completion:**

Medical Director

31 March 2020

## Staff Governance

### Internal Audit - Assessment

#### Staff Governance Committee (SGC)

- The SGC Terms of Reference are generally in line with the 4th Edition Staff Governance Standard and include reference to how the SGC is approaching the monitoring of Staff Governance within the Health and Social Care Partnership (HSCP). This includes providing assurance to the Board that the staff governance arrangements in the HSCP are working effectively and escalation of any issues to the NHS Fife Board if serious SG concerns are identified within the services devolved to the IJB.
- Aspects of the Staff Governance Standard have been reported to the SGC throughout 2019/20 with a midyear status report to the November SGC meeting. The SGC work plan shows a clear mechanism for ongoing monitoring to allow a robust conclusion on adequacy and effectiveness at year end.
- There has been no reporting from the Whistle Blowing Champion to the SGC so far in 2019/20. No annual Whistle Blowing report has been presented to the SGC for the year 2018/19 and there is no reference within the SGC 2019/20 work plan to produce one. [This was an action point in our Annual Report for 2017/18 and has a completion date of 31 Dec 2018.]
- Fife NHS Board approved the reconstitution of the Remuneration Sub-Committee as a Standing Committee of the Board on 29 May 2019 (it was previously constituted as a sub-committee of the SGC). The Code of Corporate Governance has been updated to include the Terms of Reference (ToR) of the Remuneration Committee but the ToR of the SGC included in the Code of Corporate Governance have not yet been updated to reflect the change in the constitution of the Remuneration Committee (It still refers to the SGC as having the responsibility to establish a Remuneration sub-committee and for receiving its minutes).
- The Scottish Workforce and Staff Governance (SWAG) Committee formally approved the 'Once for Scotland' Workforce Policies Programme on 23 October 2019. Phase 1 comprises the workforce policies on: Attendance; Bullying & Harassment; Capability; Conduct; Grievance; Workforce Policies Investigation Process. A soft launch of the Phase 1 policies will take place between 1 November 2019 and 29 February 2020. This is a preparatory period for HR Departments and Staff side to ensure NHS Board readiness for launch with staff and managers on 1 March 2020.

#### Workforce Planning

- The NHS Fife Workforce Strategy 2019-2022 was approved by the Fife NHS Board on 31 July 2019 and complies with the extant NHS Scotland Workforce Planning Guidance CEL 32 (2011). This guidance is currently being revised under the governance of the National Workforce Planning group and it is anticipated that any refreshed guidance will recognise the integrated landscape.
- The foreword to the strategy explains that it *'covers all NHS Fife Staff, including those who work in Fife's Health and Social Care Partnership. It does not cover Fife Council employed staff who work for the Health and Social Care Partnership'*.
- In our 2018/19 Annual Report (B06/20) we reported that *'Although high level updates on the preparation and approval of the NHS Fife Workforce Strategy have been provided to the SGC in 2018-19 it has not been formally updated on progress towards implementing*

*the NHS Fife Workforce Strategy Action Plan*'. The NHS Fife Workforce Strategy 2019-2022 explains that the more detailed implementation/action plan for the NHS Fife Workforce Strategy will be developed and monitored on a regular basis by the two Strategic Workforce Planning Groups within NHS Fife and the H&SCP. We recommend that an update be scheduled to the NHS Fife SGC in its 2020/21 workplan.

- The Audit Scotland report on Workforce planning was presented to the November 2019 SGC for information, but no action planning or discussion took place.
- The Workforce Sustainability BAF continues to be presented to the SGC during 2019/20. Implementation of the Workforce Strategy to support the Clinical Strategy and Strategic Framework are key mitigation actions recorded within the BAF.
- Internal audit B22A/20 – Staff Governance Arrangements will review the actions taken as detailed within the Workforce Strategy and the monitoring arrangements.


#### **Remuneration Committee (RC)**




- The recently revised CoCG (Issue 15) includes the RC as a full standing Committee of the Board with reporting of minutes and key issues to the NHSF Board.
- In our 2018/19 Annual Report (B06/20) we reported that the *'NHS Fife Remuneration Sub-Committee had not undertaken a self assessment using the self assessment pack issued by Audit Scotland for 2017/18 or 2018/19'*. No self assessments of the operation of the RC for 2017/18 or 2018/19 have been submitted to NHS Fife SGC and the Director of Workforce advised that this will not be done retrospectively, and that as the RC is now a Standing Committee of the Board it will undertake its self assessment in the same timescale as the other standing committees and using the same template. Internal Audit have discussed this approach with the Director of Workforce highlighting that we will require the Remuneration Committee self assessment for 2019/20 to be undertaken using the generic questions that apply to all committees plus the questions specific to a Remuneration Committee from the Audit Scotland checklist.
- The minutes of the Remuneration Committee on 11 July 19 do not record any members having to leave the meeting (Annual Reviews for Executive Cohort 2018/19 were discussed). The Chief Executive and Director of Workforce were present.




#### **Performance Management and Development**




- The Remuneration Committee received reports confirming that staff in executive and senior manager grades are appraised in accordance with extant guidance and approved Executive Directors Objectives for 2019/20.
- The Medical Revalidation Annual Report for 2018/19 was presented to the NHS Fife SGC on 1 Nov 2019. Consultant appraisal figures were 93% for 2018/19 compared to 79% for 2017/18. GP appraisal figures were 99% for 2018/19 compared to 96% for 2017/18 and the Scottish average of 97%.
- During 2019/20 the SGC have received regular updates around TURAS completion, with May 2019 at 46% and July 2019 at 48%. The latest position as reported verbally to the November 2019 SGC stated "the trajectory of 80% has not been achieved by the end of October" and that *'assurance was given that there is ongoing discussion at EDG to improve this position' and 'updated figures will be reported to Staff Governance at future meetings'*.
- The SGC has received reports throughout the year on progress to improve the sickness absence rate. As reported to the November 2019 SGC, NHS Fife rate is 5.44% which is 0.25% above the Scottish average of 5.18%. The Board continues to build on its recovery plans as recorded in the report to SGC. Internal audit report B23A/20 – Attendance

Management, is currently in draft, with an overall opinion of 'moderate assurance'. The work undertaken focused on specific areas of attendance management including return to work interviews.

Action Point Reference 5		
Finding:		
<p>The Terms of Reference of the Remuneration Committee states that ‘<i>All Executive members in attendance at the Committee will leave the meeting when any discussion takes place with regard to individual Directors’ performance. The NHS Fife Chief Executive will leave the meeting when there is any discussion with regard to their own performance.</i></p> <p>The minutes of the Remuneration Committee on 11 July 19 do not record any members having to leave the meeting (Annual Reviews for Executive Cohort 2018/19 were discussed). The Chief Executive and Director of Workforce were present.</p>		
Audit Recommendation:		
<p>Executive Directors should be asked to leave Remuneration Committee meetings when any discussion takes place with regard to any individual Directors performance.</p>		
Assessment of Risk:		
Merits attention		<p>There are generally areas of good practice.</p> <p><b>Action may be advised to enhance control or improve operational efficiency.</b></p>
Management Response/Action:		
<p>Arrangements will be made to remind all Remuneration Committee members of this requirement at this time and at future meetings when any discussion takes place with regard to any individual Director’s performance.</p> <p>In relation to the meeting on 11 July 2019, the CE and DoW did leave the room at the appropriate point; however the minutes omitted this detail.</p>		
Action by:		Date of expected completion:
Director of Workforce / Chair of Remuneration Committee		At the next Remuneration Committee meeting on 23 January 2020 and any subsequent meetings with the above agenda item.

Action Point Reference 6			
Finding:			
<p>In our 2018/19 Annual Report (B06/20) we reported that <i>‘Although high level updates on the preparation and approval of the NHS Fife Workforce Strategy have been provided to the SGC in 2018-19 it has not been formally updated on progress towards implementing the NHS Fife Workforce Strategy Action Plan’</i>.</p> <p>The NHS Fife Workforce Strategy 2019-2022 explains that the more detailed implementation/action plan for the NHS Fife Workforce Strategy will be developed and monitored on a regular basis by the two Strategic Workforce Planning Groups within NHS Fife and the H&amp;SCP. It does not indicate whether the NHS Fife SGC will be updated on the status of the implementation/action plan.</p>			
Audit Recommendation:			
<p>An update on the status of the implementation/action plan for the NHS Fife Workforce Strategy 2019-2022 should be scheduled to the NHS Fife SGC in its 2020/21 workplan</p>			
Assessment of Risk:			
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Management Response/Action:			
<p><b>This recommendation is supported and will be built into the NHS Fife SGC Workplan for 2020/21.</b></p>			
Action by:	Date of expected completion:		
Director of Workforce	At the Staff Governance Committee Meeting on 17 January 2020		

Action Point Reference 7			
<b>Finding:</b>			
The Audit Scotland report on Workforce Planning was presented to the November 2019 SGC for information, but no action planning or discussion took place.			
<b>Audit Recommendation:</b>			
An action plan to address the recommendations made in Audit Scotland's report on Workforce Planning should be agreed by the NHS Fife SGC who should be updated on its implementation.			
<b>Assessment of Risk:</b>			
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Merits attention	 <p>There are generally areas of good practice. <b>Action may be advised to enhance control or improve operational efficiency.</b></p>		
<b>Management Response/Action:</b>			
The Audit Scotland Report NHS Workforce Planning – Part 2 was specifically directed at the Primary Care / GP Workforce and, as such, the GMS Contract Implementation and GP Resilience agenda are reported to the Integrated Joint Board. The Primary Care Improvement Plan supporting the implementation of the GMS Contract in Fife has been approved by the IJB and submitted to Scottish Government. Arrangements will be made to provide an update on this work to a future Staff Governance Committee.			
<b>Action by:</b>	<b>Date of expected completion:</b>		
Director of H&SCP / Director of Workforce	30 June 2020		

Action Point Reference 8			
<b>Finding:</b>			
We identified two minor amendments to be made to the SGC Terms of Reference within the Code of Corporate Governance.			
<b>Audit Recommendation:</b>			
<p>The NHS Fife SGC Terms of Reference should be updated to remove its historical responsibilities in relation to the Remuneration Sub-Committee.</p> <p>Appendix 4 of the Code of Corporate Governance, page 79, also needs to be updated as it lists the Remuneration Committee as a Sub-Committee of the Staff Governance Committee when this is no longer the case.</p>			
<b>Assessment of Risk:</b>			
<table border="1"> <tr> <td>Merits attention</td><td>  <p>There are generally areas of good practice. <b>Action may be advised to enhance control or improve operational efficiency.</b></p> </td></tr> </table>		Merits attention	 <p>There are generally areas of good practice. <b>Action may be advised to enhance control or improve operational efficiency.</b></p>
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<b>Management Response/Action:</b>			
<p>The Staff Governance Committee's Terms of Reference is currently being updated, as requested by the Committee at its November 2019 meeting, to enhance the clarity of wording around the quorum. These minor amendments identified above will be corrected as part of that planned update.</p>			
<b>Action by:</b>	<b>Date of expected completion:</b>		
Board Secretary	31 March 2020		

## Financial Governance

### Internal Audit Assessment

While recognising the challenging financial position and the well documented risks to achievement of the year end position, in our opinion NHS Fife is unlikely to achieve financial balance in the remaining period of 2019/20. Going forward financial balance will be extremely challenging unless the pace of transformation accelerates significantly and the ongoing discussions around the IJB risk share agreement are concluded before financial year end.

### Financial Planning

- At its meeting in March 2019, Fife NHS Board approved the 2019/20 financial plan and provided an overview on the financial outlook for the subsequent two years to 31 March 2022. The plan detailed the projected budget gap for 2019/20 of £2.650m. The legacy unmet savings brought forward from the current year of £14.863m increased the total quantum of savings to £17.333m for 2019/20.
- The financial plan provided details of the underpinning assumptions and methodology adopted to inform the financial planning process for 2019-20 and beyond and the budget setting for 2019/20 would be used as the basis for the financial aspects of the Annual Operational Plan to SGHSCD.
- Financial reporting for the year to date (IPQR to November Board meeting) shows current performance being a £7.583m overspend. The IPQR stated that *'based on this year to date position and a number of high level planning assumptions as agreed by delegated budget holders, the year end forecast ranges from a potential optimistic forecast of £7m overspend to a potential worst case of £15.8 overspend.'*
- A number of risks are currently impacting on the financial performance, including:
  - Fife IJB financial performance and the impact of the risk sharing agreement;
  - the pace of Transformation and achievement of associated savings.
- As reported under the Corporate Governance section of this internal audit report, increasing the pace of delivery of Transformation in NHS Fife is a priority. NHS Fife needs to consider how the risks to delivery of Transformation are managed and reported within NHS Fife.
- Audit report B23 & 24/19 concluded that controls in place were sufficient for controls to be achieved as follows *"the design of the controls examined did ensure that budget holders were aware of their responsibilities to contribute to the overall requirement to breakeven but given the diminishing performance regarding delivering recurring efficiency savings, the £17m target for efficiency savings in 2019/20 and the interdependencies between the different parts of the organisation efforts need to be stepped up to identify opportunities for whole system transformative changes to meet this challenge. This has been recognised by NHS Fife and the outcomes of the recent Transformation Workshop and the engagement with Deloitte UK are expected to identify system wide transformations that will deliver efficiency savings."*

### Best Value

- NHS Fife continues to report on Best Value as part of the year end assurance statements for each Standing Committee. Although the majority of Best Value assurances can be obtained from Good Governance implementation, the area of efficiency and value

requires specific consideration.

- We commend the production of a Procurement Strategy for 2019-2024, which was approved at the September 2019 FPRC. This strategy allows NHS Fife to set out how it intends to ensure that its procurement activity delivers value for money and contributes to the achievement of the authority's broader aims and objectives. Publication of a procurement strategy and annual procurement report will help promote the positive impacts public procurement can have on Scotland's economy and public services.

### Financial Reporting


- Achievement of savings as reported as part of the IPQR are split between identified and achieved & recurring and non-recurring as follows in the November 2019 IPQR:
  - £17,333k - Identified savings required:
  - Achieved savings of recurring £4,450k
  - Identified and achieved non recurring of £3,853k
  - Total savings achieved to date of £8,303k
  - Outstanding savings amounting to £9,030K.
- We commend the level of detail and presentation of financial performance. The use of graphical data and detailed commentary provide a clear picture to the reader. Current challenges and improvement activities are recorded with timescales for completion. Improvements to the IPQR have been recognised in the Corporate Governance section of this report.
- Challenges identified and actions for improvement include an external review of savings completed with a focus on the Acute Services Division overspend. The issues around the IJB risk share are well documented. We note the recent enhancement of "*grip and control*" measures across all services of NHS Fife, with the engagement of all Directors required confirming measures are in place within delegated areas of responsibilities. Oversight of this process is being undertaken through EDG.
- The FPRC receives regular robust assurance reporting on the strategic risks delegated to it – Financial Sustainability, Strategic Planning and Environmental Sustainability.
- All required Standing Financial Instructions and Financial Operating Procedures are in place and are up to date.
- A Performance & Accountability Review Framework has been developed and embedded at an operational level across NHS Fife, to provide a structured, transparent and systematic approach to ensure delivery of standards and targets across all quadrants of governance: operational performance, finance, quality and workforce. Regular updates, including key themes identified, are reported to the FPRC during 2019/20. Internal audit are currently reviewing this Framework under B17/20 – Operational Performance Management.
- At the June FPRC it was noted that the Brexit Assurance Group had been reconvened. Regular reports are provided to each FPRC around the implications of Brexit.

### Asset Management

- An updated Property Asset Management Strategy was approved at the June FPRC. The strategy highlights NHS Fife's asset needs and its investment making decisions which are principally driven by the recently approved clinical strategy. The new Regional Structures will have a significant impact on the future PAMS reports and NHS Fife's longer term vision.
- We note the progress NHS Fife has made on the Orthopaedic Elective Project, with

regular reports on project progress reported to each FPRC. The Outline Business Case (OBC) was presented to the FPRC on 5 November 2019 to provide overall assurance and governance of the project, with particular reference to the management, financial, commercial and economic cases. The OBC has also been presented to the Clinical Governance Committee for consideration of all clinical, quality and safety issues, with particular reference to the strategic and management cases.

- NHS Fife Board approved the Orthopaedic Elective Centre OBC at its meeting on 27 November 2019. Early in 2020, Internal Audit will be undertaking a review of the Governance Arrangements of the Orthopaedic Elective Project.
- We note the progress around the Hospital Electronic Prescribing Medicines Administration (HEPMA) project in NHS Fife, and the related approval of the OBC by the Board.
- A presentation was provided to the September 2019 FPRC around the Scottish Capital Investment Manual to provide members an understanding the capital investment process.

Action Point Reference 9		
Finding:		
NHS Fife continues to report on Best Value as part of the year end assurance statements for each Standing Committee. Although the majority of Best Value assurances can be obtained from Good Governance implementation, the area of efficiency and value requires specific consideration.		
Audit Recommendation:		
Value for money is assessed through the criteria of economy, efficiency and effectiveness and transformation will need to reduce future costs as well as mitigating increases in cost. The work on the Blueprint for Good Governance provides sufficient evidence of the corporate governance aspects of best value, but a further mechanism is required to report on Value for Money.		
Assessment of Risk:		
Significant		<p>Weaknesses in control or design in some areas of established controls.</p> <p><b>Requires action to avoid exposure to significant risks in achieving the objectives for area under review.</b></p>
Management Response/Action:		
Consideration will be given to a rolling programme of work utilising Audit Scotland Best value toolkits and other benchmarking tools (eg Discovery). This will support financial planning for 2020/21 and in year to enhance financial reporting.		
Action by:	Date of expected completion:	
Director of Finance	30 June 2020	

## Information Governance

### Governance

- In our Annual Internal Audit Report we reported that:
  - *'Our recommendation from B08/19 (action point 10) regarding providing the Clinical Governance Committee with adequate assurance regarding compliance with the General Data Protection Regulations (GDPR), the Data Protection Act 2018, the Networks and Information Systems (NIS) Directive, the Public Sector Cyber Resilience Action Plan and the NHS Scotland Information Security Policy Framework has not yet been fully addressed as aside from high level reports on GDPR compliance presented to CGC in January and March 2019 overt assurance on these areas has not been provided.'* [B06/20 point 7]

This finding has not been adequately addressed and the remaining issue regarding the quality of assurance being provided to Fife NHS Board regarding compliance with these legislative requirements has been a recurring finding over several years.

NHS Fife, and all NHS Boards in Scotland, will be audited by the Scottish Health Competent Authority in 2020 regarding compliance with the NHS Scotland Information Security Policy Framework (ISPF) which integrates the controls of ISO27001:2013, alongside the legal compliance requirements of NIS:2018 and GDPR:2018 and the controls included in the Public Sector Action Plan (PSAP) and Cyber Essentials (CE) to which health boards need to comply with.

The first objective of the NHS Scotland ISPF related to Governance is *'The Board and Chief Executive shall demonstrate leadership and commitment with respect to information security management by ensuring that the information security policy, security objectives and information security management system (ISMS) are established, supported at Board-level and deliver legal compliance'*. The current arrangements are not sufficient to meet this objective, and have not been for a number of years.

- An NHS Fife Information Governance and Security Group (IG&SG) has an agreed Terms of Reference and meets on a quarterly basis to consider business scheduled in an agreed workplan.
- The NHS Fife eHealth Board has an agreed Terms of Reference and meets on a quarterly basis to consider business scheduled in an agreed workplan.

### Risk Management

- There are issues regarding the management of information governance risks that need to be addressed so that Fife NHS Board is assured that all significant risks have been identified and that the mitigating actions, in place or planned, will be sufficient to reduce the risk to a level acceptable to the Board within an acceptable timescale.
- The eHealth Delivering Digital and Information Governance & Security - BAF was approved by the NHS Fife CGC on 6 Nov 19. It is the subject of the Internal Audit Assurance Framework & Assurance Mapping assignment (B11/20).

### Internal Control

#### **Assurance to Fife NHS Board and the NHS Fife Clinical Governance Committee**

- Reporting to the Board and NHS Fife CGC on ISPF/GDPR/DPA2018 and Cyber Resilience Public Sector Action plan in 2019/20 to date has been minimal. FOISA compliance has been included in the Integrated Performance and Quality Report (IPQR) reported to Fife

NHS Board and the NHS Fife CGC since the June 2019 IPQR. The ISPF gap analysis has recently been completed and is being reviewed by the IG Lead but to date only verbal updates have been provided to the IG&SG and no updates have been provided to Fife NHS Board or the NHS Fife CGC.

#### ***Assurance to the Information Governance and Security Group***

- In our internal audit report B31&32/19 – Information Governance & eHealth we identified improvements to be made to the assurance provided to the IG&SG regarding different aspects of Information Governance (action plan point 3). Whilst improvements have been made there remain a number of issues to be addressed.

#### ***Audits of the Information Security Management System (ISMS) to comply with the NHS Scotland Information Security Policy Framework***

- A programme of audits has not yet been scheduled by the second line of defence (ie the Information Governance & Security Team) to consider the Board's ISMS and audits to confirm that information security is implemented and operated in accordance with the organisational policies and procedures have not been undertaken by second or third lines of defence in 2019/20 to date.

#### ***Information Governance Responsibilities***

- An NHS Fife Senior Information Risk Owner (SIRO) and Data Protection Officer (DPO) are in place and the SIRO is an Executive member of the Board. .

#### ***Information Governance Policies and Procedures***

- The Board has policies in place covering Information Security, Data Protection and Confidentiality. The NHS Fife Information Security Policy has a lapsed review date of 01 May 2019.

#### ***Information Governance Incidents and Reporting***

- Information governance incidents are reported to each meeting of the IG&SG. The report to the last IG&SG on 12 November 2019 records that in 2019/20 to date there have been 370 incidents reported.

#### ***Information Asset Register***

- The Information Asset Register for NHS Fife is a work in progress with responses having been received from 56 of the 116 services to date.

#### ***eHealth Strategy and Delivery Plan***

- The draft NHS Fife Digital and Information Strategy 2019-2024 was presented to the eHealth Board on 17 October 2019. We have provided initial comments on this and internal audit assignment B31/20 will conclude on this.
- Reporting on the eHealth Delivery Plan to a standing committee has only taken place once in 2019/20 to date and this does not overtly link the projects to relevant national and local strategies (NHS Scotland Digital Health and Care Strategy, NHS Fife Clinical Strategy and IJB Strategic Plan).

#### ***Future Internal Audit Activity in 2019/20***

- Further reviews to be undertaken by Internal Audit in 2019/20 include B30/20 Information Assurance/Information Security Framework and B31/20 eHealth Strategic Planning and Governance.


**Action Point Reference 10****Finding:**

As reported in previous Internal Audit Annual and Interim Reports the information governance arrangements currently operating in NHS Fife are not providing Fife NHS Board with sufficient assurance regarding compliance with its legislative requirements.

**Audit Recommendation:**

Fife NHS Board should consider establishing a standing committee for Information Governance or ensure the current structure is fit for purpose to provide adequate assurance on its legislative requirements

**Assessment of Risk:**

Significant		Weaknesses in control or design in some areas of established controls. <b>Requires action to avoid exposure to significant risks in achieving the objectives for area under review.</b>
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**Management Response/Action:**

In advance of the year end, the reporting structure for Information Governance will be reviewed and considered in conjunction with the Chairs of the CGC and FP&RC, to determine the appropriate assurance mechanism.

**Action by:****Date of expected completion:**

Director of Finance (as Senior Information Responsible Officer)

31 March 2020

## Action Point Reference 11

## Finding:

There are issues regarding the management of information governance risks that need to be addressed so that Fife NHS Board is assured that all significant risks have been identified and that the mitigating actions in place or planned will be sufficient to reduce the risk to a level acceptable to the Board within an acceptable timescale. The issues identified are as follows:

- The Data Protection and Confidentiality Policy outlines the process for identifying and recording risks from Data Protection Impact Assessments but does not record any other information risk identification processes.
- The descriptions of the high risks reported to the IG&SG in the latest report are not in the format of threat and consequence (other than risk 537) making it difficult to ascertain what the actual risk is
- The risk report presented to the IG&SG does not record a conclusion regarding whether the mitigations in place and planned will be sufficient to reduce the risk score to the target level and no indication is given of the timescale required to reduce the risk to the target level within existing resources.
- Where the current risk score has changed (since the last report) for individual risks this is highlighted to the IG&SG in the risk report but no explanation is provided for the change.


## Audit Recommendation:

The risk management arrangements for information governance risks should be improved to include:

- A consistent method for describing risks that includes the threat and consequence
- The requirement for a conclusion in risk reports regarding whether the mitigations in place and planned will be sufficient to reduce the risk score to the target level and no indication is given of the timescale required to reduce the risk to the target level within existing resources
- An explanation of the reason for changes to risk scores (current and target) in risk reports.

These processes should be reflected in the Data Protection and Confidentiality Policy along with the processes used to identify information governance risks.

## Assessment of Risk:

Significant		Weaknesses in control or design in some areas of established controls. <b>Requires action to avoid exposure to significant risks in achieving the objectives for area under review.</b>
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Management Response/Action:	
The Data Protection Officer and SIRO will review the current approach and policy, with a view to enhance for the next financial year.	
Action by:	Date of expected completion:
Director of Finance (as Senior Information Responsible Officer)	31 March 2020

**Action Point Reference 12****Finding:**

Reporting to the Board and NHS Fife CGC on ISPF/GDPR/DPA2018 and Cyber Resilience Public Sector Action plan in 2019/20 to date has been minimal. FOISA compliance has been included in the IPQR reported to Fife NHS Board and the NHS Fife CGC since the June 2019 IPQR.

The ISPF gap analysis has recently been completed and is being reviewed by the IG Lead but to date in 2019/20 only verbal updates have been provided to the IG&SG on this and no updates have been provided to the Board or the NHS Fife CGC.


**Audit Recommendation:**

The following should be considered for inclusion to reporting in the IPQR (alongside the existing reporting on compliance with the Freedom of Information (Scotland) Act 2002):

- i. NHS Scotland's Information Security Policy Framework (incorporating ISO27001:2013, legal requirements of the NIS Regulations and GDPR & Data Protection Act 2018 and the Public Sector Cyber Resilience Action Plan and the Cyber Assurance Framework)
- ii. GDPR/Data Protection Act 2018

Public Sector Cyber Resilience Action Plan and the Cyber Assurance Framework

**Assessment of Risk:**

Significant		Weaknesses in control or design in some areas of established controls. <b>Requires action to avoid exposure to significant risks in achieving the objectives for area under review.</b>
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**Management Response/Action:**


A draft performance summary will be prepared by the Data Protection Officer for consideration as part of the IPQR for the new calendar year.


**Action by:****Date of expected completion:**

Director of Finance (as Senior Information Responsible Officer)

31 March 2020




Action Point Reference 13		
<b>Finding:</b>		
The identity of the SIRO has not been communicated to staff since the change of post holder (from the ASD COO to the NHS Fife Director of Finance) and this information is out of date on the intranet.		
<b>Audit Recommendation:</b>		
The change of SIRO should be communicated to staff.		
<b>Assessment of Risk:</b>		
Merits attention		There are generally areas of good practice. <b>Action may be advised to enhance control or improve operational efficiency.</b>
<b>Management Response/Action:</b>		
A notification will be issued to staff via Dispatches.		
<b>Action by:</b>	<b>Date of expected completion:</b>	
Head of Communications	31 December 2019	

Action Point Reference 14		
<b>Finding:</b>		
The NHS Fife Information Security Policy [GP/I5] has a lapsed review date of 01 May 2019. The status of IG&S Policies is reported to each meeting of the IG&SG and the latest updated informed the group that this policy should have been reviewed by the IG&S Team.		
<b>Audit Recommendation:</b>		
The NHS Fife Information Security Policy should be reviewed as a matter of urgency.		
<b>Assessment of Risk:</b>		
Merits attention		There are generally areas of good practice. <b>Action may be advised to enhance control or improve operational efficiency.</b>
<b>Management Response/Action:</b>		
The Data Protection Officer will review the policy and report back to the first meeting of the IG&SG in 2020.		
<b>Action by:</b>	<b>Date of expected completion:</b>	
Director of Finance (as Senior Information Responsible Officer)	28 February 2020	

Action Point Reference 15		
<b>Finding:</b>		
Reporting on the eHealth Delivery Plan to a standing committee has only taken place once in 2019/20 and this does not overtly link the projects to relevant national and local strategies.		
<b>Audit Recommendation:</b>		
Regular reporting of the implementation of the eHealth Delivery Plan to a standing committee should be initiated and this should include overtly linking the projects to relevant national and local strategies (NHS Scotland Digital Health and Care Strategy, NHS Fife Clinical Strategy and IJB Strategic Plan).		
<b>Assessment of Risk:</b>		
Significant		Weaknesses in control or design in some areas of established controls. <b>Requires action to avoid exposure to significant risks in achieving the objectives for area under review.</b>
<b>Management Response/Action:</b>		
Work is underway to review the digital and information governance structures and reporting. The outcome of this will ensure that regular reporting to Board committees is standard practice. Cognisance will be given to ensure the digital plan is aligned with local and national strategy.		
<b>Action by:</b>		<b>Date of expected completion:</b>
Medical Director		31 March 2020

*Assessment of Risk*

To assist management in assessing each audit finding and recommendation, we have assessed the risk of each of the weaknesses identified and categorised each finding according to the following criteria:

Risk Assessment	Definition	Total
Fundamental	 Non Compliance with key controls or evidence of material loss or error. <b>Action is imperative to ensure that the objectives for the area under review are met.</b>	0
Significant	 Weaknesses in control or design in some areas of established controls. <b>Requires action to avoid exposure to significant risks in achieving the objectives for area under review.</b>	8
Merits attention	 There are generally areas of good practice. <b>Action may be advised to enhance control or improve operational efficiency.</b>	7

<b>DATE OF MEETING:</b>	9 January 2020
<b>TITLE OF REPORT:</b>	Audit Follow Up Protocol
<b>EXECUTIVE LEAD:</b>	Tony Gaskin, Chief Internal Auditor
<b>REPORTING OFFICER:</b>	Barry Hudson, Regional Audit Manager

Purpose of the Report (delete as appropriate)		
		<b>For Assurance</b>

SBAR REPORT	
<p><u><b>Situation and Background</b></u></p> <p><u><b>Audit Follow Up Protocol</b></u></p> <p>The aim of this paper is to brief the Audit and Risk Committee on the changes to the Audit Follow Up arrangements for internal audits carried out within NHS Fife.</p>	
<p><u><b>Assessment</b></u></p> <p>Internal Audit has been tasked with taking forward the Audit Follow Up function for NHS Fife which therefore required a complete review of the current protocol.</p>	
<p><u><b>Recommendation</b></u></p> <p>The Audit and Risk Committee is asked to:</p> <ul style="list-style-type: none"> <li>I. Note the reviewed protocol;</li> <li>II. Approve the changes and revision of the document:</li> </ul>	
Objectives:	
Healthcare Standard(s):	The breadth of internal audit work cuts across all Healthcare Standards.
HB Strategic Objectives:	The breadth of internal audit work cuts across all of the strategic objectives within the Board's Strategic Framework.
Further Information:	
Evidence Base:	N/A

Glossary of Terms:	SGHSCD – Scottish Government Health and Social Care Directorates
Parties / Committees consulted prior to Health Board Meeting:	Director of Finance
<b>Impact: (must be completed)</b>	
<b>Financial / Value For Money</b>	Financial Governance is a key pillar of the annual internal audit plan and value for money is a core consideration in planning all internal audit reviews.
<b>Risk / Legal:</b>	The internal audit planning process which produces the annual internal audit plan takes into account inherent and control risk for all aspects of the Audit Universe. Individual internal audit assignments identify the key risks at the planning stage and our work is designed to evaluate whether appropriate systems are in place and operating effectively to mitigate the risks identified. Legal requirements are a core consideration in planning all internal audit reviews.
<b>Quality / Patient Care:</b>	The Triple Aim is a core consideration in planning all internal audit reviews.
<b>Workforce:</b>	Management responsibilities, skill sets and structures are a core consideration in planning all internal audit reviews.
<b>Equality:</b>	All internal audit reviews which involve review of policies and procedures examine the way in which equality and diversity is incorporated in Board documentation. In addition, equality and diversity is included as a specific topic within our Audit Universe.

## **NHS FIFE**

### **FOLLOW-UP PROTOCOL ON INTERNAL AND EXTERNAL AUDIT REPORT ACTION PLANS**

#### **1. INTRODUCTION**

- 1.1 As part of the Accountable Officer duties the Chief Executive is responsible for ensuring that the Board has in place effective systems to safeguard public funds. This responsibility includes the requirement to follow up concerns raised by the external and internal auditors, which includes reviewing implementation of Action Plan recommendations.
- 1.2 This responsibility is discharged on a day-to-day basis by the Internal Audit department.
- 1.3 The Audit & Risk Committee monitors management action taken in response to the audit recommendations through the follow-up process described below.

#### **2. MANAGEMENT FOLLOW-UP ON INTERNAL AUDIT REPORTS**

- 2.1 Internal Audit co-ordinates the follow-up process on Internal Audit reports.
- 2.2 A database is maintained by Internal Audit of agreed management action listing the :
  - Individual findings, recommendations and management responses arising from each Action Plan;
  - Level of priority given to each recommendation;
  - Dates by which the actions are due to be completed;
  - Responsible Officer for each recommendation;
  - Evidence of completion or updates on progress; and,
  - Details or requests for extensions to action by dates.
- 2.3 At the outset, the Assignment Plan for each audit identifies the Responsible Director. The onus for confirming that recommendations have been actioned by the due date is placed firmly on the Responsible Officer, however, if the Responsible Officer does not respond to the proactive notification and the following two reminders, then the action will be escalated to the Responsible Director identified on the Assignment Plan..
- 2.4 The role of Internal Audit is therefore one of monitoring and reporting on the process. The need to remind those due to take action on their obligations should be the exception, not the norm.
- 2.5 The follow-up process for Internal Audit reports follows.

### ***Follow-up Process for Internal Audit Report Action Plans***

- 1 The final audit report, along with an Audit Follow Up Proactive Notification form will be issued to the Responsible Officer by Internal Audit under cover of email from the Internal Audit Office Manager, stating clearly the requirement to inform the Internal Audit as soon as the actions have been implemented, and in any event no later than their due date.
- 2 The Responsible Officer must confirm using the Proactive Notification Form, the status of each action point, including an explanation of any failure to complete the action and, if so required, must complete the section requesting an extension to the agreed completion date.
- 3 The request to extend the completion date must be sent to the Internal Audit Office Manager as early as possible and in advance of the original completion date. Internal Audit/Regional Audit Manager will exercise judgement on whether, in the circumstances, the reason for non-completion and the revised date are reasonable and communicate the agreement of the extension to the Responsible Officer.
- 4 The Responsible Officer identified on the Assignment Plan will ensure that the Audit Report is included in the next agenda of the aligned Governance Committee of the Board. The relevant Governance Committee is now detailed on the distribution list of all Audit Reports.
- 5 If necessary, an email reminder requiring an immediate response will be issued by Internal Audit no later than 5 working days after the due date for action.
- 6 If the reminder fails to elicit an appropriate response, Internal Audit will intervene as necessary with the Responsible Director.
- 7 The status of all Action Plans and the follow-up process will be reviewed regularly by the Regional Audit Manager.
- 8 The Regional Audit Manager will present an Audit Follow Up report on progress compiled from the information within the database to the Audit & Risk Committee in accordance with the Committee's Workplan.

### 3. FOLLOW-UP OF EXTERNAL AUDIT REPORTS

- 3.1 The follow up of External Audit reports remains the responsibility of the Director of Finance. Audit Scotland reports are far fewer in number and generally speaking will identify a Director as being responsible for the action to be taken.
- 3.2 All relevant reports are brought to the attention of the Executive Directors Group irrespective of whether or not there are specific action points to be addressed.
- 3.2 The management follow-up process is set out as below.

#### ***Management Follow-Up Process for all External Audit Report Action Plans***

- 1 The Director of Finance will present all Audit Scotland Reports to the Executive Directors Group.
- 2 The relevant Director will prepare an action plan for any specific points to be addressed. These will roll forward for each future meeting of the Executive Directors Group, at which progress and completion are due to be noted (twice yearly) until all outstanding actions are completed.
- 3 The Director of Finance will present an annual update on progress to the Audit & Risk Committee in accordance with the Committee's Workplan as determined from time to time.

### 4. FOLLOW-UP BY INTERNAL AUDIT

- 4.1 As part of the annual Audit Planning process, time is set aside by Internal Audit to undertake follow-up review and will periodically review the accuracy of responses supplied.
- 4.2 This work will cover all points and will focus on Fundamental and Significant Internal Audit recommendations, as well as any recommendations which the Audit & Risk Committee may identify as being of particular significance.

### 5. FOLLOW-UP BY EXTERNAL AUDIT

- 5.1 External Audit will carry out follow-up reviews of all their recommendations on a regular basis depending on the timetable agreed with management to action the recommendations made.
- 5.2 At least annually, a full review will be undertaken of all external audit recommendations and these will be reported in at least one of the Interim Management Report, the Report on the Annual Accounts, or the Annual Report to Members.

- 5.3 Original recommendations will be accorded a priority level on a 1-2-3 basis, 1 being the highest priority. If recommendations are not actioned in line with the agreed management timetable, this will be reported to the Audit & Risk Committee by the Director of Finance.

**BARRY HUDSON**  
**Regional Audit Manager**

**DATE OF ISSUE: January 2020**

**REVIEW DATE: January 2022**

# FTF Internal Audit Service

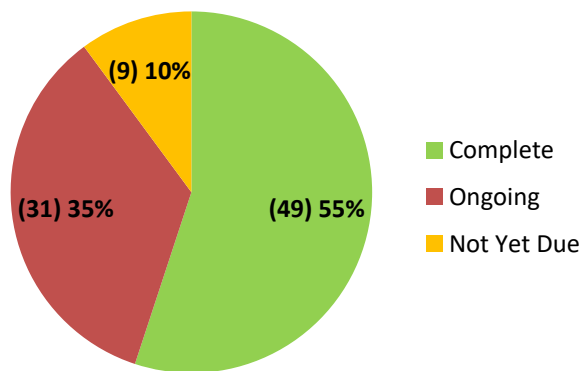
DATE OF MEETING:	09 January 2020
TITLE OF REPORT:	Internal Audit Progress Audit Follow Up Report
EXECUTIVE LEAD:	Tony Gaskin, Chief Internal Auditor
REPORTING OFFICER:	Barry Hudson, Regional Audit Manager

Purpose of the Report (delete as appropriate)		
		For Assurance

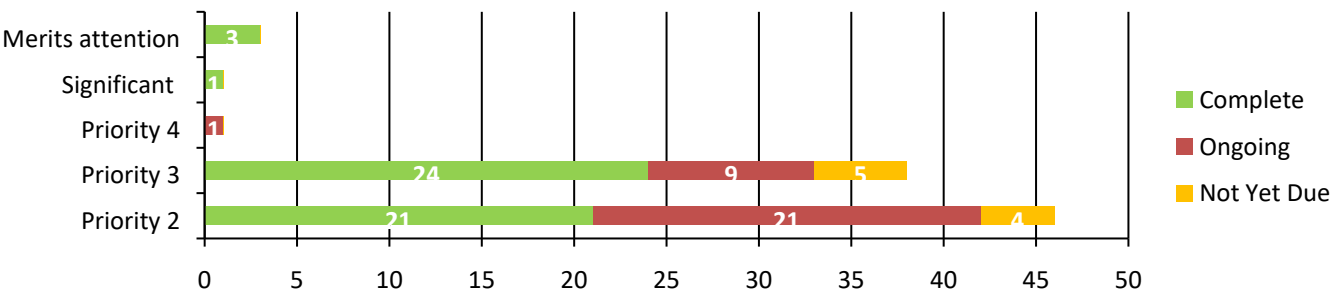
SBAR REPORT
<p><b>Situation and Background</b></p> <p>Good practice guidance, as laid out in the Audit Committee Handbook, emphasises the importance of effective follow up processes to ensure that the actions agreed by management to address control weaknesses identified by the work of Internal and External Audit are actually implemented.</p> <p>As reported to the 16 May 2019 Audit and Risk Committee, Internal Audit agreed to take responsibility for NHS Fife Audit Follow Up. An exercise was undertaken to identify outstanding actions. Notifications were raised and sent to relevant responding officers for all recommendations for which we were unable to identify that actions had been completed/implemented for final reports issued in 2017/18 and 2018/19. These items will continue to be followed up and reported to the Audit and Risk Committee. If any further delays are experienced, we will continue to highlight the consequences in terms of risk and control to the Audit and Risk Committee in full.</p> <p>A revised Audit Follow Up protocol is being presented to today's Audit &amp; Risk Committee and Internal Audit will continue to undertake the follow up of actions arising from our audit reports. While external audit will report on follow up of their recommendations as part of their annual audit, it is the responsibility of Fife NHS Board to follow up on external audit recommendations. External audit recommendations will therefore be followed up by the Finance Directorate.</p> <p><b>Assessment</b></p> <p>Work to migrate the manual Audit Follow Up system to Datix has been ongoing, however it has been decided that in the interim we will continue to progress the Audit Follow Up of recommendations manually. Internal Audit will continue to work with the Datix System Administrator to make a final decision on whether the process will continue on a manual basis or move to Datix.</p>

Summary of Progress for 2017/18 and 2018/19 Audits

Status of Internal Audit actions at 10 December 2019



Status of Internal Audit Actions by priority at 10 December 2019



Overall, 55% of due actions have been implemented. We would expect this percentage to increase substantially as Internal Audit take forward the Audit Follow Up process on an ongoing basis.

From the recommendations identified as incomplete on transfer of responsibility for Audit Follow Up process, 49 action points have now been completed.

31 action points are 'ongoing' and revised dates provided by Responsible Officers have been agreed with Internal Audit or updates on progress have been requested but not yet received.

Appendix 1 shows the action status by report of all internal audit action points for 2017/18 and 2018/19 at 10 December 2019.

Appendix 2 shows the status of all outstanding internal audit action points for 2017/18 and 2018/19 at 10 December 2019 and also shows the detailed position of overdue actions, based on information received from Responsible Officers, at 10 December 2019.

Appendix 3 shows the position of one historic action which is outstanding for audits prior to 2017/18. This follows an exercise to identify those historic actions that were still outstanding when Internal Audit took over responsibility for Audit Follow Up. Evidence was gathered to validate that actions had indeed been completed and several actions were written off due to Ward Closures etc.

We are liaising with the Clinical Services Manager for Older Adult Mental Health who was not in post at the time of the audit to bring the remaining outstanding historic action to conclusion.

<b>Recommendation</b>  The Audit and Risk Committee is asked to:- <ul style="list-style-type: none"> <li>• note and consider the current status of Internal Audit recommendations recorded within this report;</li> <li>• note the ongoing work to enhance the Audit Follow Up system and the reporting to Audit and Risk Committee.</li> </ul>	
<b>Objectives:</b>	
Healthcare Standard(s):	The breadth of internal audit work cuts across all Healthcare Standards.
HB Strategic Objectives:	The breadth of internal audit work cuts across all of the strategic objectives within the Board's Strategic Framework.
<b>Further Information:</b>	
Evidence Base:	N/A
Glossary of Terms:	SGHSCD – Scottish Government Health and Social Care Directorates
Parties / Committees consulted prior to Health Board Meeting:	Director of Finance
<b>Impact: (must be completed)</b>	
Financial / Value For Money	Financial Governance is a key pillar of the annual internal audit plan and value for money is a core consideration in planning all internal audit reviews.
Risk / Legal:	The internal audit planning process which produces the annual internal audit plan takes into account inherent and control risk for all aspects of the Audit Universe. Individual internal audit assignments identify the key risks at the planning stage and our work is designed to evaluate whether appropriate systems are in place and operating effectively to mitigate the risks identified. Legal requirements are a core consideration in planning all internal audit reviews.
Quality / Patient Care:	The Triple Aim is a core consideration in planning all internal audit reviews.
Workforce:	Management responsibilities, skill sets and structures are a core consideration in planning all internal audit reviews.
Equality:	All internal audit reviews which involve review of policies and procedures examine the way in which equality and diversity is incorporated in Board documentation. In addition, equality and diversity is included as a specific topic within our Audit Universe.

## Action Status by Report

## Audit Follow Up Report – December 2019

	Date of Issue	Total Recs.	Complete	Outstanding Actions	Not Yet Due		Ongoing / Extended
B10/18 Transformation Programme	Dec-18	4	1	3	0		0
B18/18 Clinical Governance Strategy	Dec-17	17	5	12	0		12
B19/18 Patient Safety Programme	Jan-18	2	0	2	0		2
B21B/18 Remuneration Sub-Committee	May-18	2	2	0	0		0
B24/18 Property Transaction Monitoring	Aug-17	3	2	1	0		1
B26/18 Ordering, Requisition & Receipt of Goods	Feb-18	6	3	3	0		3
B27B/18 Service Contract Expenditure	Jul-18	4	1	3	0		0
B28/18 Service Contract Income	Oct-17	2	2	0	0		0
B31A/18 Departmental Review: Podiatry	Mar-19	7	7	0	0		0
B31B/18 Departmental Review: Muirview	Nov-18	11	11	0	0		0
B11/19 Mandatory Training	Aug-19	3	0	0	3		0
B16/19 Adverse Event Management	Mar-19	1	0	1	0		1
B18/19 Medical Equipment & Devices	Mar-19	1	1	0	0		0
B22/19 Losses & Comps	Apr-19	8	3	3	2		0
B23&24/19 Savings & Financial Planning	Sep-19	2	1	0	1		0
B27/19 Property Transaction Monitoring	Aug-18	2	2	0	0		0
B29/19 Service Contract Expenditure	Aug-19	4	4	0	0		0
B31&32/19 IS Assurance & eHealth Strategic Planning	Aug-19	6	2	2	2		2
B33/19 Endowment Funds	Jun-19	4	2	1	1		0
		<b>89</b>	<b>49</b>	<b>31*</b>	<b>9</b>		<b>21</b>

\*Please note that there are 10 actions included in this total for which we are having difficulty obtaining confirmation of implementation or extension. These are noted below in Appendix 2.

## Update on Outstanding Recommendations at 10 December 2019

## Audit Follow Up Report – December 2019

Report / Action Point / Responsible Officer	Issue Date	Audit Finding & Recommendation	Original Management Response	Priority	Original Due Date	Revisions to Due Date	Latest Position – 10 Dec 2019
<b>B10/18 Transformation Programme</b> Action Point 1b	14-Dec-18	A report should be submitted to the next Board meeting to update it on the revisions made to the transformation framework and reassure it on the revised governance and reporting arrangements, including reporting to the CGC and FP&RC. Confirmation should be given that the programme remains aligned to the Clinical Strategy. It is also important that the Board is informed that the revised framework will provide sufficient capacity to implement transformational changes on an accelerated basis compared to previously.	Proposal to provide an overview of the transformation programmes aligned to the Clinical Strategy on a yearly basis to enable reporting of significant change.	2	Mar-19		No information received since further pro-active notification and subsequent reminder sent.
<b>B10/18 Transformation Programme</b> Action Point 2	14-Dec-18	There is no clear evidence that the pace of change has accelerated from October 2017 when it was accepted that faster progress was required. The Board or nominated Standing Committee should receive a full and reflective appraisal of progress to date in order to understand the impact on finance and performance in 2018/19 and beyond and to establish realistic targets for the delivery of key milestones	An update on the Clinical Strategy will be produced similar to the Clinical Strategy One Year On document for Two Years On.	2	Mar-19		No information received since further pro-active notification and subsequent reminder sent.

## Update on Outstanding Recommendations at 10 December 2019

## Audit Follow Up Report – December 2019

Report / Action Point / Responsible Officer	Issue Date	Audit Finding & Recommendation	Original Management Response	Priority	Original Due Date	Revisions to Due Date	Latest Position – 10 Dec 2019
<b>B10/18 Transformation Programme</b> Action Point 3	14-Dec-18	To enable the JSTG to perform the central governance role assigned to it, regular updates on progress in completing the transformation projects against set performance measures should be presented to it by each of the newly formed transformation groups. This will provide it with an oversight of the transformation programmes completion status to enable it to provide appropriate leadership for the accelerated delivery of the priority areas of work being undertaken.	The proposed reporting framework referred to in item 1 will provide this assurance. This will be managed through the relevant programme boards.	2	Dec-18		<b>No information received since further pro-active notification and subsequent reminder sent.</b>
<b>B15/17 and B18/18 Clinical Governance Strategy</b> Action Points 1, 2, 4a, 4b, 5, 6, 7, 8a, 8c and 12b  Medical Director	7-Dec-17	Various	Various	2's	Dec-17 to Mar-18	Preliminary check the status in March 2020.	<b>As notified by Responsible Director 25 Nov 2019:</b> <b>Ongoing</b> The Medical Director has met with the Chair of the CGC, Director of Nursing and Head of Clinical Governance. They feel that at this time they are unable to provide further update to the recommendations laid out in the report. They recognise the need to address the issues raised, however, feel that as there is currently a review of the interrogation authority it would be prudent to await the outcome

## Update on Outstanding Recommendations at 10 December 2019

## Audit Follow Up Report – December 2019

Report / Action Point / Responsible Officer	Issue Date	Audit Finding & Recommendation	Original Management Response	Priority	Original Due Date	Revisions to Due Date	Latest Position – 10 Dec 2019
							of any changes to the governance reporting structure of the IJB.
<b>B15/17 and B18/18 Clinical Governance Strategy</b> Action Point 10  Director of Finance	07-Dec-17	The role of the IG Group in relation to services delegated to the IJB should be clarified in the C&CGS and there must be absolute clarity on roles and responsibilities in this key area.	The reporting arrangements for Information Governance will be clarified following the review of governance in NHS Fife and the H&SCP.	2	Mar-18	Mar-20	<b>As notified by Responsible Officer 22 Nov 2019:</b> <b>Ongoing</b> The Terms of Reference for IG&SG were reviewed and approved in Summer 2019. The role of the group remains under review and a further discussion between the SIRO, Chair of NHS Fife CGC and the Board Secretary is scheduled for January 2020. This will include clarity on the assurances, roles and responsibilities, which are planned to be adopted in the review of the Clinical & Care Governance Strategy in 2020.
<b>B19/18 – Patient Safety Programme</b>  Action point 1  Associate Nursing Director - ASD	29-Jan-18	The 3 ASD Directorates should present a paper to the ASD CGC explaining how the 10 patient safety essentials have been embedded in their Directorates including reference to the policies, procedures and checklists the practices are included in. The paper should also explain how assurance, by exception, is provided to the	The Clinical Director and Heads of Nursing will be requested to include narrative within their Directorate reports, for the next ASD CGC meeting on 18 April 2018, explaining how the 10 patient safety essential communicated in CEL 19(2013) have become embedded within their	2	Apr-18	Mar-20	<b>As notified by Responsible Officer 24 October 2019:</b> <b>Ongoing</b> Have checked back the minutes of 18 April 2018, there is nothing within the minutes to evidence that this has happened. We will ensure that this is actioned through the directorates and brought back to a future ASD CGC meeting. This will likely now

## Update on Outstanding Recommendations at 10 December 2019

## Audit Follow Up Report – December 2019

Report / Action Point / Responsible Officer	Issue Date	Audit Finding & Recommendation	Original Management Response	Priority	Original Due Date	Revisions to Due Date	Latest Position – 10 Dec 2019
		ASD CGC regarding the continued effectiveness of the practices. Any issues/risks identified by the ASD CGC with the current arrangements should be escalated to the NHS Fife CGC in the summary paper accompanying their minutes.	Directorate and how assurance, by exception, is provided to the ASD CGC regarding their ongoing operation.				be in either January or March 2020.
<b>B19/18 – Patient Safety Programme</b> Action Point 2  Associate Nursing Director - ASD	29-Jan-18	Consideration should be given to including the practices associated with the patient safety essential list below in the relevant policies and/or procedures: <ul style="list-style-type: none"> <li>• Surgical Pause and Brief</li> <li>• General Ward Safety Brief</li> <li>• ICU Daily Goals</li> <li>• Ventilator Associated Pneumonia</li> </ul>	The suggestion of including the practices associated with the 4 patient safety essentials referred to within relevant policies and procedures will be shared with Heads of Nursing for consideration within the specialities and wards that these relate to.	4	Mar-18	Mar-20	<b>As notified by Responsible Officer 24 October 2019:</b> <b>Ongoing</b> We will ensure that this auctioned through the Directorates.
<b>B24/18 – Post Transaction Monitoring</b>  Action point 3  Head of Procurement	16-Aug-17	Clarification should be sought within NHS Fife and documented within the SFIs on the exact protocol that should be followed in future when capital receipt tenders are opened.	It has been agreed with the Director of Estate, Facilities and Capital Services that in future the Property Advisor and Marketing Agent will be asked to present when tenders are opened. A request will also be made to Financial Services to have this	3	Aug-18	Feb-18	<b>As notified by Responsible Officer 30 October 2019:</b> <b>Ongoing</b> There is national work ongoing at present to develop standard governance documentation and I believe the SFIs will be part of that. I suggest that we simply

## Update on Outstanding Recommendations at 10 December 2019

## Audit Follow Up Report – December 2019

Report / Action Point / Responsible Officer	Issue Date	Audit Finding & Recommendation	Original Management Response	Priority	Original Due Date	Revisions to Due Date	Latest Position – 10 Dec 2019
			included within the SFIs.				note the recommendation at this time and confirm that this will be taken into account when we have more clarity on the national guidance/template.
<b>B26/18 – Brookson Locum Invoice Approval Process</b>  Action Point 2b  Assistant Director of Finance (Financial Services)	13-Feb-18	Documented procedures and FOPs should be prepared to enhance control over locum payments arranged through Brookson's and specify precisely what minimum dataset should be maintained, the authorisations that should be received by HR and the subsequent confirmation detail provided by HR both internally and to locum agencies and Brookson's. A minimum dataset for all locum bookings made through Brookson's will give a standardised starting template for monitoring timesheets and for invoice authorisation purposes. Any variations to the initially agreed hours will be identified for separate authorisation.	Initial thoughts at this stage are that action points 2 and 3 could be resolved by the full roll-out of the Brookson system, (or alternatively the Regional Bank System). This would require greater clarity i.e. a minimum dataset to be entered by the service manager initiating the booking, and would ensure the service manager was responsible for application / monitoring of the payment approval process.	2	Jun-18	Feb-20	<b>As notified by Responsible Officer 23 October 2019:</b> <b>Ongoing</b> The action has yet to be completed as we continue to use Brookson solution in its current form. The Director of Finance and the Director of Workforce are in negotiation with external providers to agree a way forward.
<b>B26/18 – Brookson Locum Invoice Approval Process</b>	13-Feb-18	Arrangements should be made to have timesheet approval introduced as intended under	This will be addressed through the short-term working group.	2	Jun-18	Feb-20	<b>As notified by Responsible Officer 3 November 2019:</b> <b>Ongoing</b>

## Update on Outstanding Recommendations at 10 December 2019

## Audit Follow Up Report – December 2019

Report / Action Point / Responsible Officer	Issue Date	Audit Finding & Recommendation	Original Management Response	Priority	Original Due Date	Revisions to Due Date	Latest Position – 10 Dec 2019
Action Point 4  Director of Finance		<p>the Brookson process. It would seem most appropriate that this is a shared responsibility of clinical leads and service managers.</p> <p>Efforts should also be made to re-negotiate the timescale for invoice payment to a more realistic one, taking account of clinical leads planned (but restricted) time to complete their management and administrative responsibilities.</p>					<p>Discussions on the direct engagement model have continued since the report was completed. The MHMRC regulations have also changed. As such the Director of Finance and Director of Workforce have been in discussion to review the approach and expect to hold a supplier's day over the next few months to invite different companies to provide direct engagement services to present their offer to us. A further update will be provided when this has taken place.</p> <p>In the meantime the finance team have confirmed that the services/finance team have continued to use the excel spreadsheet for invoice sign off purposes where the service manager's review the shifts and prices retrospectively and raise any issues directly. There are some people who were set up in the system initially and have been using the timesheet/authoriser process as intended and they continue to use in this manner.</p>

## Update on Outstanding Recommendations at 10 December 2019

## Audit Follow Up Report – December 2019

Report / Action Point / Responsible Officer	Issue Date	Audit Finding & Recommendation	Original Management Response	Priority	Original Due Date	Revisions to Due Date	Latest Position – 10 Dec 2019
<b>B26/18 – Brookson Locum Invoice Approval Process</b>  Action Point 5  Director of Finance	13-Feb-18	Arrangements for invoice payment authorisation should be transferred to the clinical service employing the locums. It would seem most appropriate that this is a shared responsibility of clinical leads and service managers.	This will be arranged through the short-term working group	2	Jun-18	Feb-20	<b>As notified by Responsible Officer August 2019:</b>  <b>Ongoing</b> As above
<b>B27B/18 – Service Contract Expenditure</b>  Action Point 2,3a &3b  eHealth Business & Resource Manager	13-Jul-18	Virgin Media The revised contract with Virgin Media is for a minimum of three years and as its annual value exceeds the £10,000 limit specified in the FOPs section 11(a) ii, tendering arrangements should have been applied, with single tender authorisation being obtained in accordance with FOP 11 (a) 10.1.4.  If this contract is renewed it should be ensured that the tendering arrangements specified in the FOPs are followed. This will also ensure that there is appropriate segregation of duties between the contract and subsequent payments being authorised.  The Virgin Media contract should also have had a purchase	Financial Services will be contacted to determine the correct manner in which to progress the Virgin Media contract payments in future.	3	Sep-18		<b>No information received since further pro-active notification and subsequent reminder sent.</b>

## Update on Outstanding Recommendations at 10 December 2019

## Audit Follow Up Report – December 2019

Report / Action Point / Responsible Officer	Issue Date	Audit Finding & Recommendation	Original Management Response	Priority	Original Due Date	Revisions to Due Date	Latest Position – 10 Dec 2019
		order raised to authorise the annual charge and enable quarterly payments to be processed through PECOS.					
<b>B16/19 – Adverse Event Management</b>  Action point 1  Head of Quality & Clinical Governance	4-Mar-19	<p>No key performance indicators are currently reported within the Quality Report detailing compliance with the timescales for investigating and processing major and extreme adverse events as detailed in the GP/19 – Adverse Events Policy. Action is being taken to consider enhancing reporting within the Quality Report, but as yet is has not been decided what key performance indicators to include in it.</p> <p>Steps are being taken to incorporate Duty of Candour reporting into the adverse events reporting process. The required elements of the Duty of Candour procedure which an organisation must comply with are stated in the Guidance; these will be included in the Duty of Candour annual report.</p> <p>The report scheduled to be presented to the March 2019 CGC meeting should detail ways of enhancing reporting through</p>	Work has commenced to report to the Adverse Events/ Duty of Candour Group against key measures outlined in the Policy GP/19. The Adverse Events/ Duty of Candour Group will consider this issue at its meeting on 7 March 2019 and will discuss the information to be included in the Quality Report for CGC.	2	30-Sep-19	31-Jan-19	<b>As notified by Responsible Officer 23 October 2019:</b> <b>Ongoing</b> There is work in progress to outline and agree a suite of KPI Key information at a glance was taken and discussed at Adverse Events group in April 2019, and more recently these were agreed at EDG on 21 October 2019 as part of a suite of Risk Management KPIS. Following this agreement it is intended this will be discussed along with the implementation at the Adverse Event/Duty of Candour group on 3 December 2019.

## Update on Outstanding Recommendations at 10 December 2019

## Audit Follow Up Report – December 2019

Report / Action Point / Responsible Officer	Issue Date	Audit Finding & Recommendation	Original Management Response	Priority	Original Due Date	Revisions to Due Date	Latest Position – 10 Dec 2019
		key performance indicators and as a minimum the key performance measures suggested by Healthcare Improvement Scotland should be included for major and extreme adverse events and similarly for events where a Duty of Candour applies. Accepting that this is a very sensitive area for all concerned, reporting should also include confirmation that the reasons for any delays in completing such reviews in accordance with specified timescales is related to the nature of the enquiry, rather than administrative issues.					
<b>B22/19 – Losses &amp; Comps</b>  Action point 1a  Assistant Director of Finance (Financial Services)	11-Apr-19	<p>Our testing of 4 losses incidents categorised as losses on the Datix risk management system indicated that one of these losses should have been recorded as a loss and FOP16a should have been followed, regarding the reporting and recording of this loss, but was not followed.</p> <p>Managers responsible for recording incidents should be reminded of the requirement to</p>	<p>a. A communication to managers will be issued reminding them of their responsibilities under FOP 16a Losses and Compensations. This will specifically remind managers of the following:</p> <ul style="list-style-type: none"> <li>FOP 16a should be followed in all cases where property is lost, damaged or written off</li> </ul>	3	Jul-19		No information received since further pro-active notification and subsequent reminder sent.

## Update on Outstanding Recommendations at 10 December 2019

## Audit Follow Up Report – December 2019

Report / Action Point / Responsible Officer	Issue Date	Audit Finding & Recommendation	Original Management Response	Priority	Original Due Date	Revisions to Due Date	Latest Position – 10 Dec 2019
		<p>follow FOP16a for all cases where property is lost, damaged or written off.</p> <p>As per action point 2 below the Datix system should be amended to remind/prompt managers, recording incidents related to losses on Datix, that FOP16a should be followed for all cases where property is lost, damaged or written off.</p>	<ul style="list-style-type: none"> <li>Losses forms should be completed and forwarded without delay to the appropriate Directorate/Department Head</li> <li>The appropriate Directorate/Department Head should acknowledge receipt of the form and record the date of this acknowledgement on the form</li> <li>The current version of the losses and compensations form should be used</li> <li>The section of the losses and compensations form related to further investigation and recommendations should be completed for all losses and should record actions identified to prevent recurrence of the loss</li> <li>Where applicable a cross reference to the related Datix incident should be recorded on the losses</li> </ul>				

## Update on Outstanding Recommendations at 10 December 2019

## Audit Follow Up Report – December 2019

Report / Action Point / Responsible Officer	Issue Date	Audit Finding & Recommendation	Original Management Response	Priority	Original Due Date	Revisions to Due Date	Latest Position – 10 Dec 2019
			and compensations form				
<b>B22/19 – Losses &amp; Comps</b>  Action point 3  Assistant Director of Finance (Financial Services)	11-Apr-19	<p>From a sample of five losses and compensations forms tested, one was forwarded to the appropriate Directorate/Department Head within 2 days but the others were forwarded 18, 12, 57 and 44 days after completion. We also noted that only two of the five recorded acknowledgement of receipt by the by the Directorate Manager/Department Head and that one of the forms used was of an older style than included in the current version of the FOPs and did not include provision for the acknowledgement to be recorded.</p> <p>The relevant managers should be reminded of the requirements in FOP16a 3.2 for the completed forms to be forwarded without delay and Directorate Manager/Department Heads should be reminded of the need to sign the forms to acknowledge receipt as per</p>	As above	3	Jul-19		No information received since further pro-active notification and subsequent reminder sent.

## Update on Outstanding Recommendations at 10 December 2019

## Audit Follow Up Report – December 2019

Report / Action Point / Responsible Officer	Issue Date	Audit Finding & Recommendation	Original Management Response	Priority	Original Due Date	Revisions to Due Date	Latest Position – 10 Dec 2019
		FOP16a 4.					
<b>B22/19 – Losses &amp; Comps</b>  Action point 6  Assistant Director of Finance (Financial Services)		<p>For the 5 losses forms sampled:</p> <ul style="list-style-type: none"> <li>3 out of 5 had details of further investigation recorded</li> <li>None of the 5 included details of action taken to prevent recurrence. [Failure to request patients to sign a disclaimer on admission was recorded on 3 of the 5 forms so a logical action to prevent recurrence was to remind staff to request patients to sign a disclaimer form on admission but this was not recorded]</li> <li>One of the 5 had been completed on an older version of the losses form than the version included in FOP16a.</li> </ul> <p>Managers responsible for completing losses forms should be reminded to use the current version of the form included as an appendix to FOP16a and to complete the section of the form</p>	As per action point 1 part a	3	Jul-19		No information received since further pro-active notification and subsequent reminder sent.

## Update on Outstanding Recommendations at 10 December 2019

## Audit Follow Up Report – December 2019

Report / Action Point / Responsible Officer	Issue Date	Audit Finding & Recommendation	Original Management Response	Priority	Original Due Date	Revisions to Due Date	Latest Position – 10 Dec 2019
		related to recording further investigation in a manner that details the investigation that took place and actions identified to prevent recurrence of the loss.					
<b>B31&amp;32/19 – Information Governance &amp; eHealth</b>  Action Point 1b  Information Governance & Security Manager	5-Aug-19	The group's workplan for 2019/20: <ul style="list-style-type: none"> <li>○ should be revised to clearly record the scheduling of reports anticipated by the group to provide assurance against the items in its remit</li> <li>○ should identify a Lead Officer for each anticipated item and each lead should be advised that papers are required at least 7 days prior to each IG&amp;SG meeting</li> <li>○ should be presented to each meeting of the group to confirm that anticipated items have been considered and reasons for delay or omission should be noted on the workplan and in the minutes.</li> </ul>	The IG&SG workplan for 2019/20 will be created and will be presented to the next IG&SG meeting (end of August 2019)	2	Aug-19	Feb-20	<b>As notified by Responsible Officer 28 November 2019:</b> <b>Ongoing</b> The workplan was presented to the IG&SG on 12 November 2019. AB provided comments on the workplan.  The Director of Finance asked that this be top of the agenda for the next IG&SG on 20 January 2020.

## Update on Outstanding Recommendations at 10 December 2019

## Audit Follow Up Report – December 2019

Report / Action Point / Responsible Officer	Issue Date	Audit Finding & Recommendation	Original Management Response	Priority	Original Due Date	Revisions to Due Date	Latest Position – 10 Dec 2019
<b>B31&amp;32/19 – Information Governance &amp; eHealth</b>  Action Point 4  Information Governance & Security Manager	5-Aug-19	<p>The strategic Information Governance risks to NHS Fife associated with this partnership working arrangement should be recorded on the NHS Fife Risk Management System (DATIX) and mitigations should be put in place to reduce them to a level tolerable by NHS Fife. The reason for this is that if these risks materialise they would have an adverse impact on NHS Fife being able to deliver its strategic objectives.</p> <p>Assurances associated with the mitigating actions should be included as expected assurances in the Terms of Reference and Workplan of the IG&amp;SG and should be reported on in its annual assurance statement</p>	<p>The recommendations are accepted.</p> <p>The risks will be recorded on the risk register together with current and planned joint mitigations. This will be informed by discussions between the NHS Fife and Fife Council Data Protection Officers which are scheduled for the end of August 2019.</p>	2	Sep-19	May-20	<p><b>As notified by Responsible Officer 28 November 2019:</b></p> <p><b>Ongoing</b> Covered in IG&amp;SG Terms of Reference items 4.2 &amp; 4.7 &amp; 4.10 Annual assessment scheduled April 2020.</p>
<b>B33/19 – Endowment Funds</b>  Action Point 3a  Charity Manager		<p>The Board of Trustees workplan for 2019/20 should be finalised as soon as possible to ensure all appropriate governance arrangements are fulfilled during 2019/20. It should also include the following requirements to ensure appropriate governance</p>	<p>The workplan for the Board of Trustees was approved at their meeting on 24 April 2019. The overall governance framework including a self assessment and development of a risk register are key priorities for the Charity Manager</p>	2	Sep-19	Jan20	<p><b>As notified by Responsible Officer 22 October 2019:</b></p> <p><b>Ongoing</b></p> <p>The Charity Manager is new to the post subsequent to the issue of the Endowment Funds report. A draft risk assessment is being tabled at the Endowment Funds sub-committee on 5 November 2019 which I am expecting will</p>

**Update on Outstanding Recommendations at 10 December 2019****Audit Follow Up Report – December 2019**

Report / Action Point / Responsible Officer	Issue Date	Audit Finding & Recommendation	Original Management Response	Priority	Original Due Date	Revisions to Due Date	Latest Position – 10 Dec 2019
		arrangements are in place: <ul style="list-style-type: none"> <li>An annual Board of Trustees self-assessment in line with OSCR guidance.</li> </ul>	once in post (August 2019)				then go to the Board of Trustees on 18 December 2019 for approval. The workplan does not include a self-assessment which will have to go through the same process with the Trustees,

## Follow Up of Historic Outstanding Recommendations pre 2017/18

## Audit Follow Up Report – December 2019

Report / Action Point / Responsible Office	Issue Date	Audit Finding & Recommendation	Original Management Response	Priority	Original Due Date	Expected Completion Date	Latest Position as at 10 December
<b>B40a/16 – Departmental Review QMH – Ward 4</b>  Action point 1  Clinical Services Manager (Mental Health)	4-May-16	<p>As yet the protocol on ward mergers required by the EDG has not been prepared to specify the authorisation and management arrangements that should be followed in completing future ward mergers.</p> <p>As Mental Health management has recent experience of completing a merger, it should lead a working group made up of all relevant NHS Fife departments, to prepare a protocol for the benefit of future ward mergers, extending to cover ward closures/relocations as applicable. Once approved, the protocol should be presented to the EDG for approval and thereafter advised to all appropriate levels of management and put on the internet for reference. A post-completion review should be a standard feature of the protocol so lessons learned can be factored into future decisions on ward mergers, closures and relocations.</p>	A paper will be presented to the Mental Health Strategic Management Team to arrange for a short-term working group to be set up to prepare a protocol for future NHS Fife ward mergers. The working group will include representation from Finance and Estates. Once protocol for ward closure has been completed it will be presented to EDG.	2	Aug-16		No information received since further pro-active notification and subsequent reminder sent.

## Audit & Risk Committee



<b>DATE OF MEETING:</b>	9 January 2020
<b>TITLE OF REPORT:</b>	Annual Accounts – Progress Update on Audit Recommendations
<b>EXECUTIVE LEAD:</b>	Carol Potter, Director of Finance
<b>REPORTING OFFICER:</b>	Mark Doyle, Assistant Director of Finance

Purpose of the Report (delete as appropriate)	
<b>For Discussion</b>	<b>For Information</b>

### SBAR REPORT

#### Situation

The purpose of this report is to provide an overview of the recommendations emerging from both the Internal Audit Annual Report and the Audit Scotland Annual Report for 2018/19, and the resultant actions progressed to date.

#### Background

As part of the overall governance and assurance processes of the Board, both the Chief Internal Auditor and the Board's External Auditor (currently Audit Scotland) are required to provide an annual report within the dimensions of their respective remits.

#### Assessment

##### **Audit Recommendations:**

Both internal and external audit provided a series of recommendations for the Board, with these set out in the form of Action Plans. These are attached as Appendices 1 and 2 to this paper, with updates of specific actions taken to end of December 2019.

#### Recommendation

The Audit & Risk Committee is asked to:

- **note** the actions taken to date.

### Objectives: (must be completed)

Healthcare Standard(s):	Governance and assurance is relevant to all Healthcare Standards.
HB Strategic Objectives:	All

### Further Information:

Evidence Base:	N/A
Glossary of Terms:	SGHSCD – Scottish Government Health and Social Care Directorates
Parties / Committees consulted prior to Health Board Meeting:	Executive Directors Group

### Impact: (must be completed)

<b>Financial / Value For Money</b>	Financial Governance is a key component of the assurance process.
<b>Risk / Legal:</b>	Actions taken in response to audit recommendations seek to address / mitigate any risks identified

<b>Quality / Patient Care:</b>	Quality & patient care are a core consideration in all aspects of governance including financial governance.
<b>Workforce:</b>	Workforce issues are a core consideration in all aspects of governance including financial governance.
<b>Equality:</b>	Equalities issues are a core consideration in all aspects of governance including financial governance.

## Annual Internal Audit Report 2018/19 Action Plan

Finding	Recommendation	Management Response	Responsible Director Action by Date	Relevant Governance Committee	Update on Progress as at 31 December 2019
1. The annual statements of assurance from the Standing Committees provide an opportunity for reflection on the work of the Committee in the year, key issues for the coming year and the BAF risk4s delegated to the Committee as well as the quality and timing of assurances received. Our work indicates that this opportunity is not always being taken and that the quality of assurances provided by Standing Committees could be improved. Standing Committee Annual Reports do not routinely contain assurances over the BAFs assigned to that Committee.	<p>The Board should consider the process by which the Annual Reports are approved and whether there would be merit in setting aside more time for considered reflection, rather than the Annual Report being potentially considered as just another item on a crowded agenda.</p> <p>The template for Standing Committee Annual Assurance Statements could assist in this process by including:</p> <ul style="list-style-type: none"> <li>• confirmation that they have considered all items on their workplan</li> <li>• explanations for any exceptions and overt consideration of whether they impact on the Committee's ability to provide meaningful assurance</li> <li>• Consideration of relevant internal and external audit reports (see recommendation 3) and external reviews received and their impact on the assurance provided</li> <li>• Commentary on any BAFs for which the Committee is responsible including:</li> <li>• assurance on the accuracy of the score,</li> <li>• the reasons for any movements in-year</li> <li>• the adequacy and effectiveness of the controls described in the BAF</li> <li>• the sufficiency of actions intended to bring the score to its target level the relevance and reliability of assurances over those controls and actions</li> </ul> <p>Some Committees may benefit from additional support/training in understanding the assurance requirements of the Board and we would note that the assurance mapping due for 2019/20 should assist in this process.</p>	At present, Board Committee annual statements of assurance are largely prepared by the lead Director for each Committee, leading to some variability in both format and content. For future years, it is proposed that the Board Secretary co-ordinates their production and work to enhance the current template will be part of that exercise. Consideration will be given to including the additional content above to improve the quality of the assurances given.	<b>Board Secretary</b> <b>31 May 2020</b>	Audit & Risk	Initial consideration being given as to how to progress this, taking the advice of the internal auditors on the assurance letter guidance contained within the Scottish Public Finance Manual.

2. Formal assurances were provided by the Executive Directors and Senior Managers of NHS Fife that adequate and effective internal controls have been in place in their areas of responsibility, we note that only seven out of twelve assurance statements included a statement on the risk management arrangements within their area.	As with Standing Committees there is an opportunity to enhance the template but also to consider the process through which these assurance statements are produced and quality assured. Consideration should be given to the SPFM assurance letter guidance which is the subject of ongoing discussions between Internal Audit and the SGHSCD.	A review of the current process for capturing the assurances of senior staff, including the revision of the current template and consideration of which posts should be included in the exercise in future years, has already been agreed in discussions with the External Auditors. The input of Internal Audit would be welcome, to ensure that the new process is fully compliant with SPFM guidance and how this is expected to be implemented locally.	<b>Director of Finance &amp; Performance and Board Secretary</b>  <b>31 March 2020</b>	Audit & Risk	As above.  Amended letter used for recent departures of Director of Health & Social Care, Director of Workforce and Chief Operating Officer.
3. The findings from our annual and interim reviews and other internal audit reports are not routinely reported to the relevant Standing Committee(s). We also noted that Audit Scotland's reports are not routinely presented to the relevant standing committee (eg the Audit Scotland Management Report 2017/18 included a finding relevant to Information Governance but was not presented to the Clinical Governance Committee). We also found areas where findings were reported but were not followed to their conclusion by the Committee. As a consequence, significant governance findings for which the agreed action had not been implemented were not identified by Standing Committees in their annual assurance statements.	Internal Audit reports, including annual and interim reports should be presented to the relevant standing committee(s) and relevant sub-committees/groups as they are published. External Audit findings should be similarly communicated. For significant findings, the Committee should establish a suitable monitoring process and ensure it is followed through to completion.	In conjunction with Internal Audit we will seek to align individual audit reports to a specific Committee of the NHS Board. As and when reports are issued, the distribution of the report will include the lead Director for the relevant Committee, for inclusion at the next meeting. The covering email should include an explicit statement reminding the Director of this responsibility (1). Any actions required and taken will be reported accordingly through the minute (2), with a parallel monitoring process (already in place) via the Audit & Risk Committee for both internal and external audit recommendations (3)	<b>Internal Audit(1)/Board Secretary(2)/Director of Finance(3)</b>  <b>30 September 2019</b>	All	Complete. Template developed for use with audit reports tabled to other governance committees.
4. There have been significant and persistent delays in taking forward agreed improvements to the Risk Management Framework, going back many years.	An SBAR should be presented to the Audit & Risk Committee highlighting the challenges and reasons for the delay to the revision of the Risk Management Framework and how they will be addressed so that a realistic and achievable implementation schedule can be agreed and monitored and, most importantly, delivered.	We accept the recommendation and a report will be provided as described above	<b>Director of Nursing</b>  <b>30 September 2019</b>	Audit & Risk	Risk Management report on agenda for A&R January 2020 meeting providing update on Framework development, with revised timescales.

5. Although high level updates on the preparation and approval of the NHS Fife Workforce Strategy have been provided to the SGC in 2018-19 it has not been formally updated on progress towards implementing the NHS Fife Workforce Strategy Action Plan, though we have been informed that the intention is to provide updates to the SGC using the action plan to the new strategy. The Terms of Reference of the NHS Fife Strategic Workforce Planning Group state that ' <i>Work Generated by the group shall be formally reported to EDG and the Staff Governance Committee as appropriate</i> ' but does not include a specific responsibility to provide an annual update on progress against the Workforce Strategy Action Plan to the SGC.	The Terms of Reference of the NHS Fife Strategic Workforce Planning Group should be amended to include a specific responsibility to provide an annual update on progress against the NHS Fife Workforce Strategy Action Plan to the SGC. This is particularly important given that the Workforce Strategy is the key control listed in the Workforce Sustainability BAF. Assurance on progress against the NHS Fife Workforce Strategy from the NHS Fife Strategic Workforce Planning Group to the Staff Governance Committee should be scheduled in the Committee's Annual Workplan for 2019-20 before the SGC Annual Assurance Statement is approved.	The workforce strategy forms part of the current workplan for the Staff Governance Committee. The above recommendation will be incorporated into future workplans and reports will be made as appropriate to the Staff Governance Committee. The ToRs described above will be amended accordingly.	<b>Director of Workforce</b> <b>30 September 2019</b>	Staff Governance	An update is scheduled to be provided to the Staff Governance Committee in January 2020 on these outstanding actions.
6. The NHS Fife Remuneration Sub-Committee has not undertaken a self assessment using the self assessment pack issued by Audit Scotland for 2017/18 or 2018/19.	The self assessment checklist for the Remuneration Sub-Committee should be completed for the years of 2017/18 and 2018/19.  The self assessment should be completed annually before the Remuneration Sub-Committee's Annual Assurance Statement	Discussion on a retrospective self assessment will be discussed at the Sub Committee in June 2019.  The self assessment checklist will be incorporated into the overarching Board and Committee self assessment process for 2019/20. Any relevant aspects of the recommendations emerging from national work through the Blueprint for Good Governance will be taken into consideration.	<b>Director of Workforce</b> <b>30 June 2019</b>  <b>Board Secretary</b> <b>31 March 2020</b>	Remuneration	Agreed that no retrospective self-assessment for Remuneration Committee for years 2017/18 and 2018/19 would be undertaken, due to limited use of this exercise.  Self-assessment for present year currently underway, using the same template as in use with other governance committees.
7. Our recommendation from B08/19 (action point 10) regarding providing the Clinical Governance Committee with adequate assurance regarding compliance with the General Data Protection Regulations (GDPR), the Data Protection Act 2018, the Networks and Information Systems (NIS) Directive, the Public Sector Cyber Resilience Action Plan and the NHS Scotland Information Security Policy Framework has not yet been fully addressed as aside from high level reports on GDPR compliance presented to CGC in January and March 2019 overt assurance on these areas has not been provided. The original timescale for implementation of actions to address this recommendation was by 31 December 2018.	A report should be provided to the NHS Fife Clinical Governance Committee clearly stating the Board's current status of compliance with the General Data Protection Regulations (GDPR), the Data Protection Act 2018, the Networks and Information Systems (NIS) Directive, the Public Sector Cyber Resilience Action Plan and the NHS Scotland Information Security Policy Framework. The report should include overt statements on <ul style="list-style-type: none"> <li>• How compliance with the NIS Directive will be managed and monitored</li> <li>• How NHS Fife will prepare for external review by the Competent Authority</li> <li>• How existing processes for GDPR, cyber-essentials and any other IG requirements will be assimilated/made congruent with the actions required for the NIS Directive</li> <li>• Overall assessment of likely gaps</li> <li>• Risk assessment.</li> </ul>	We accept improvements are required in respect of overt assurance reporting to the Clinical Governance Committee. A detailed report, as described, will be considered by the Information Governance and Security Group in August 2019 for submission to the CGC in September.	<b>DPO/SIRO</b> <b>30 September 2019</b>	Clinical Governance	Report has been delayed, pending further discussion in early January 2020 with the Chair of Clinical Governance about the reporting lines of eHealth / IG and associated assurance needs of the Clinical Governance Committee. Report now estimated to be produced in Spring 2020.

8. The Executive Director's Annual Assurance Letter from the Chief Operating Officer for Acute Services Division who was identified as the Board's SIRO from 28 January 2019 provided their assurance as SIRO but only for the period from 28 January 2019 to 31 March 2019. No Executive Director's Assurance Letter was requested from the previous SIRO before they left.	The disengagement process for Executive Directors who leave NHS Fife should include obtaining from them an Executive Director's Assurance Letter covering the period they were in post.	We accept the recommendation and a process will be implemented to ensure appropriate assurances are received in the event of a Director leaving post	<b>Board Secretary</b> <b>30 September 2019</b>	Audit & Risk	Complete (see 2 above).  Process now in place to capture these assurances at times other than year end.
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Issue / Risk	Recommendation	Management Response	Responsible Director  Action by Date	Relevant Governance Committee	Update on Progress as at 30 December 2019
<b>1. PECOS access controls</b> In 2017/18 we found three users with approval permissions on the PECOS purchasing system that were not appropriate to their job role. Audit testing this year found one of the users identified last year still had inappropriate access, a further three users had approval rights despite having left the health board and one user had changed roles and access to PECOS was no longer appropriate. <b>There is a risk that users have inappropriate access to PECOS and erroneous or fraudulent entries could be made.</b>	User access permissions for PECOS should be reviewed on a regular basis to ensure that the permissions granted are appropriate to job roles and relate only to current employees.	On occasion, individuals may remain on the system with authorisations delegated to their deputy, pending the replacement starting. We will work with eHealth colleagues to ensure the IT access termination documentation also covers PECOS; and with HR colleagues to remind line managers of the requirement to advise on movers/leavers.	<b>Head of Procurement</b>  <b>30 September 2019</b>	Audit & Risk	Currently being progressed. Verbal update will be given at A&R January meeting.
<b>2. Changes to supplier details</b> We reported last year that in the majority of cases no independent verification of changes to suppliers bank details were sought. From discussions with Finance staff this year there is still no agreed or consistent procedure for verifying changes. The Assistant Director of Finance – Financial Services confirmed the current procedure is to telephone suppliers when a letter from the supplier notifying a change in bank details is received. If an invoice is received that has new bank details on it there is no further verification. <b>There is a risk of exposure to fraud as not all requests to change bank details are verified from an independent source.</b>	A formal procedure should be prepared and shared with Finance staff which clarifies that all changes to supplier bank details should be verified as agreed by management in 2017/18.	An email has been sent to all ledger staff confirming the procedure for requested changes to supplier bank details. The desktop procedure is under review.	<b>Assistant Director of Finance</b>  <b>31 July 2019</b>	Audit & Risk	Complete
<b>3. Delivery of savings</b> There is no information on the specific savings plans within the high level workstreams reported in the IPR or the proposals to address outstanding savings. <b>There is a risk financial targets will not be met as there is no detail on how savings will be achieved.</b>	Specific and achievable savings plans should be developed to ensure that the Board can deliver the required savings. Sufficient information on these plans should be provided to enable the FP&RC and Board to carry out effective scrutiny.	Detailed savings plans for 2019/20 have been considered via the IJB for Health & Social Care services but these are not sufficient to close the gap overall. The impact on the NHS Fife position has been requested from the Director of Health & Social Care. Detailed savings plans are in development for Acute Services, with a report to the FP&R Committee in May	<b>Director of Health &amp; Social Care / Chief Operating Officer</b>  <b>31 May 2019</b>	Finance, Performance & Resources	Discussions ongoing within the IJB in relation to delivery of savings.  Deloitte LLP engaged to drive forward a robust programme of savings across Acute Services. Presentation, which has been provided to the FP&R Committee and the Board in November 2019, with further updates scheduled for January 2020 meetings.
<b>4. Reliance on non recurrent savings</b> NHS Fife continues to rely on non recurrent savings to deliver against the statutory financial target of break even and is relying on financial flexibility to offset the significant overspend within Acute Services. <b>There is a significant risk that the Board will not deliver the savings required to achieve a balanced budget on a recurring basis which increases the pressure on budgets in future years.</b>	The Board should take steps to reduce its reliance on non recurrent savings to achieve financial targets.	This issue is recognised and will be addressed in line with the previous action above.		Finance, Performance & Resources	Delivery of savings, within the context of the overall financial position, is a high risk on the BAF.  A financial recovery plan is an essential component of the Annual Operational Plan for 2020/21.

<p><b>5. Openness and transparency</b> The NHS Fife website is not user friendly and some information, including committee papers, is either not available or is difficult to find. <b>There is a risk that the lack of information on the website impacts on the public's perception of the health board's openness and transparency.</b></p>	<p>The NHS Fife website requires further improvement to make it more user friendly. Committee papers should be uploaded on a timely basis.</p>	<p>This issue is recognised. NHS Fife intends to invest in the creation of a new website design, hosting and development platform in 2019. This will be equipped with enhanced search, clear navigation and accessible service modules, viewable on a range of devices. A new content management system will ensure that the new NHS Fife website will be future proof, while still being capable of accommodating and indexing existing historical content. Meantime, a more robust checking procedure has recently been introduced to ensure that Board and Board Committee papers are uploaded timeously after the issue of papers to members and that the resultant file posted on the website is subsequently accessible to all users.</p>	<p><b>Head of Communications</b>  <b>31 December 2019</b></p>	<p>Finance, Performance &amp; Resources</p>	<p>Procurement and tender process completed and agreement reached to engage an external website development agency, to begin work early in 2020.</p>
<p><b>6. Escalation of issues to the NHS Fife Board</b> There is a lack of follow up in relation to some items escalated to the NHS Fife Board by the Board committees. <b>There is a risk that issues escalated for consideration by the NHS Fife Board are not subject to effective scrutiny at this level.</b></p>	<p>Further enhancement of the Board escalation process is required. There should be sufficient time and resources set aside at Board meetings to ensure there is proper consideration of the items escalated from committees. This should include appropriate follow up of ongoing issues.</p>	<p>There is no limitation placed by the Board on the time presently allowed for the escalation of items from Board Committees. Some key issues initially identified by Committees as matters for escalation to the Board can on occasion be covered elsewhere in the agenda, but Committee Chairs are all aware of the need to discuss potential topics for escalation at Committee meetings and explicitly identify these in the cover sheet accompanying Committee minutes. Items for subsequent follow-up by the Board will be flagged as such in the Board's rolling Action List.</p>	<p><b>No further action required</b></p>	<p>All</p>	<p>Complete</p>

<p><b>7. Committee self- assessment process</b></p> <p>Members have identified several areas to improve the effectiveness of committees but no action on these has been taken to date.</p> <p><b>There is a risk that action is not taken on the results of the self-assessment process to improve the effectiveness of governance committees.</b></p>	<p>A Board meeting or development session to consider common and/or ongoing issues identified as well as any further improvements to the process should be arranged and appropriate actions agreed.</p>	<p>After initial consideration by each Committee in March, the Board has considered the results of the Committee self-assessment exercise at its scheduled Development Session in April 2019. An action plan has been created, aligning this improvement work with the local implementation of the new NHS Scotland Blueprint for Good Governance, to ensure that governance-related improvements are co-ordinated and standardised across all Board Committees. A revised Committee questionnaire format, taking account of members' feedback on this year's process, will be put in place for the next iteration of the survey, to be undertaken across all Committees in late 2019.</p>	<p><b>Board Secretary</b></p> <p><b>31 October 2019</b></p>	<p>Audit &amp; Risk</p>	<p>Update given to the Board in November 2019 on completion of the current Blueprint Action Plan, and this reported externally to the Scottish Government.</p> <p>Revised committee self-assessment questionnaire agreed with Committee chairs and now out for members' completion in December 2019.</p>
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<p><b>8. Health and social care partnership arrangements</b> Some of the local challenges around operational and governance arrangements for the health and social care partnership have not been fully resolved. Staff and members are sometimes predisposed towards the interests of their employing organisation rather than the partnership. <b>There is a risk that the health and social care arrangements in Fife are not operating effectively.</b></p>	<p>The operational and governance arrangements between the Board and IJB should be clarified to ensure that staff, senior management and members of the partner bodies work as a partnership.</p>	<p>Fife – like all HSCP's – have been asked by SG &amp; COSLA to complete a self-assessment against the recommendations of the Ministerial Steering Group Review of Integration. That self-assessment is to be completed and returned by 15 May. Senior leaders in the HSCP, NHS Fife and Fife Council met recently to discuss the self-assessment. That is now being worked up and will be agreed amongst all partners before submission on 15 May. The governance structure of the IJB remains under development, though further work has been undertaken in recent months by Partnership colleagues to create H&amp;SCP versions of key governance documents (such as induction manuals and revised Committee Terms of Reference) to address the outstanding deliverables of the IJB's Governance Framework Action Plan (dated July 2018). A proposed review of the Integration Scheme by the parent bodies in 2019 will provide an opportunity to reflect on the current governance structures in place and make further changes to clarify roles and responsibilities, supporting effective partnership working.</p>	<p><b>Chief Executive</b>  <b>30 September 2019</b></p>	<p>All</p>	<p>This matter is being addressed through the H&amp;SCP / NHSF / FC joint response to the Ministerial Steering Group report on Integration, which includes a detailed action plan. This is being led by the Director of Health &amp; Social Care.</p> <p>Meeting underway with Integration Partners to begin review of the present Integration Scheme, which will take into account existing governance structures and reporting lines.</p>
<p><b>9. IT data recovery</b> There is no technical recovery procedure for either Trakcare or Patienttrack at the present time. Scheduled data recovery testing has not been done for several years. <b>There is a risk that data recovery procedures are not effective resulting in the loss of data essential to patient care and/or business continuity.</b></p>	<p>Technical recovery procedures for critical IT systems should be prepared. IT data recovery should be tested on a rotational basis that ensures all aspects are included, procedures are effective and that staff are familiar with the procedures and can implement them in a variety of scenarios.</p>	<p>Ongoing Network improvements between primary and secondary platforms for these systems will drive new recovery point and time objectives. These will be documented within a Business Impact Analysis (BIA) and new Technical Recovery Procedure Documentation. The BIA will also drive future recovery testing scope and frequency.</p>	<p><b>General Manager, eHealth</b>  <b>31 December 2019</b></p>	<p>Clinical Governance</p>	<p>Attrition and flux within the technical teams and delays lining up the supplier (Service Catalogue and BIA assessment) has pushed this work back. The expected date of completion is now <b>30 June 2020</b>.</p>

<p><b>10. Organisational resilience self-assessment</b> There is no formal action plan to monitor progress in respect of those standards included in the NHRU framework which were identified as not fully implemented following the Board's self-assessment in August 2018. <b>There is a risk that improvements to the Board's organisational resilience identified from completing the self-assessment are not achieved.</b></p>	<p>A formal action plan should be prepared to monitor progress in implementing the NHRU resilience standards.</p>	<p>Whilst the Board has been addressing the issues outlined in the report, a formal action plan has not yet been approved. This will be submitted to the NHS Fife Resilience Forum in July 2019.</p>	<p><b>Director of Public Health</b>  <b>31 July 2019</b></p>	<p>Clinical Governance</p>	<p>Complete. An action plan has been approved and delivery thereof is well underway. Scottish Government have responded to our initial self-assessment and a further progress update to SG will be prepared for submission in April 2020. An update in the meantime will be given to Clinical Governance and the Board in January 2020.</p>
<p><b>11. Cyber security</b> There is no evidence of regular updates on issues such as progress towards achieving cyber essentials accreditation being provided to the Board during 2018/19. <b>There is a risk that cyber resilience efforts do not receive support and commitment at Board level.</b></p>	<p>Updates on progress towards achieving cyber essentials accreditation and other digital issues should be reported to the NHS Fife Board periodically to ensure these receive the necessary support.</p>	<p>A Cyber Resilience Governance plan was agreed under Key Action 2 of the Scottish Government Cyber Resilience Framework 2018. This includes a reporting and assurance path to the NHS Fife Board. The scope and context of these reports are now being devised and will drive the level of detail presented to the Board.</p>	<p><b>General Manager, eHealth</b>  <b>31 December 2019</b></p>	<p>Clinical Governance</p>	<p>A change of Cyber Security Manager (who was assigned this work) has caused a delay. However, a Cyber Resilience Plan has now been drafted and this will drive the reporting based on the key deliverables. Full report path expected to be in place by <b>30 March 2020</b>.</p>
<p><b>12. GDPR compliance</b> We have been informed that the health board is not expected to be fully compliant with GDPR until December 2019. <b>There is a risk that non compliance could result in data breaches, fines and adverse publicity</b></p>	<p>NHS Fife should take action to address compliance with GDPR as a matter of urgency.</p>	<p>NHS Fife currently have the correct policies and procedures in place to satisfy the Information Commissioners Office from a legislative perspective. NHS Fife are conducting a robust audit of the 12 areas in relation to GDPR as part of a business improvement plan, to ensure full compliance which is anticipated to be completed by no later than 31/12/19. Audits in this area will be continuous as compliance is at a 'point in time' and is subject to constant change.</p>	<p><b>General Manager, eHealth</b>  <b>31 December 2019</b></p>	<p>Clinical Governance</p>	<p>Outstanding activity is an audit in relation to adherence to 'records retention' policies, which has only recently commenced, and is expected to be completed by <b>30 March 2020</b>.</p>

<p><b>13. Sickness absence</b> Sickness absence remains at a high level despite continuing efforts to improve performance. There is no clear action plan to enable more effective scrutiny and no monitoring of what actions are achieving a successful outcome. <b>There is a risk that sickness absence will remain at a high level and impact on staff morale, quality of care and the achievement of statutory performance targets.</b></p>	<p>NHS Fife should develop a better understanding of the underlying reasons behind sickness absence levels and identify those actions which are resulting in improvements. An action plan, with clear objectives and milestones, would help to monitor progress and enable the SGC to scrutinise the process. The Board could also ask other health boards what actions they have taken to improve attendance rates.</p>	<p>Attendance Management is a standing item on the Staff Governance Committee Agenda. This enables monitoring of performance in this area and surveys have been conducted in "hot spot" areas to identify further underlying reasons for absence. The report also includes data on reasons for absence and the work and actions being taken to improve attendance levels. Dialogue has taken place with other Boards in terms of improvement actions. Improvement targets are also being set for all areas. This narrative will be converted into an Action Plan as per the recommendation.</p>	<p><b>Director of Workforce</b>  <b>30 September 2019</b></p>	<p>Staff Governance</p>	<p>Complete. Monthly improvement trajectory is discussed at EDG in advance of consideration at APF and Staff Governance Committee. An action plan has been agreed and is being taken forward for the Well @ Work initiative. The recently revised IPQR highlights key improvement actions. This will continue through the year.</p>
<p><b>14. Transformation programme governance framework</b> Revised transformation programme governance arrangements have not been formally agreed by any NHS Fife or IJB governance committees or the NHS Fife Board. There is a lack of consistency in the understanding of the assurance lines to the Board and its governance committees on the programmes reported separately through the IJB. The JSTG is not operating effectively and the Community Transformation Board does not appear to be operating as expected. <b>There is a risk that transformational change and implementation of the Clinical Strategy does not progress as planned.</b></p>	<p>The transformation programme governance arrangements and any subsequent revisions should be formally agreed by the Board and the IJB The revised framework should clarify the assurance lines to NHS Fife for the transformation programmes led by the IJB, including the remit of the Community Transformation Programme Board</p>	<p>A joint programme of strategic and operational transformation is essential to the sustainability of services. As such we are implementing a refreshed approach under the leadership of the Chief Executive and Director of Finance &amp; Performance; as well as an enhanced framework of performance and accountability between operational services and the Board's governance Committees</p>	<p><b>Director of Finance &amp; Performance</b>  <b>30 September 2019</b></p>	<p>All</p>	<p>The need for focus on joint transformation has been recognised and the outcomes from the summer Joint Transformation Workshop has informed the savings plans of the Health Board and IJB, with further work underway.</p>
<p><b>15. Reporting on progress with the transformation programme</b> There is no consistent reporting framework for the transformation programme. There is a lack of focus on targets, milestones and timescales and papers are not always available on a timely basis. <b>There is a risk that progress with the transformation programme is not subject to effective scrutiny.</b></p>	<p>The agreed governance framework should include a basis for reporting to each of the groups identified in the framework, including the CGC and JSTG or its replacement. Reporting on progress should focus on outcomes and timescales and papers should be issued on a timely basis.</p>	<p>This issue is recognised and will be addressed in line with the previous action above</p>		<p>All</p>	<p>The refresh of the governance arrangements for transformation across Fife has resulted in the establishment of the Integrated Transformation Board (ITB). Further support is available via the Interim Director of the Project Management Office for a six-month period.</p>

<p><b>16. Update on the Clinical Strategy</b> The report on the Clinical Strategy - Two Years On is overdue. Previous updates on the Clinical Strategy recommendations summarised progress to date but didn't highlight the outstanding actions or identify the timescales needed to ensure all the recommendations are fully implemented by the end of the five year period. <b>There is a risk that gaps in transformational change required to implement the Clinical Strategy are not identified.</b></p>	<p>An annual update on the Clinical Strategy recommendations should be prepared on a timely basis. The update should highlight outstanding areas and how these will be addressed as well as the progress that has been made.</p>	<p>The first annual update of the Clinical Strategy was a very high level document outlining some of the progress against the Clinical Strategy recommendations. Plans were in place to repeat this update but was delayed due a vacancy since February 2018 in the Planning team until March 2019. An update on the progress of the transformation programmes associated with the Clinical Strategy is provided to the Clinical Governance Committee every 2 months. These programmes are reviewed and agreed at the start of each financial year in the Annual Operational Plan which includes the identification of the strategic priorities for NHS Fife. This is the process that would identify risks to the organisation in the delivery of the Clinical Strategy. A paper providing an update on the recommendations from each of the Clinical Strategy workstream reports was provided for the Clinical Governance Committee in March 2019 and described progress of the transformation programmes as well as other improvement work in individual clinical services not captured elsewhere</p>	<p><b>Associate Director of Planning &amp; Performance</b>  <b>30 September 2019</b></p>	<p>Clinical Governance</p>	<p>A refresh of the clinical strategy is scheduled and is expected to be completed by the end of the financial year.</p>
<p><b>17. Timetable for unaudited accounts</b> We received the unaudited accounts on 10 May 2019 therefore the deadline of 3 May 2019 agreed in our annual audit plan was not met. We identified several areas where improvements to working papers or dependency on key personnel could improve the efficiency of the audit. <b>There is a risk his could delay completion of the final accounts audit beyond 30 June.</b></p>	<p>NHS Fife should ensure that the agreed timetable for presenting the unaudited annual report and accounts for audit is met and a more complete set of working papers should be readily accessible. Consideration should also be given to addressing key person dependencies.</p>	<p>Agreed. We will review our internal timetable and key responsibilities to ensure the complete draft accounts are available on a timely basis. We accept the level of knowledge and expertise in some technical areas is held by one individual but in a small team it is difficult to have more than one person fully up to speed but where feasible, we will look to put cross over arrangements in place.</p>	<p><b>Director of Finance</b>  <b>31 March 2020</b></p>	<p>Audit &amp; Risk</p>	<p>Timetable for 2019/20 has been agreed as part of External Audit Annual Plan, and internal support will be aligned appropriately.</p>

<p><b>18. Holiday pay accrual</b> The holiday pay accrual includes medical and dental staff who have individual leave years beginning on the anniversary of their start dates. There is no centralised record of annual leave and data from individual staff are not collected. Management estimates the leave accrual for this group of staff based on the percentage applied to all other staff. This amounted to one day per medical and dental individual. In the previous year this was set as a maximum of five days. The estimate is subject to management bias <b>There is a risk expenditure is subject to manipulation through management estimates and expenditure for the year is misstated.</b></p>	<p>A method of collecting and collating a significant sample of individual balances should be introduced for medical and dental staff.</p>	<p>We will review the sampling method in place to determine if it is feasible to replicate the process for medical &amp; dental staff or identify an alternative means of ensuring a robust approach for this calculation.</p>	<p><b>Deputy Director of Finance</b>  <b>31 March 2020</b></p>	<p>Audit &amp; Risk</p>	<p>Work will commence in the new calendar year.</p>
<p><b>19. Efficiency savings</b> NHS Fife is required to achieve efficiency savings of £17 million on a recurring basis from 2019/20. The majority of savings have been allocated to workstreams but the detailed plans on how these will be delivered have yet to be fully developed. <b>There is a risk financial targets will not be met as there is a lack of clarity in how the required savings will be achieved.</b></p>	<p>Detailed savings plans should be developed to ensure that NHS Fife can deliver the required savings.</p>	<p>There are detailed plans in place for the health budgets delegated to the Health &amp; Social Care Partnership (c£7 million). The remaining £10 million target (for the Acute Services Division) is under review and a detailed plan requested for the Finance, Performance &amp; Resources Committee in July 2019. Significant efforts have been made to reduce from a recurring gap of £30 million in 2016/17 to a £17 million gap for 2019/20.</p>	<p><b>Chief Operating Officer</b>  <b>31 July 2019</b></p>	<p>Finance, Performance &amp; Resources</p>	<p>See update provided for items 3 &amp; 4 above.</p>

# NHS Fife

## Annual Audit Plan 2019/20



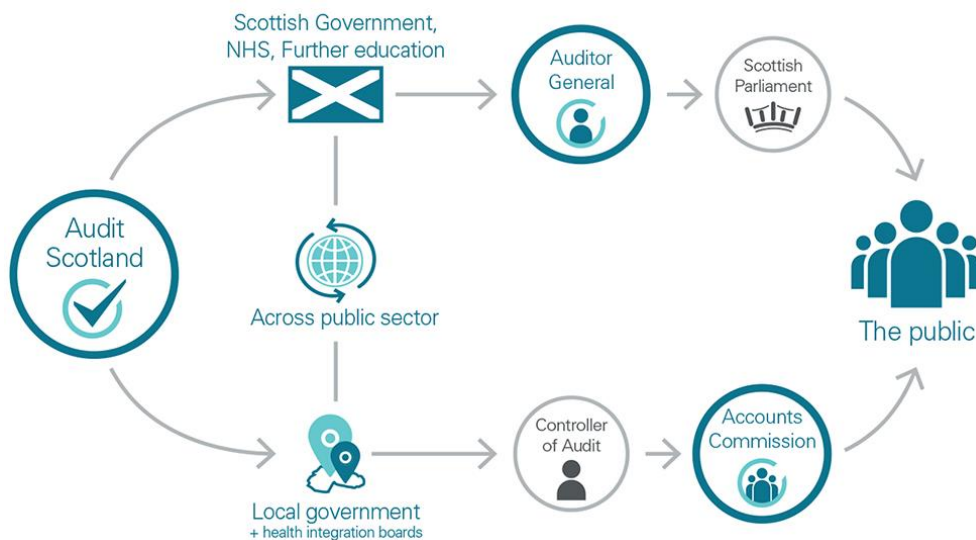
 **AUDIT SCOTLAND**

Prepared for NHS Fife  
December 2019

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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# Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit which is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and [guidance on planning the audit](#). This plan sets out the work necessary to allow us to provide an independent auditor’s report on the annual accounts and meet the wider scope requirements of public sector audit.
2. The wider scope of public audit contributes to assessments and conclusions on financial management, financial sustainability, governance and transparency and value for money.

## Adding value

3. We aim to add value to NHS Fife through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we intend to help NHS Fife promote improved standards of governance, better management and decision making and more effective use of resources.


## Audit risks


4. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following significant risks for NHS Fife. We have categorised these risks into financial statements risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).

### Exhibit 1 2019/20 Significant audit risks

 Audit Risk	Source of assurance	Planned audit work
Financial statements risks		
<p>1 <b>Risk of material misstatement caused by management override of controls</b></p> <p>Auditing Standards require that audits are planned to consider the risk of material misstatement caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of management override of controls that results in fraudulent financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<ul style="list-style-type: none"><li>• Review of accounting estimates.</li><li>• Focused testing of accruals and prepayments including holiday pay accrual.</li><li>• Evaluation of significant transactions that are outside the normal course of business.</li><li>• Data analytics risk assessment of ledger transactions (including journals) and testing of these.</li><li>• Testing of transactions after the year end.</li></ul>

	Audit Risk	Source of assurance	Planned audit work
2	<p><b>Risk of material misstatement caused by fraud in expenditure</b></p> <p>As most public-sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be misstated resulting in a material misstatement in the financial statements.</p> <p>Significant expenditure items include payments for independent primary care services and prescribed drugs – primary care which are made by Practitioner Services Division (PSD) on behalf of NHS Fife. This includes claims made by practitioners after issuing medicines and medical items to the public. We therefore identify the risk of fraud over expenditure for payments made by PSD on behalf of NHS Fife.</p>	<ul style="list-style-type: none"> <li>• Internal controls over expenditure systems operate effectively.</li> <li>• Effective budgetary control by management.</li> <li>• Fraud reports are regularly monitored and information across Scotland is routinely shared.</li> <li>• There are a range of measures in place to prevent and detect fraud, including: the Scheme of Delegation; Standing Financial Instructions; Standards of Business Conduct; Financial Operating Procedures; Anti-Fraud, Theft and Corruption Policy; and the Whistleblowing Policy.</li> <li>• The board has a formal partnership agreement with NHS Scotland Counter Fraud Services and an agreed protocol covering a programme of regular payment verification checks.</li> </ul>	<ul style="list-style-type: none"> <li>• Audit work on the National Fraud Initiative matches.</li> <li>• Obtain assurances from the NHS Scotland Counter Fraud Service.</li> <li>• Use of data analytics to identify high risk items and exceptions for substantive testing.</li> </ul>
3	<p><b>Risk of material misstatement caused by estimation and judgements</b></p> <p>There is a significant degree of subjectivity in the measurement and valuation of the material account areas of non-current assets and provisions and the note disclosures for commitments under Private Finance Initiative (PFI) contracts. This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<ul style="list-style-type: none"> <li>• Valuations of all land and building assets are reassessed under a five year programme of professional valuations by the District Valuer and adjusted in intervening years to take account of movements in prices since the latest valuation.</li> <li>• All legal claims notified to NHS Fife are processed by the Scottish NHS Central Legal Office (CLO) who decide upon the risk liability and likely outcome of each case.</li> <li>• Settled claims are reimbursed by the scheme less a £25k “excess” fee.</li> <li>• A contribution rate is agreed with the CLO for the cost of NHS Fife’s participation in CNORIS.</li> <li>• PFI disclosures are based on the NHS</li> </ul>	<ul style="list-style-type: none"> <li>• Review of reports from the District Valuer to confirm asset valuations.</li> <li>• Review the valuation process including engagement with the District Valuer.</li> <li>• Sample testing of indexation calculations.</li> <li>• Sample testing of CNORIS claims and associated reimbursements.</li> <li>• Verification of the CNORIS provision recognising the future liability from participating in the scheme with reference to the contribution rate provided by the CLO.</li> <li>• Review assessment of the two PFI contracts.</li> </ul>

	Audit Risk	Source of assurance	Planned audit work
		accounting model prepared by PricewaterhouseCoopers (PwC).	
4	<p><b>Risk of material presentation error in Note 3 – operating expenses</b></p> <p>The mapping of expenditure account codes in the ledger does not reflect the requirements of the Manual for the Annual Report and Accounts of NHS Boards. This is addressed by making several manual adjustments to the line entries in Note 3 – Operating Expenses.</p> <p>We are satisfied the financial statements accurately reflect the expenditure transactions posted to the ledger but there is the risk of a material presentation error in Note 3.</p>	<ul style="list-style-type: none"> <li>The adjustments are made following an independent review of ledger postings by the Senior Financial Accountant.</li> <li>Adjustments are made consistently each year.</li> </ul>	<ul style="list-style-type: none"> <li>Review of Manual for the Annual Report and Accounts of NHS Boards to ensure compliance with the disclosure requirements.</li> <li>Sample testing of significant manual adjustments to confirm they are reasonable and consistent.</li> </ul>
<b>Wider dimension risks</b>			
5	<p><b>Financial management</b></p> <p>NHS Fife's latest financial position to the end of October 2019 reflects an overspend of £7.6 million.</p> <p>The outturn position is forecast to be a deficit position of £5.8 million but there is potential for this figure to increase significantly to £14.6 million.</p> <p>The 2019/20 budget reporting is predicated on a number of high level assumptions including a reduction in risk share exposure on Fife IJB services for NHS Fife and increased non-recurring financial flexibility including unplanned slippage on allocations neither of which are guaranteed.</p> <p>There is a risk that NHS Fife delivers an overspend against its budget/ revenue allocation.</p>	<ul style="list-style-type: none"> <li>Timely reporting of the year to date financial position and forecast outturn in the Integrated Performance and Quality Report (IPQR).</li> <li>Ongoing discussions with partnership bodies and the Scottish Government in relation to the risk share arrangement and financial recovery plans for the health board and IJB to address current year challenges.</li> <li>Funding request made to the Scottish Government to the value of the risk share impact.</li> <li>Detailed assessment of potential non-recurring financial flexibility to identify release of benefit to the financial position.</li> </ul>	<ul style="list-style-type: none"> <li>Review financial budgeting and reporting including: assumptions supporting the increase in annual budget; progress with the delivery of savings; agreement of changes to the risk share arrangement; and reliance on financial flexibility.</li> <li>Monitor the development of the budget projection for the remainder of the financial year and the transparency of reporting to members.</li> <li>Consider any contingency actions if financial balance is not to be achieved.</li> <li>Review internal audit report B24/20 – Management of Savings Programme.</li> </ul>
6	<p><b>Financial sustainability</b></p> <p>The 2019/20 NHS Fife Annual Operational Plan (AOP) identified an in-year budget gap of £2.6 million for 2019/20, £6.6 million for 2020/21 and £3.5m for 2021/22. This excludes the impact of any unmet legacy savings from previous financial years. £17.3 million recurring savings are required in 2019/20 as a result of unmet savings carried forward from the</p>	<ul style="list-style-type: none"> <li>Financial sustainability and strategic planning, including transformation, is monitored through the Board Assurance Framework (BAF).</li> <li>Review of the Integration Scheme in 2020/21, as per the five year cycle given in the relevant legislation. This provides</li> </ul>	<ul style="list-style-type: none"> <li>Undertake work on financial planning including: progress with medium/ long term financial plans; progress with transformation, including partnership arrangements; identifying and monitoring key actions agreed in response to the Deloitte report; and savings</li> </ul>

	Audit Risk	Source of assurance	Planned audit work
	<p>previous year. This means the current and future financial gap exceeds £20 million.</p> <p>As at October 2019, £4.5 million savings (26%) had been identified on a recurring basis.</p> <p>NHS Fife has reported that some efficiency savings will be met through transformation, but it has been slow to provide specific details of the transformation programme and associated cost savings.</p> <p>There is a risk that transformational change does not progress as planned. This could result in NHS Fife being unable to deliver the savings required to achieve a balanced budget on a recurring basis over the three year planning cycle.</p>	<p>an opportunity to revisit and amend the current risk share arrangement.</p> <ul style="list-style-type: none"> <li>• Deloitte LLP engaged to drive forward a robust programme of savings across Acute Services Division (ASD). ASD are preparing a detailed action plan to implement the findings from the review.</li> <li>• Establishment of a series of Performance &amp; Accountability Review meetings.</li> <li>• Refreshed approach established for a system wide transformation programme to support redesign; reduce unwarranted variation and waste; and to implement detailed efficiency initiatives.</li> <li>• Appointment of interim Project Management Officer (PMO) Director to advise on the governance arrangements across health and social care.</li> </ul>	<p>proposals to ensure financial balance.</p>

Source: Audit Scotland

5. As set out in ISA 240, there is a presumed risk of fraud in the recognition of income. There is a risk that income may be misstated resulting in a material misstatement in the financial statements. We have rebutted the risk of material misstatement caused by fraud in income recognition in 2019/20 because the vast majority (over 95%) of the board's income and funding is from Scottish Government or other public sector bodies.

## Reporting arrangements

6. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).
7. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.
8. We will provide an independent auditor's report to NHS Fife, Scottish Parliament and the Auditor General for Scotland setting out our opinions on the annual accounts. We will provide the Accountable Officer and Auditor General for Scotland with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.

9. Under the Public Finance and Accountability (Scotland) Act 2000 there is a requirement for the resource account of the Scottish Government to be presented to Parliament within nine months of the financial year – end, i.e. 31 December. Management are required to submit their audited annual accounts by 30 June to meet the consolidation timetable.

## Exhibit 2

### 2019/20 Audit outputs

Audit Output	Target date	Committee Date
Annual Audit Plan	20 December 2019	9 January 2020
Management Report	7 May 2020	14 May 2020
Independent Auditor's Report	24 June 2020	24 June 2020 (Board meeting)
Annual Audit Report	11 June 2020	18 June 2020 (ARC meeting)

Source: Audit Scotland

### Audit fee

10. The proposed audit fee for the 2019/20 audit of NHS Fife is £157,600 (2018/19: £154,510). In determining the audit fee we have taken account of the risk exposure of NHS Fife, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited annual accounts on 11 May 2020 with working papers available from 1 May 2020.
11. Where our audit cannot proceed as planned through, for example, late receipt of unaudited annual accounts or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises out with our planned audit activity.

### Responsibilities

#### Audit and Risk Committee and Accountable Officer

12. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.
13. The audit of the annual accounts does not relieve management or the Audit and Risk Committee as those charged with governance, of their responsibilities.

#### Appointed auditor

14. Our responsibilities as independent auditors are established by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice (including supplementary guidance) and guided by the Financial Reporting Council's Ethical Standard.
15. Auditors in the public sector give an independent opinion on the financial statements and other information within the annual accounts. We also review and report on the arrangements within the audited body to manage its

performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.

# Audit scope and timing

## Annual accounts

- 16.** The annual accounts, which include the financial statements, will be the foundation and source for most of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:
- understanding the business of NHS Fife and the associated risks which could impact on the financial statements
  - assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
  - identifying major transaction streams, balances and areas of estimation and understanding how NHS Fife will include these in the financial statements
  - assessing the risks of material misstatement in the financial statements
  - determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.
- 17.** We will give an opinion on the financial statements as to:
- whether they give a true and fair view of the state of affairs of NHS Fife and its group at the year end and net expenditure for the year
  - whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements
  - the regularity of the expenditure and income.



characteristics



responsibilities



principal activities



risks



governance arrangements

## Statutory other information in the annual accounts

- 18.** We also review and report on statutory other information published within the annual accounts including the performance report, governance statement and the remuneration and staff report. We give an opinion on whether these have been properly prepared in accordance with relevant legislation and other reporting requirements in our independent auditor's report.
- 19.** We also read and consider any information in the annual accounts other than the financial statements for consistency with the financial statements and with our knowledge. We report any uncorrected material misstatements in statutory other information.

## Materiality

- 20.** We apply the concept of materiality in planning and performing the audit. It is used in evaluating the effect of identified misstatements on the audit, and of any uncorrected misstatements, on the financial statements and in forming our opinions in the independent auditor's report.
- 21.** We calculate materiality at different levels as described below. The calculated materiality values for NHS Fife are set out in [Exhibit 3](#).

## Exhibit 3

### Materiality values

Materiality	Amount
<b>Planning materiality</b> – This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. It has been set at 1% of estimated gross expenditure for the year ended 31 March 2020.	£13 million
<b>Performance materiality</b> – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 60% of planning materiality.	£8 million
<b>Reporting threshold (i.e., clearly trivial)</b> – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. This has been calculated at 1% of planning materiality.	£200,000



Source: Audit Scotland

## Timetable

22. To support the efficient use of resources it is critical that the annual accounts timetable is agreed with us to produce the unaudited accounts. We have included an agreed timetable at [Exhibit 4](#).

## Exhibit 4

### Annual accounts timetable

 Key stage	 Date
Latest submission date of unaudited annual report and accounts with complete working papers package	11 May 2020 (working papers available from 1 May 2020)
Latest date for receipt of assurances from Group's Component Auditors	22 May 2020
Consideration by management of Service Auditors reports	2 June 2020
Latest date for final clearance meeting with Director of Finance and other relevant officers	2 June 2020
Issue of Letter of Representation, proposed independent auditor's report, and draft Annual Audit Report to NHSFife Audit and Risk Committee	11 June 2020
Agreement of audited unsigned annual report and accounts	11 June 2020
Independent auditor's report signed	24 June 2020
Issue of Annual Audit Report to those charged with governance (the Board)	24 June 2020

## Internal audit

23. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the

work of internal audit, provided by FTF Audit and Management Services (FTF) wherever possible and as part of our planning process we carry out an annual assessment of the internal audit function. We concluded that FTF operates in accordance with the PSIAS.

- 24.** From our initial review of internal audit plans we plan to place formal reliance on internal audit work reported in B27/20 – Financial Process Compliance in respect of the following areas:
- Sample testing of expenditure
  - Bank reconciliations
  - Accounts payable reconciliations.
- 25.** In respect of our wider dimension audit responsibilities we plan to consider the following internal audit reports:
- B10/20 – A Blueprint for Good Governance – action plan
  - B11/20 – Assurance Framework and Assurance Mapping
  - B24/20 – Management of Savings Programme.

## Audit dimensions

- 26.** Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

### Exhibit 5 Audit dimensions



Source: Code of Audit Practice

### Financial sustainability

- 27.** As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:
- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term

- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps.

### Financial management

**28.** Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on:

- whether arrangements are in place to ensure systems of internal control are operating effectively
- the effectiveness of the budgetary control system in communicating accurate and timely financial performance can be demonstrated
- how NHS Fife has assured itself that its financial capacity and skills are appropriate
- whether there are appropriate and effective arrangements in place for the prevention and detection of fraud and corruption.

### Governance and transparency

**29.** Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision – making and transparent reporting of financial and performance information. We will review, conclude and report on:

- whether NHS Fife can demonstrate that the governance arrangements in place are appropriate and operating effectively
- whether there is effective scrutiny, challenge and transparency on the decision-making and finance and performance reports
- the quality and timeliness of financial and performance reporting.

### Value for money

**30.** Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether NHS Fife can provide evidence that it is demonstrating value for money in its achievement of performance targets.

### Strategic plan for the five year appointment

**31.** As part of our responsibility to report on the audit dimensions over the current audit appointment we have identified the areas of proposed audit work listed in [Exhibit 6](#) (this will be subject to annual review).

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## Exhibit 6

### Strategic plan

Dimension	2019/20	2020/21
<b>Financial sustainability</b>	Financial planning Transformation and partnership working	Financial planning
<b>Financial management</b>	Financial reporting and budgeting	Financial reporting and budgeting

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Dimension	2019/20	2020/21
<b>Governance and transparency</b>	Follow up prior year action points	
<b>Value for money</b>	Follow up prior year action points	Equalities and diversity

Source: Audit Scotland

## Best Value

- 32.** The Accountable Officer of NHS Fife has a duty to ensure arrangements are in place to secure best value. We will review and report on these arrangements.

## Independence and objectivity

- 33.** Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the annual accounts auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual “fit and proper” declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland’s Ethics Partner.
- 34.** The engagement lead (i.e. appointed auditor) for NHS Fife is Brian Howarth, Audit Director. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of NHS Fife.

## Quality control

- 35.** International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor’s report or opinion is appropriate in the circumstances.
- 36.** The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and supporting guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews and internal quality reviews. Additionally, the Institute of Chartered Accountants of Scotland (ICAS) have been commissioned to carry out external quality reviews.
- 37.** As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

# NHS Fife

## Annual Audit Plan 2019/20

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)

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## Audit & Risk Committee

<b>DATE OF MEETING:</b>	9 January 2020	
<b>TITLE OF REPORT:</b>	Audit Scotland report: <i>NHS in Scotland 2019</i>	
<b>EXECUTIVE LEAD:</b>	Carol Potter, Director of Finance	
<b>REPORTING OFFICER:</b>	Carol Potter, Director of Finance	
<b>Purpose of the Report</b> (delete as appropriate)		
<b>For Decision</b>	<b>For Discussion</b>	<b>For Information</b>
<b>SBAR REPORT</b>		
<p><b><u>Situation</u></b></p> <p>Throughout each financial year Audit Scotland undertakes a programme of National Performance Audits and Best Value Studies across the Public Sector. Following completion of the statutory annual accounts process and presentation of individual external audit reports to individual NHS Boards, an overview report for NHS Scotland as a whole is prepared by Audit Scotland for the Auditor General for Scotland.</p>		
<p><b><u>Background</u></b></p> <p>The Auditor General appoints auditors to Scotland's central government and NHS bodies; examines how public bodies spend public money; helps them to manage their finances to the highest standards; and checks whether they achieve value for money. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland. The <i>NHS in Scotland 2019</i> report was published by Audit Scotland on 24 October 2019. The report sets out a number of key facts and messages, a series of recommendations and a supplementary checklist for Non Executive Directors. The report and checklist was circulated to all Board members on 29 October 2019 and are attached as Appendices to this SBAR.</p>		
<p><b><u>Assessment</u></b></p> <p>Key Messages:</p> <ol style="list-style-type: none"> <li>1. Health remains the single biggest area of government spending, at £13.4 billion in 2018/19. This was 42 per cent of the 2018/19 Scottish Government budget and is growing. The healthcare system faces increasing pressure from rising demand and costs, and it has difficulty meeting key waiting times standards. Without reform, the Scottish Government predicts that there could be a £1.8 billion shortfall in the projected funding for health and social care of £18.8 billion by 2023/24. So far, the pace of change to address this, particularly through the integration of health and social care, has been too slow.</li> <li>2. The Scottish Government has started to put in place foundations to support boards make the changes required. These include the publication of the Health and Social Care: Medium-Term Financial Framework, the Waiting Times Improvement Plan and the introduction of a national leadership development project. The new requirement for NHS boards to develop three-year financial and performance plans enables them to more effectively plan how services will be delivered in the longer term. It is, however, too soon to assess the impact of these initiatives.</li> </ol>		

3. Despite the existing pressures, patient safety and experience of hospital care continue to improve. Drugs costs have stabilised, and we have seen examples of new and innovative ways of delivering healthcare that involve a range of partners. These aim to increase the care provided in the community and expand multidisciplinary working, to improve access to care and treatment.
4. Achieving financial sustainability remains a major challenge for NHS boards. There have been increases in predicted deficits and additional financial support provided by the Scottish Government, and a continued reliance on one-off savings. Capital funding from the Scottish Government has decreased by 63 per cent over the last decade and the level of backlog maintenance remains high, at £914 million. High-profile, newly-built hospitals have come under significant scrutiny because of health and safety concerns.
5. The ambitions within the Scottish Government's 2020 Vision will not be achieved by 2020. The Scottish Government should work with NHS staff, partners and the public to develop its new strategy for health and social care. It should set out priorities that support large-scale, system-wide reform to increase the pace of change. Collaborative leadership is needed to focus on better partnership working, staff engagement and promoting positive workplace behaviours. Staff are at the heart of the NHS and it is vital that more is done to support them so that they can care for people in a safe, fulfilling and respectful environment.

A number of key recommendations were set out for the Scottish Government, NHS Boards, and Integration Authorities:

**The Scottish Government in partnership with NHS boards and integration authorities should:**

- develop a new national health and social care strategy to run from 2020 that supports large-scale, system-wide reform, with clear priorities that identify the improvement activities most likely to achieve the reform needed
- develop and publish the national, integrated health and social care workforce plan and guidance, to inform future workforce planning
- improve the quality and availability of data and information, particularly in primary and community care. This will allow better performance monitoring, inform service redesign and improve care coordination by enhancing how patient information is shared across health and social care services
- incorporate the principles of the Community Empowerment Act within communication and engagement strategies.

**The Scottish Government should:**

- finalise and publish as a matter of urgency, the national capital investment strategy to ensure that capital funding is strategically prioritised
- report publicly on progress against the health and social care delivery plan. This should provide an update, and include measures of performance, on how services are being delivered differently to allow more people to be cared for closer to home
- develop a single annual staff survey that relates to behaviours, culture and staff experience, to identify areas for improvement and address behaviour that is contrary to NHS Scotland values.

### The Scottish Government in partnership with NHS boards should:

- make sure that NHS boards' three-year plans are approved in time for the start of each financial year. The plans should be routinely managed and monitored and should include details of how boards intend to reduce their reliance on non-recurring savings
- ensure that the NHS Scotland A Blueprint for Good Governance is implemented in full and that areas for improvement are addressed, particularly around strengthening risk-management arrangements
- continue to monitor the effectiveness of the Scottish Government's NHS leadership development project and its impact on recruitment, retention and the support of senior healthcare leaders
- ensure that all NHS boards: provide evidence that they actively promote positive workplace behaviours and encourage the reporting of bullying and harassment
- have action plans in place to improve culture, address any issues identified and use the findings of the Sturrock review to inform their plans for cultural improvement.

At a recent National Directors of Finance meeting, Audit Scotland colleagues extended an offer to attend the Audit & Risk Committee of any NHS Board if requested.

Non-Executive Board members are invited to consider filling in an accompanying checklist, to help them assess their role of overseeing the performance of the Board, with an aim of promoting good practice, scrutiny and challenge in decision-making. The checklist should be read in conjunction with the full report, and is divided into two sections covering: (i) financial and operational performance; and (ii) what needs to change. The questions contained in the checklist should help Non-Executive Directors seek evidence, and subsequently gain assurance, on the Board's approach in these areas. If the answer to any question is 'no', then Audit Scotland encourages Non-Executive Directors to speak with the Board's senior Executive Team and Chief Executive, to discuss how improvements can be made

### Recommendation

Members of the Committee are asked to:

- **note** the key messages and recommendations set out in the *NHS Scotland in 2019* report

### Objectives: (must be completed)

Healthcare Standard(s):	Audit and risk matters cover all aspects of Healthcare Standards
HB Strategic Objectives:	Audit and risk matters cover all aspects of the Board's Strategic Framework

### Further Information:

Evidence Base:	NA
Glossary of Terms:	NA
Parties / Committees consulted prior to Meeting:	Report circulated to Board members 29/10/19

### Impact: (must be completed)

Financial / Value For Money	N/A
Risk / Legal:	N/A
Quality / Patient Care:	N/A
Workforce:	N/A
Equality:	N/A

# NHS in Scotland 2019



AUDITOR GENERAL 

Prepared by Audit Scotland  
October 2019



# Auditor General for Scotland


The Auditor General's role is to:

- appoint auditors to Scotland's central government and NHS bodies
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- NHS bodies
- further education colleges
- Scottish Water
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Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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### Audit team

The core audit team consisted of: Leigh Johnston, Fiona Watson, Eva Thomas-Tudo, Agata Maslowska, Veronica Cameron and John Kirkwood with support from other colleagues and under the direction of Claire Sweeney.

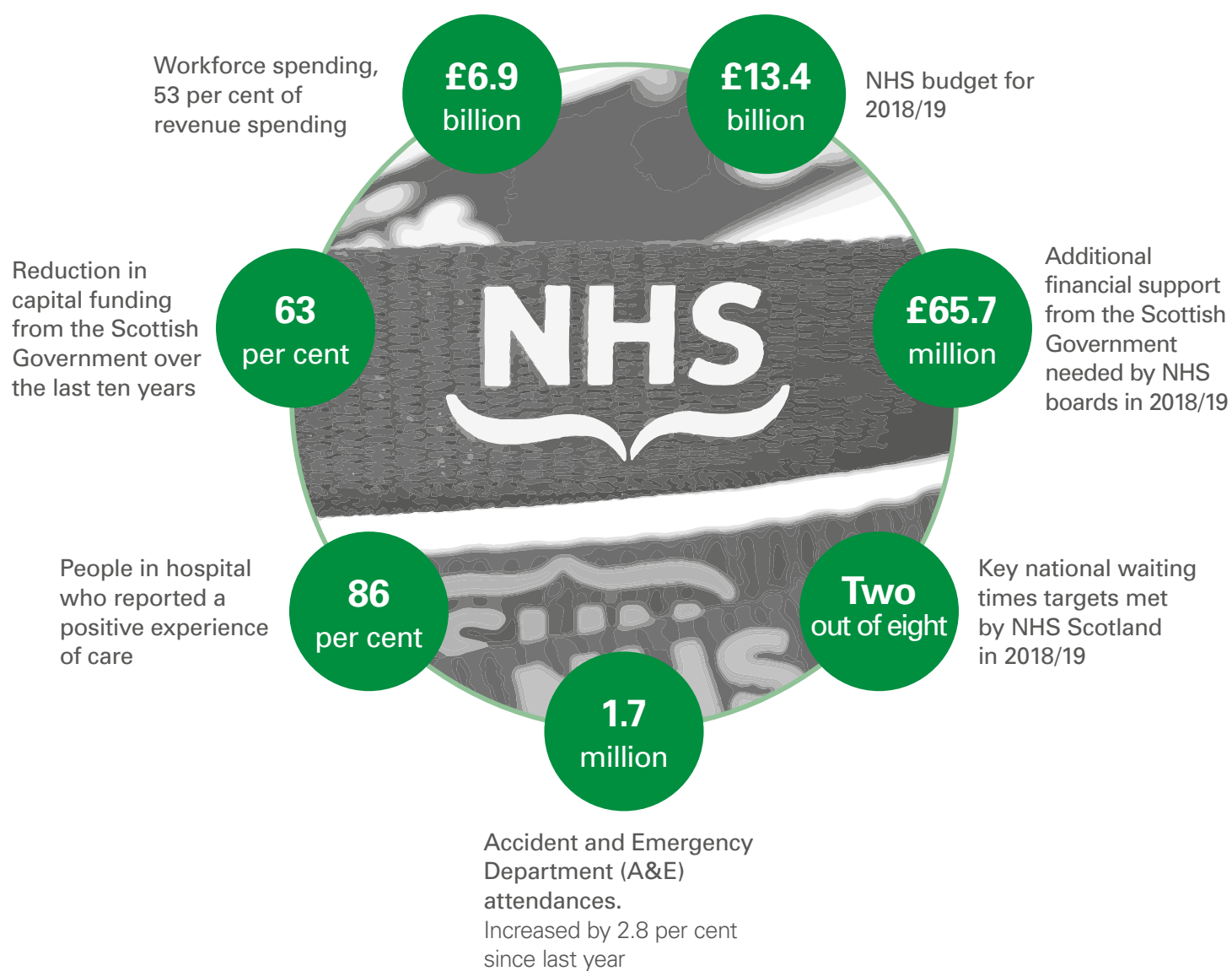
### Links

-  PDF download
-  Web link

### Exhibit data

When viewing this report online, you can access background data by clicking on the graph icon. The data file will open in a new window.

# Key facts



# Summary



## Key messages

- 1 Health remains the single biggest area of government spending, at £13.4 billion in 2018/19. This was 42 per cent of the 2018/19 Scottish Government budget and is growing. The healthcare system faces increasing pressure from rising demand and costs, and it has difficulty meeting key waiting times standards. Without reform, the Scottish Government predicts that there could be a £1.8 billion shortfall in the projected funding for health and social care of £18.8 billion by 2023/24. So far, the pace of change to address this, particularly through the integration of health and social care, has been too slow.
- 2 The Scottish Government has started to put in place foundations to support boards make the changes required. These include the publication of the *Health and Social Care: Medium-Term Financial Framework*, the *Waiting Times Improvement Plan* and the introduction of a national leadership development project. The new requirement for NHS boards to develop three-year financial and performance plans enables them to more effectively plan how services will be delivered in the longer term. It is, however, too soon to assess the impact of these initiatives.
- 3 Despite the existing pressures, patient safety and experience of hospital care continue to improve. Drugs costs have stabilised, and we have seen examples of new and innovative ways of delivering healthcare that involve a range of partners. These aim to increase the care provided in the community and expand multidisciplinary working, to improve access to care and treatment.
- 4 Achieving financial sustainability remains a major challenge for NHS boards. There have been increases in predicted deficits and additional financial support provided by the Scottish Government, and a continued reliance on one-off savings. Capital funding from the Scottish Government has decreased by 63 per cent over the last decade and the level of backlog maintenance remains high, at £914 million. High-profile, newly-built hospitals have come under significant scrutiny because of health and safety concerns.
- 5 The ambitions within the Scottish Government's 2020 Vision will not be achieved by 2020. The Scottish Government should work with NHS staff, partners and the public to develop its new strategy for health and social care. It should set out priorities that support large-scale, system-wide reform to increase the pace of change. Collaborative leadership is needed to focus on better partnership working, staff engagement and promoting positive workplace behaviours. Staff are at the heart of the NHS and it is vital that more is done to support them so that they can care for people in a safe, fulfilling and respectful environment.

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## Recommendations

### The Scottish Government in partnership with NHS boards and integration authorities should:

- develop a new national health and social care strategy to run from 2020 that supports large-scale, system-wide reform, with clear priorities that identify the improvement activities most likely to achieve the reform needed
- develop and publish the national, integrated health and social care workforce plan and guidance, to inform future workforce planning
- improve the quality and availability of data and information, particularly in primary and community care. This will allow better performance monitoring, inform service redesign and improve care coordination by enhancing how patient information is shared across health and social care services
- incorporate the principles of the Community Empowerment Act within communication and engagement strategies.

### The Scottish Government should:

- finalise and publish as a matter of urgency, the national capital investment strategy to ensure that capital funding is strategically prioritised
- report publicly on progress against the health and social care delivery plan. This should provide an update, and include measures of performance, on how services are being delivered differently to allow more people to be cared for closer to home
- develop a single annual staff survey that relates to behaviours, culture and staff experience, to identify areas for improvement and address behaviour that is contrary to NHS Scotland values.

### The Scottish Government in partnership with NHS boards should:

- make sure that NHS boards' three-year plans are approved in time for the start of each financial year. The plans should be routinely managed and monitored and should include details of how boards intend to reduce their reliance on non-recurring savings
  - ensure that the *NHS Scotland A Blueprint for Good Governance* is implemented in full and that areas for improvement are addressed, particularly around strengthening risk-management arrangements
  - continue to monitor the effectiveness of the Scottish Government's NHS leadership development project and its impact on recruitment, retention and the support of senior healthcare leaders
  - ensure that all NHS boards:
    - provide evidence that they actively promote positive workplace behaviours and encourage the reporting of bullying and harassment
    - have action plans in place to improve culture, address any issues identified and use the findings of the Sturrock review to inform their plans for cultural improvement.
-

# Introduction



**1.** The NHS provides vital health services to the people of Scotland. People are living longer, many with chronic health conditions. There are greater expectations for the NHS to provide high-quality, timely and technologically advanced care. Pressures on the NHS in Scotland continue to be substantial and demand for services is at an all-time high. Between 2017/18 and 2018/19 the NHS in Scotland saw:

- an increase of 2.2 per cent in people waiting for outpatient appointments
- an increase of 2.8 per cent in Accident and Emergency Department (A&E) attendances
- an increase of 6.1 per cent in people waiting for inpatient appointments.

**2.** Wide-scale reform is necessary to address the increasing pressures on the NHS and reduce demand for acute services. The Scottish Government has had a long-term commitment to delivering care closer to home. To achieve this, the successful integration of health and social care is vital. Effective collaboration with community partners will support better planning, design and coordination of patient-focused care and services.

**3.** In 2018/19, the NHS in Scotland received £13.4 billion from the Scottish Government. This funding is needed to support the increasing cost of healthcare delivery and to meet national policy directives such as integration and reducing waiting times. *The Health and Social Care: Medium-Term Financial Framework* (MTFF), published in October 2018, sets out the reforms required to ensure the financial sustainability of the NHS in Scotland. Without reform the Scottish Government predicts that there will be an increase in spending across health and social care in Scotland to around £20.6 billion by 2023/24.

**4.** Despite the significant challenges, the NHS in Scotland has a committed workforce that continues to provide high-quality, safe care. There have been significant improvements in key patient safety indicators, such as mortality rates in hospital, and patients' experiences of healthcare has also improved.

**5.** This report provides an overview of the NHS in Scotland and the realities of delivering healthcare in Scotland. It draws on a wide range of intelligence, interviews and data, to help understand the context, challenges and performance. It sets out the financial performance of the NHS in 2018/19, and the financial outlook for 2019/20 and beyond. This includes the new approach to longer-term financial planning and the new MTFF, and progress towards achieving the objectives of the Health and Social Care Delivery Plan (HSCDP). We report on the workforce, leadership and culture, governance and performance against national targets.

# Part 1

## How the NHS in Scotland is performing




### Key messages

- 1** The NHS budget for 2018/19 was £13.4 billion, an increase of one per cent in real terms since 2017/18. Four NHS boards required a total of £65.7 million in additional financial support from the Scottish Government to break even. The NHS achieved £390.4 million in savings, less than one per cent below its target, but remains reliant on one-off savings. Fifty per cent of all savings were non-recurring.
- 2** The Scottish Government has started to put in place foundations to support financial sustainability. The introduction of new three-year financial and performance plans and break-even arrangements is an important step towards more effective longer-term planning.
- 3** The NHS in Scotland is facing growing pressures from population changes and increasing costs of delivering healthcare. NHS boards and the Scottish Government have implemented a range of initiatives to manage these pressures. Some progress has been made. For example, spending on drugs has stabilised.
- 4** The NHS capital budget decreased by 63 per cent over the last decade. The level of backlog maintenance remains high, at £914 million, with nine per cent being classified as high risk. High-profile new builds have come under significant scrutiny because of health and safety concerns.
- 5** Patient safety is continuing to improve, with a significant reduction in hospital mortality rates. People's experience of hospital care is also improving. However, boards continue to struggle to meet key waiting times standards, with only two of eight national standards being met. But in seven of the eight standards, the number of people that were seen and treated on time increased. The Scottish Government has introduced several initiatives to improve access to care, such as the *Waiting Times Improvement Plan* (WTIP).

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### The NHS is starting to address some of its financial pressures, but major risks remain

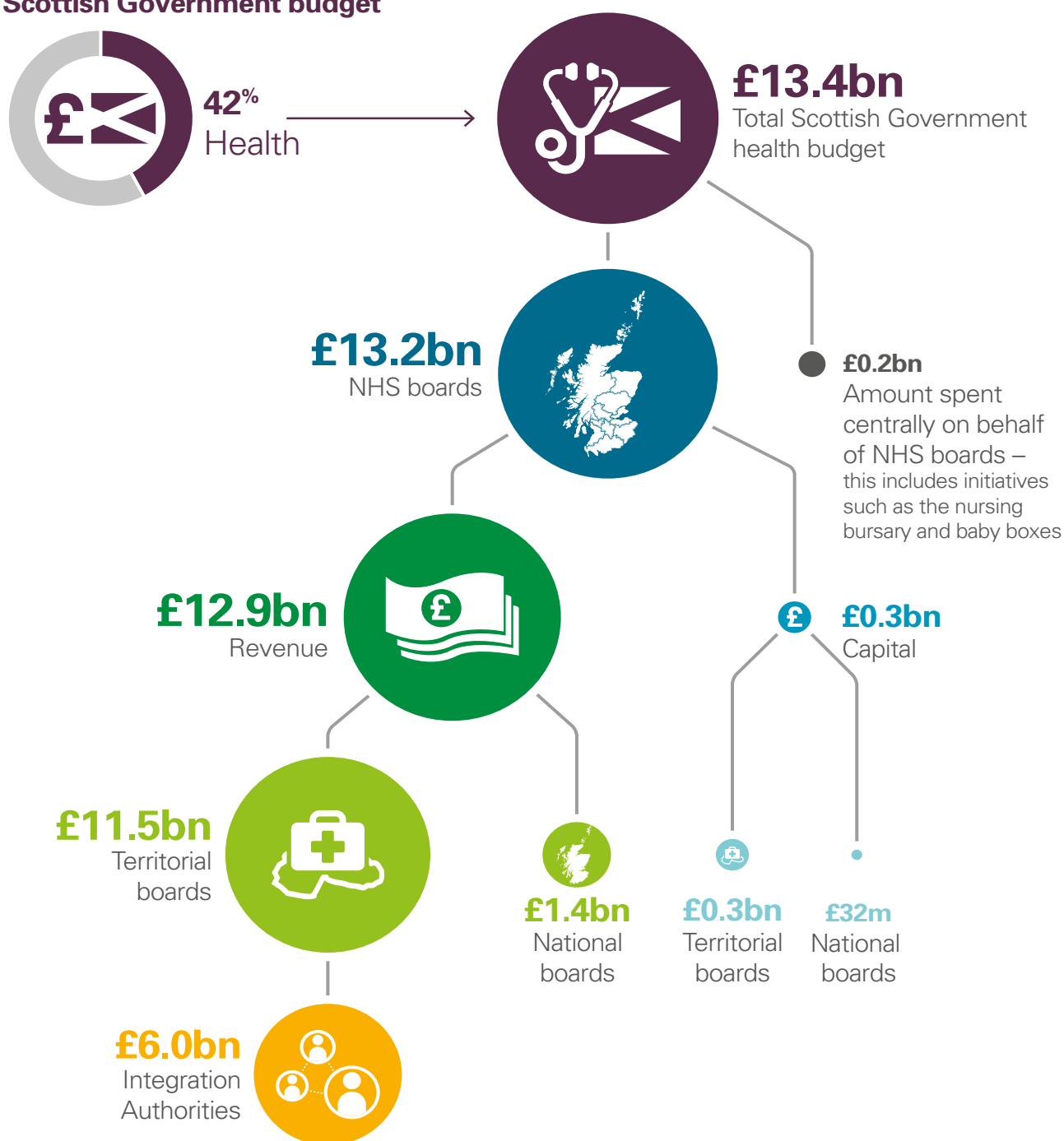
**6.** In [NHS in Scotland 2018](#) , we reported that the NHS was not in a financially sustainable position. This meant that it was unlikely to be able to continue delivering services effectively or change how services are delivered with the available resources. NHS boards continue to struggle with financial pressures, which makes it harder to reform the health and social care system.

7. The Scottish Government health budget in 2018/19 was £13.4 billion. This was one per cent higher than the previous year, taking inflation into account. Of this, the amount allocated to NHS boards was £13.2 billion. The total revenue budget, for day-to-day spending, allocated to NHS boards was £12.9 billion. This has increased by 0.6 per cent in real terms since 2017/18 ([Exhibit 1](#)).

## Exhibit 1

### A breakdown of NHS funding in 2018/19

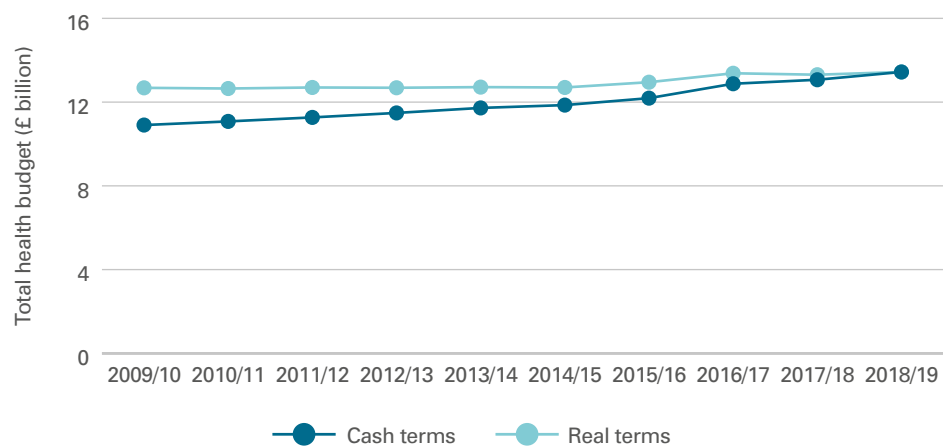
#### Scottish Government budget



Source: Audit Scotland using NHS Consolidated Accounts


8. Health accounted for 42 per cent of the Scottish Government’s budget in 2018/19. NHS boards delegate a significant proportion of their budgets to Integration Authorities (IAs) to fund health services such as primary and community care. In 2018/19, territorial boards delegated £6 billion to IAs, 52 per cent of their budget.
9. Over the last ten years, the health budget has increased by six per cent in real terms. Most of this increase has been in the last five years, with an increase of 5.8 per cent (Exhibit 2). Funding per head of population has increased at a slower rate. In 2018/19, health funding in Scotland was £2,471 per person. This compares to £2,424 in 2009/10, a two per cent increase in real terms.<sup>1</sup>
10. The Scottish Government’s draft budget for 2019/20 states that health funding will increase to £14.2 billion, an increase of 5.4 per cent in cash terms. Revenue funding is planned to increase by 5.6 per cent and capital funding is set to decrease by 1.5 per cent in cash terms.<sup>2</sup>

**Exhibit 2**  
**Health funding trend since 2009/10**  
Health funding has increased in both real terms and cash terms since 2009/10.




Source: Scottish Government budgets

**Without ongoing reform, there could be a rise in spending across health and social care services to around £20.6 billion by 2023/24**

11. Last year, we reported that the publication of the MTFF aimed to better address the financial challenges of integrating the delivery of health and social care services. The framework acknowledges that there will be increases in demand for services, workforce pay and the cost of delivering healthcare services. It predicts that without reform there will be a £1.8 billion shortfall in the projected funding of £18.8 billion by 2023/24.<sup>3</sup>
12. In 2016, the Scottish Government published its five-year **HSCDP** . It set some ambitious targets intended to drive the integration of health and social care across the NHS in Scotland to help achieve the 2020 Vision.<sup>4</sup> Last year, we recommended that the Scottish Government should publish a report on progress



**Exhibit 13**

 A timeline of major Scottish Government health and social care policies and publications (page 31)

against the HSCDP. This has not yet been published and we recommend the Scottish Government do so as soon as possible. Further work is required to achieve the reform needed across health and social care. This work will not be completed in time to achieve the 2020 Vision.

**13.** NHS boards delegate funding to IAs for certain health services. This funding has increased each year since 2016/17, when IAs were established. In 2018/19, NHS territorial boards delegated 52 per cent of their budgets to IAs. This represents a 4.1 per cent increase in real terms from 2016/17.<sup>5</sup> IAs aim to shift spending and services from hospitals to community and social care. There is little evidence to date that this is happening.

### **At the beginning of 2018/19 the number of boards predicting a year-end deficit increased**

**14.** Last year, we reported that the number of boards predicting year-end deficits had increased. These boards needed to make additional savings to offset any predicted overspend against their budget. There is a risk that boards will be unable to break even and will require additional financial support from the Scottish Government:

- In 2015/16, all territorial NHS boards predicted that they would break even or record a surplus by the end of the year.
- By 2016/17, three territorial boards predicted a year-end deficit, which increased to seven in 2017/18 and nine in 2018/19.
- The number of boards that required additional financial support from the Scottish Government, to break even at year end, were: one (2016/17), three (2017/18) and four (2018/19).
- The size of the predicted deficit also increased for 2018/19, from £99 million to £150 million, but decreased to £116 million for 2019/20. For 2021/22, however, the deficit is predicted to be significantly larger, at £207 million. Most of this deficit relates to NHS Lothian, which predicts a deficit of almost £90 million, and NHS Greater Glasgow and Clyde, which predicts a deficit of £61.5 million.<sup>6</sup>

### **The NHS in Scotland met its financial targets in 2018/19, but required £65.7 million in additional financial support from the Scottish Government to achieve this**

**15.** In 2018/19, all NHS boards broke even, staying within the limits of their revenue and capital budgets, and delivered a surplus of £4.6 million.<sup>7</sup> However, this was only possible because four boards received additional financial support from the Scottish Government, totalling £65.7 million.<sup>8</sup> This was an increase from £50.7 million in 2017/18, but was £8.8 million lower than initially forecast. The four boards that required additional support were:

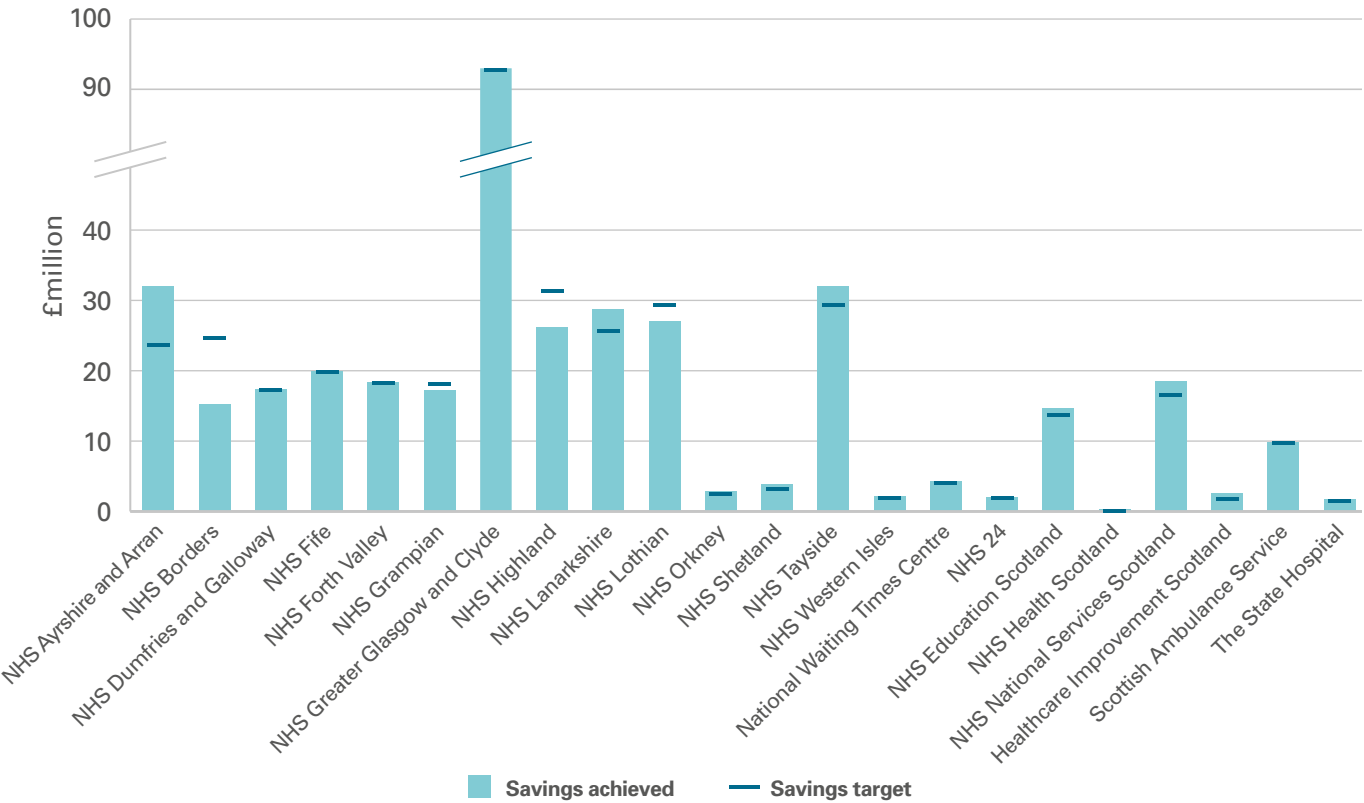
- NHS Ayrshire and Arran – £20 million
- NHS Borders – £10.1 million
- NHS Highland – £18 million
- NHS Tayside – £17.6 million.

**16.** The Scottish Government announced that territorial boards would not have to repay any outstanding loans owed at the end of 2018/19. This totalled almost £150 million.<sup>9</sup> It is unclear what the Scottish Government’s approach will be if boards require additional financial support in future years.

**The NHS almost achieved its savings target for 2018/19, but remains reliant on one-off savings**

**17.** In 2018/19, the NHS achieved £390.4 million in savings. This was 0.3 per cent below its savings target of £391.1 million. This was a significant improvement compared with the previous year, when it achieved savings seven per cent below its target of £480.8 million. [Exhibit 3](#) shows the savings achieved against targets for all NHS boards.

**Exhibit 3**  
Savings achieved against targets in 2018/19



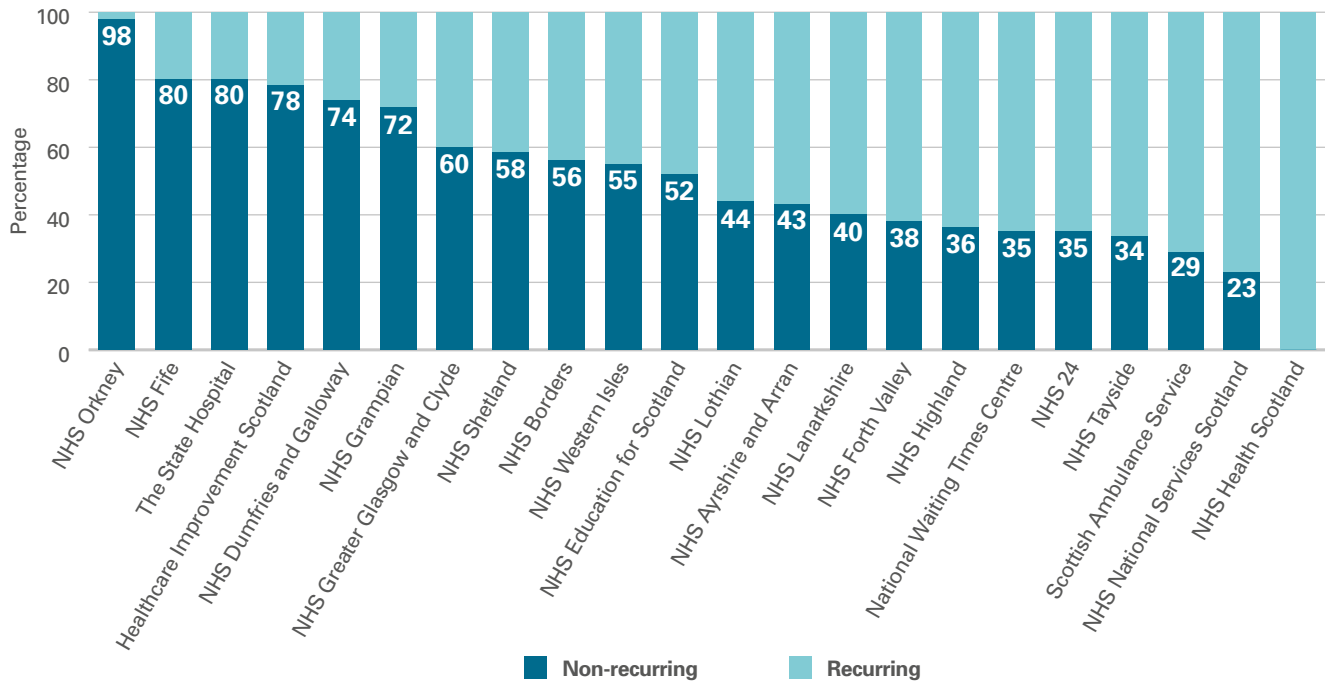
Source: NHS boards' annual audit reports and financial performance reports, 2019

**18.** In 2018/19, 50 per cent of all savings were non-recurring, up from 35 per cent in 2016/17. Non-recurring savings are not sustainable. They can improve a board’s in-year financial position, but they do not reduce the cost of running the organisation and cannot necessarily be repeated in subsequent years. An example of a non-recurring saving is delaying recruitment for a vacant position. Recurring savings can be made in one year and can continue to save money in future years, for example by changing the way a service is delivered, to become more efficient. Boards varied significantly in their reliance on non-recurring savings, with territorial boards being more reliant than national boards ([Exhibit 4, page 13](#)).

Exhibit 4

The percentage of savings achieved that were non-recurring in 2018/19

Boards varied significantly in their reliance on non-recurring savings.



Source: Audit Scotland using annual audit reports and month-13 financial performance reports

The level of planned savings that are high risk has increased

19. In their annual plans for 2018/19, NHS boards categorised their planned savings as high, medium or low risk, depending on the likelihood that the savings would be realised. In 2018/19, the NHS in Scotland classified their planned savings as follows:

- 32.0 per cent as high risk
- 28.5 per cent as medium risk
- 39.5 per cent as low risk.

20. The proportion of high-risk savings was significantly higher in 2018/19 than in previous years (13.1 per cent in 2017/18). There was wide variation among boards. For example, NHS Greater Glasgow and Clyde classified all its planned savings as high risk, which had a significant impact on the total proportion of savings classified as high risk.

21. However, NHS boards vary in how they assess savings. For example, only some boards include unidentified savings as high risk. To improve transparency and consistency, NHS boards should ensure that any unidentified savings are classified as high risk.

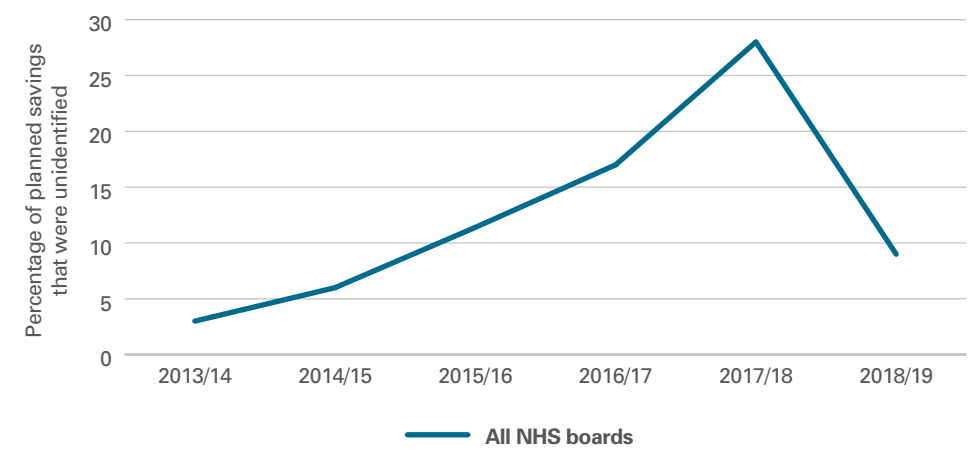
Boards were able to better identify where future savings will come from

22. There was a significant improvement in the proportion of unidentified savings in boards' plans for 2018/19. Last year, boards were unable to identify where 28 per cent of planned savings would come from. This year, nine per cent of required savings were not yet identified in boards' plans, a reduction of 19 percentage points (Exhibit 5, page 14).

Exhibit 5

Trends in unidentified planned savings, 2013/14 to 2018/19

The level of unidentified savings in all boards' plans decreased significantly in 2018/19.



Source: Audit Scotland using NHS boards' local delivery plans/annual operational plans 2013/14 to 2018/19

The Scottish Government has started to put in place the foundations to support financial sustainability

**23.** In October 2018, the Scottish Government published its MTFF. This was an important step towards supporting improvements to achieve financial sustainability of the NHS in Scotland. It outlines the scale of the financial challenges ahead and acknowledges that reform is necessary if the NHS is to be sustainable.

**24.** The MTFF sets out the activities required to support the reform needed. It also sets out the intention to invest more in primary, community and social care. The aim is for approximately 50 per cent of savings released from the hospital sector to be redirected to these areas through:

- increases in efficiency savings
- reductions in attendances at A&E, and the numbers of inpatients and outpatients
- regional working and public health prevention strategies.


**25.** Alongside the publication of the MTFF, the Scottish Government announced that boards will no longer be required to break even at the end of each financial year. Instead, they will be required to break even over a three-year period. This should provide greater flexibility in planning and investing over the medium to longer term.

**26.** NHS boards were required to produce three-year financial plans for the first time for 2019/20. This is an important step towards the NHS developing more effective longer-term planning. The Scottish Government developed guidance with boards to support the development of these plans, but this was not released until late February 2019. This gave them limited time to develop plans before the start of the financial year in April, and some were not approved until August 2019.

**27.** The Scottish Government held briefing sessions for boards during September 2019 and intends to release guidance in December 2019, to support them in developing next year's plans. In the first year of this new approach to financial planning, most boards included some information for the next three years, but the level of detail provided varied. Some boards, including NHS Borders and NHS Lanarkshire, did not include full details for all three years.

**28.** We expect the level of detail in boards' financial plans to improve next year, following the release of further guidance by the Scottish Government. The Scottish Government and NHS boards should work together to make sure that plans are in place and approved in time for the start of each financial year.

### **Five boards are receiving external support because they are struggling to meet financial and performance targets**

**29.** The Scottish Government has a five-stage escalation process to provide boards with additional support when they are unable to meet financial or performance targets. Most boards are at stage one, which means that they are deemed to be performing steadily and are reporting normally. Stage five means that the Scottish Government deems that a board's organisational structure is unable to deliver effective care. [Case study 1](#) and [Case study 2 \(page 16\)](#) describe the external support being provided to help two boards achieve financial balance. At October 2019, no boards were at stage five, but **five boards were at stage three or four** .



#### **Escalation at October 2019:**

##### **Stage three:**

- NHS Ayrshire and Arran
- NHS Lothian

##### **Stage four:**

- NHS Borders
- NHS Highland
- NHS Tayside

## Case study 1

### **NHS Borders receives external support to help it achieve financial balance**



In November 2018, NHS Borders moved to escalation stage four in the Scottish Government's performance escalation framework. Boards at stage four face a significant risk to service delivery, quality, financial performance or safety, and senior-level external support is required.

In 2018/19, the board was unable to achieve financial balance and needed £10.1 million in additional financial support from the Scottish Government to break even. This was mainly to alleviate cost pressures at the Borders General Hospital and offset efficiency savings that were not achieved.

The Scottish Government Health and Social Care Directorate Board Recovery Team has been providing support since December 2018. NHS Borders created a new Financial Turnaround Programme to replace its previous transformation programme. The programme aims to achieve a more sustainable improvement in the board's finances. The Financial Turnaround Programme is in its early stage, and its success will depend on the pace of change and the resources made available.

The board has also developed a new project management office (PMO) structure. In the short term, the PMO director will be supported by a turnaround team with experience of successfully delivering similar financial recovery programmes elsewhere.

Source: Audit Scotland, 2019

## Case study 2



### NHS Ayrshire and Arran is further developing its improvement plan

In October 2018, the Auditor General published a report to draw Parliament's attention to the scale of the challenge that NHS Ayrshire and Arran was facing in meeting its financial targets. The report concluded that some of the cost pressures were not wholly within the control of the board, such as pay increases and the apprenticeship levy. However, the board's operating costs remained too high.

In 2017/18, PwC reviewed NHS Ayrshire and Arran's Transformational Change Improvement Plan (TCIP). It found that the TCIP was not substantial enough to achieve long-term financial sustainability and that greater transformational change would be required. During 2018/19, the PMO strengthened the governance and oversight of the TCIP. The board's internal auditors concluded that this provided only a partial level of assurance for the board and made several recommendations. These focused on improving governance for the implementation of the plan and a better understanding of dependencies between specific projects. Progress is reported regularly to the Corporate Management Team and the Performance Governance Committee.

In 2018/19, the board needed to make savings of £23.8 million. To support this, 143 improvement initiatives were identified. These initiatives achieved recurring savings of £18.4 million. This was £3.7 million more than in 2017/18. The board achieved £32 million of savings in total. Work will continue to implement the recommendations of the internal audit review, to improve the success of the TCIP in achieving recurring savings.

Source: Deloitte, 2019

### Capital funding from the Scottish Government has decreased by 63 per cent over the last decade, and there are signs of strain

**30.** The NHS capital budget, that is, money for new buildings and equipment, can fluctuate as new projects are approved or completed. There has been a trend of reducing funding over the last decade. In 2018/19, capital funding from the Scottish Government was £334 million, a reduction of 63 per cent in real terms since 2009/10 ([Exhibit 6, page 17](#)).

**31.** Demand for capital funding outweighs what is available for the next two years. This will limit boards' ability to invest in their infrastructure. The Scottish Government is prioritising several infrastructure investments over the next two years. These include:

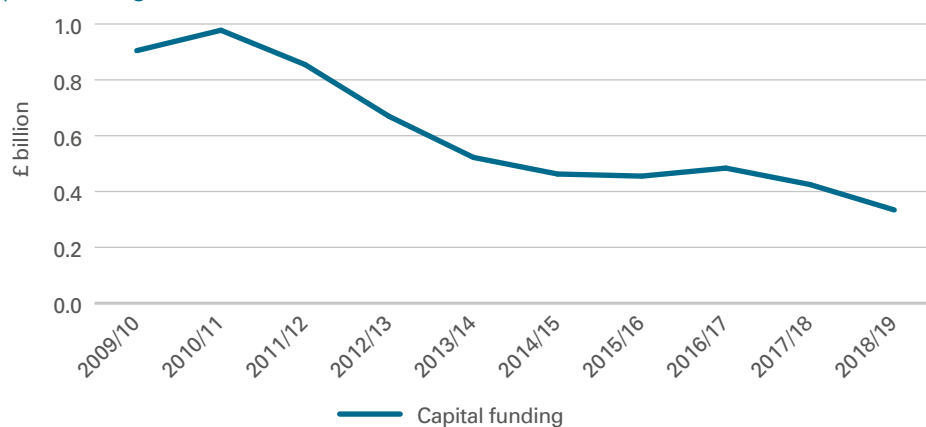
- an elective centres programme to create additional procedural and diagnostic capacity across Scotland<sup>10</sup>
- the new Baird Family Hospital and the Anchor Centre at Foresterhill Campus in Aberdeen
- new community hospitals in Aviemore and Broadford
- the replacement of St Brendan's Hospital, Barra, with a new health and social care hub.

**32.** NHS boards can use their revenue budget, which is allocated for day-to-day spending, to support additional capital investment. One way of doing this is to enter into contracts where the private sector finances the initial construction costs for the buildings and maintains them for a specific period, usually 25-30 years. NHS boards make annual payments from their revenue budgets for the length of the contract. Investment in these types of projects across the public sector in Scotland will be covered in more detail in our upcoming report on revenue funding of assets.

## Exhibit 6

### Capital funding from the Scottish Government since 2009/10

Capital funding has decreased in real terms.



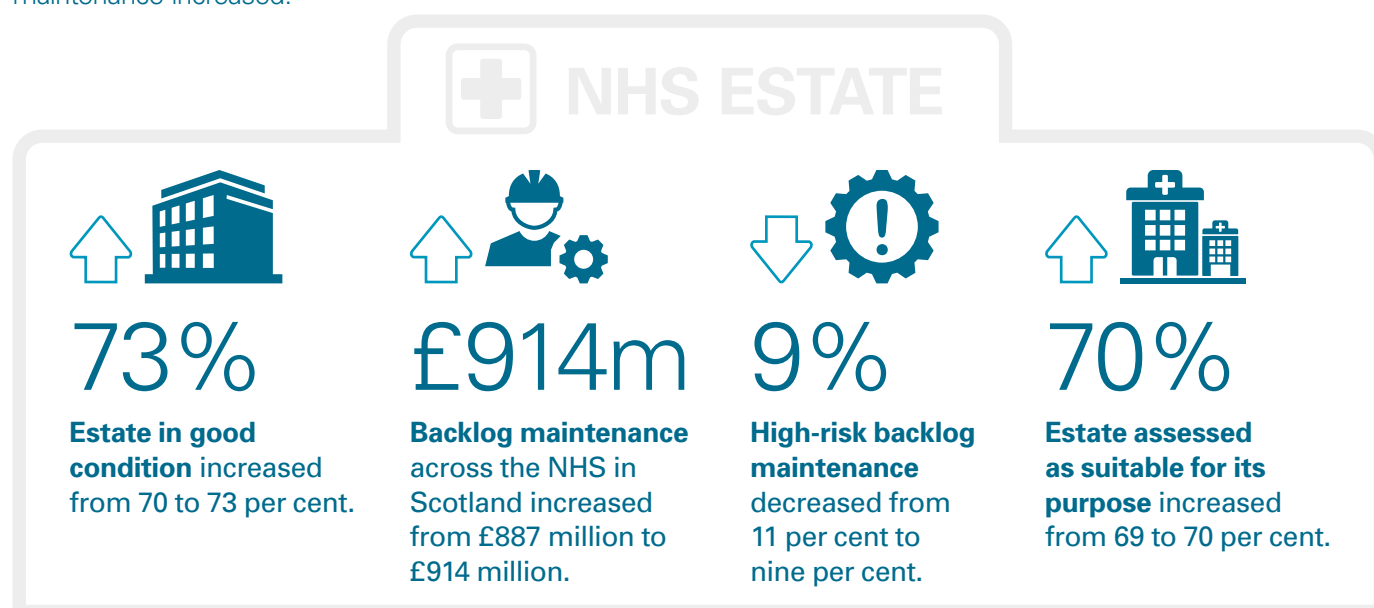
Source: Audit Scotland using NHS Consolidated Accounts

**33.** The condition of the NHS estate has improved, but there is still a significant maintenance backlog ([Exhibit 7](#)). Nine per cent of the backlog is classified as high risk, the majority of which (55 per cent) relates to electrical work required at Ninewells hospital in NHS Tayside. The Scottish Government has committed to fund the work required to resolve this. As recommended in [NHS in Scotland 2018](#), the Scottish Government has been developing a national capital investment strategy to ensure that capital funding is strategically prioritised. This strategy should be finalised and published as a matter of urgency.

## Exhibit 7

### The condition of the NHS estate 2016 to 2018

The condition of the NHS estate has improved slightly over the last three years, but the level of backlog maintenance increased.



Source: Scottish Government, 2019

### Major capital projects face significant challenges

**34.** New hospitals have recently been built in Glasgow and Edinburgh. These major new-build projects have come under considerable scrutiny as a result of significant health and safety concerns ([Case study 3 and Case study 4, page 18](#)). In September 2019, the Scottish Government committed to carrying out a public inquiry into the issues at the Queen Elizabeth University Hospital in Glasgow and the Royal Hospital for Children and Young People in Edinburgh. The inquiry will look at how the problems with the ventilation systems happened, and what steps can be taken to prevent these problems in future. It is essential that the Scottish Government and NHS boards learn from these projects when planning new healthcare facilities.

**35.** Delays in opening a new healthcare facility can mean that an older site must be operational for longer than expected. This can result in additional expenditure to make sure that the older site remains fit for purpose for longer. In these circumstances, the relevant NHS board and the Scottish Government should provide assurance that any risks to patient and staff safety have been addressed.

## Case study 3

### Queen Elizabeth University Hospital, Glasgow



In January 2019, Healthcare Improvement Scotland carried out an unannounced inspection of the Queen Elizabeth University Hospital, including the Institute of Neurosciences and the Royal Hospital for Children. The focus of the inspection was infection control, specifically considering the following standards:

- leadership in the prevention and control of infection
- infection prevention and control policies, procedures and guidance
- decontamination.

The inspection report published in March 2019 included 14 requirements and one recommendation. Nine of these were classed as urgent and had to be implemented within one week. The board developed an improvement plan to address the inspection findings.

The Cabinet Secretary for Health and Sport has also commissioned an independent review of the Queen Elizabeth University Hospital. As well as covering the infection control issues, this review will consider:

- the design of buildings
- the process for commissioning and constructing new healthcare facilities
- the scale of health problems acquired from the healthcare environment
- wider implications for healthcare facilities across Scotland.

The independent review is in its early stages. Two chairs have been appointed, and the terms of reference are under development. There is no timescale for the review to be completed or published.

*Source: Unannounced Inspection Report – Safety and Cleanliness of Hospitals, Queen Elizabeth University Hospital (including Institute of Neurosciences and Royal Hospital for Children), Healthcare Improvement Scotland, 2019; Scottish Government, 2019*

## Case study 4

### Royal Hospital for Children and Young People, Edinburgh



The opening of the new Royal Hospital for Children and Young People (RHCYP) in Edinburgh was delayed after final safety checks of the building found that the ventilation system in the critical care department did not meet national standards.

NHS National Services Scotland (NSS) reviewed all buildings systems in the new hospital that could have health and safety implications for patients and staff. The review assessed the water, ventilation and drainage systems and set out a timeframe for the opening of the hospital. NSS will also assess all current and recently completed new-builds and major refurbishments, to provide assurance that they comply with national standards.

KPMG carried out an independent review of the governance arrangements for the RHCYP. It identified the factors that led to the decision to delay the move to the new hospital, including communication and timescales. It found that a document produced by NHS Lothian during the tender stage of the project in 2012 was inconsistent with guidance, and that opportunities to rectify the error were missed. It also found that there was confusion over the interpretation of technical guidance and standards.

The Scottish Government has asked NHS Lothian to develop a recovery plan with clear milestones and responsibilities. The Cabinet Secretary for Health and Sport also announced that a package of tailored support measures would be made available to the board to support improvements.

Source: Scottish Government, 2019; *Review of: water, ventilation, drainage and plumbing systems*, NHS National Services Scotland, 2019; *Independent assessment of governance arrangements*, NHS National Services Scotland and KPMG, 2019

## The NHS in Scotland is facing significant pressures from population changes and increasing demand for services

**36.** Certain factors, such as demographic changes, rurality and deprivation, can affect demand for services and can make it more costly for boards to deliver services. The Scottish Government uses a formula developed by the NHS Scotland Resource Allocation Committee (NRAC) to assess how much funding each board should be allocated. The NRAC formula considers the demographics of each board area, including population size, deprivation levels and unavoidable geographical variations in the cost of providing services.

**37.** In 2018/19, all NHS boards received allocations within 0.8 per cent of what the NRAC formula determined they should receive, known as parity.<sup>11</sup> This was an improvement from the previous year, where all boards received allocations within one per cent of parity. This required an additional £30 million investment. To maintain this position for 2019/20, £23 million additional investment was required.<sup>12</sup>

**38.** NHS Highland was the only board to move slightly further from parity in 2018/19, moving from 0.7 per cent below parity in 2017/18 to 0.8 per cent. NHS Western Isles has historically received an allocation that was significantly above parity; in 2018/19, it was 11.3 per cent above.

**39.** In 2018/19, demand for hospital care continued to grow with increases in attendances at A&E and the number of people waiting for inpatient and outpatient appointments. At the same time, more people were admitted to hospital for both emergency and planned care, and on average, their stay in hospital was slightly shorter than in 2017/18. The average length of stay in hospital reduced from 6.2 days in 2017/18 to 6.0 days in 2018/19, despite increases in delayed

discharges. Fewer operations were cancelled and there was a small increase in the number of outpatient appointments held, following significant decreases in 2017/18. [Exhibit 8 \(page 21\)](#) shows national trends across selected indicators of demand and activity for acute services in 2018/19. The quality and availability of health and social care data need to improve. This will help boards better understand the reasons for trends in demand and activity and how to make best use of existing capacity.

**40.** We have consistently reported the lack of data and information available to measure performance and outcomes, especially in primary and community care. It is crucial that this is addressed as a matter of urgency. The establishment of Public Health Scotland is another opportunity to provide boards with more useful data from across the health and social care system. This will allow NHS boards and IAs to make informed decisions when planning and designing services.

**41.** The Scottish Government has committed to increasing investment in primary care by £500 million by 2021/22. This should provide at least £1.28 billion by 2021/22 to support the new GP contract and primary care reform. This aims to free up capacity in acute hospitals to reduce waiting times and improve access to services. In addition, a whole-system partnership programme to reform adult social care started in June 2019. This work is being carried out in partnership with people with lived experience of social care, unpaid carers and people who deliver the services. The programme aims to create additional capacity in the community to better meet the needs of people, their carers and the workforce.

### **Boards continue to struggle to achieve key national standards**



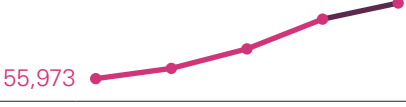


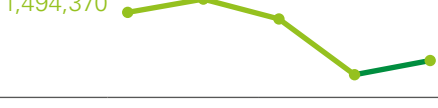
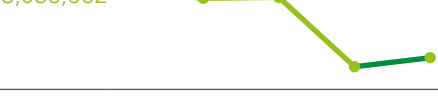







**42.** The NHS in Scotland met two of the eight key national waiting times standards in 2018/19 ([Exhibit 9, page 22](#)). This is a small improvement from 2017/18, when the NHS met only the drug and alcohol waiting times standard. The standards that were met were:

- patients starting cancer treatment within 31 days (decision to treatment)
- drug and alcohol patients seen within three weeks.

**43.** National performance declined for six out of the eight standards in 2018/19. Performance improved for outpatients waiting less than 12 weeks following first referral and for patients starting cancer treatment within 31 days of the decision to treat. [Appendix 1 \(page 42\)](#) shows performance against the national standards by NHS board for 2018/19, including the percentage change since the previous year and over the last five years.

**44.** It is important to acknowledge the impact of rising demand on waiting times. In 2018/19, the number of people seen on time increased for seven of the eight standards. This means that the waiting times targets were met for more people in 2018/19 than in 2017/18. However, demand for services increased at a higher rate, so the percentage of people for whom the targets were met declined.

**Exhibit 8****National trends in demand and activity for acute services in 2018/19**

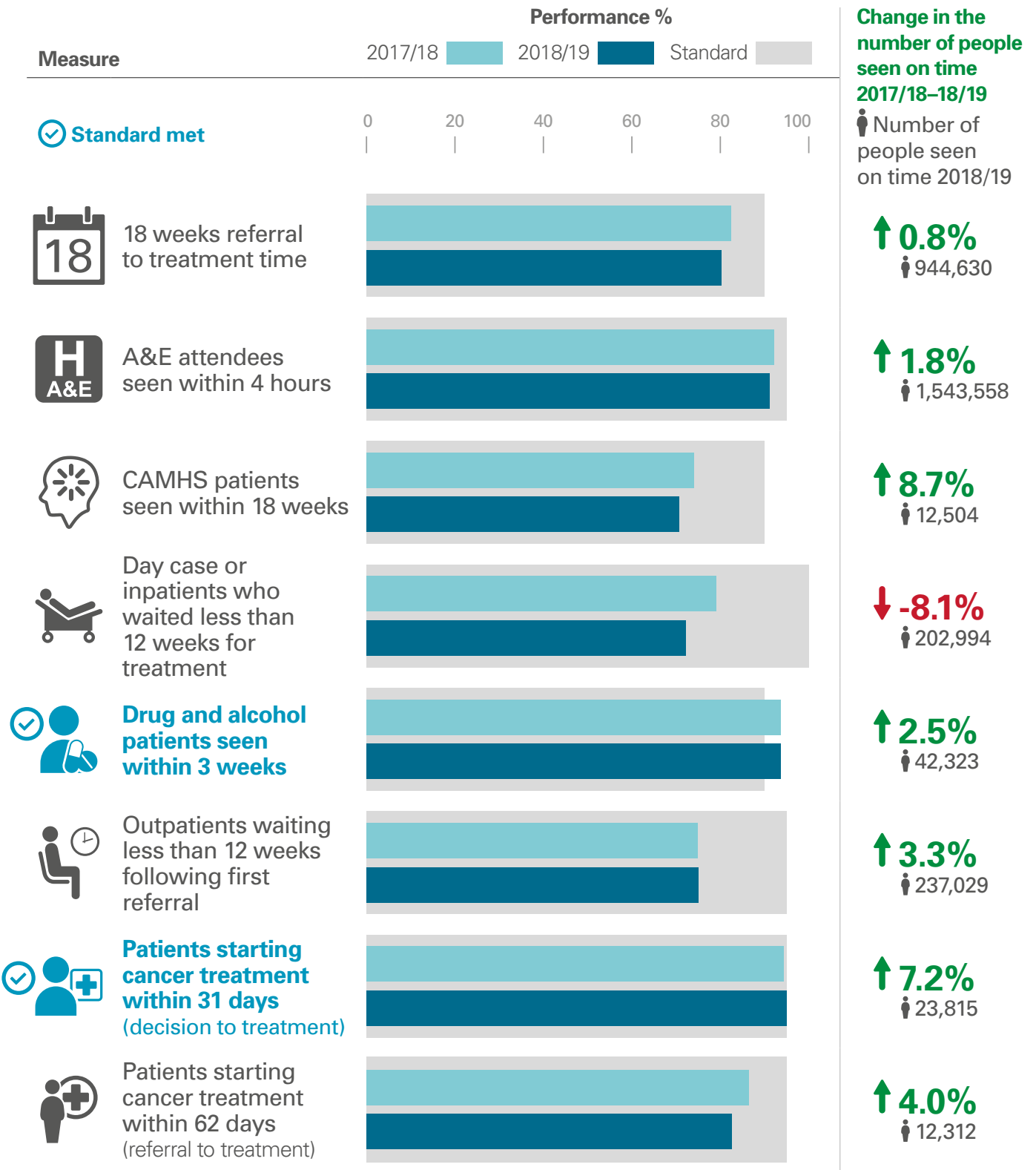
 Demand	Trend 2014/15 – 2018/19		Change since 2017/18
Number waiting for outpatient appointment		↑ 22.1% since 2014/15	↑ 2.2%
Number waiting for inpatient appointment		↑ 37.3% since 2014/15	↑ 6.1%
A&E attendances		↑ 3.2% since 2014/15	↑ 2.8%
 Activity	Trend 2014/15 – 2018/19		
New outpatient attendances		↓ 3.7% since 2014/15	↑ 1.1%
Return outpatient attendances		↓ 6.2% since 2014/15	↑ 0.9%
Emergency admissions		↑ 3.0% since 2014/15	→ 0.0%
Daycase admissions		↑ 1.4% since 2014/15	↑ 2.4%
Elective admissions		↓ 21.3% since 2014/15	↓ -2.8%
Number of procedures		↓ 1.7% since 2014/15	→ 0.0%
 Trend 2016/17 – 2018/19			
Cancelled planned operations		↓ 6.9% since 2016/17	↓ -16.4%
Bed days occupied by delayed discharges		↑ 2.9% since 2016/17	↑ 9.0%

Note: 'Number waiting for outpatient appointment' and 'Number waiting for inpatient appointment' refer to the number of patients on the waiting list at the end of March in each year. 'Cancelled planned operations' refer to operations that have been cancelled for capacity or non-clinical reasons. The definition of bed days occupied by delayed discharges changed in June 2016, so the 2016/17 figure has been adjusted for comparability with subsequent years.

Source: Accident & Emergency Activity and Waiting Times Statistics, ISD Scotland, September 2019; Number on inpatient waiting list, ISD Scotland, August 2019; Number on new outpatient waiting list, ISD Scotland, August 2019; Cancelled planned operations, ISD Scotland, September 2019; Bed days occupied by delayed discharges, ISD Scotland, September 2019; Annual acute hospital activity and hospital beds, ISD Scotland, September 2019

Exhibit 9

NHS Scotland performance against key national waiting times standards, 2017/18 to 2018/19  
NHS Scotland met two of the eight waiting times standards in 2018/19.



Note: Figures are annual aggregated performance figures for all standards, apart from 'Outpatients waiting less than 12 weeks following first referral' (census date at 31 March 2018 and 31 March 2019). CAMHS = child and adolescent mental health services.

Source: See [Appendix 3](#) for sources

### **The Scottish Government and NHS boards have recently introduced initiatives that aim to improve access to care**

**45.** The Scottish Government has been working to improve waiting times and, in October 2018, introduced the WTIP.<sup>13</sup> The Scottish Government is investing more than £850 million over two and a half years. Of this, £535 million will be spent on frontline services and £320 million on capital projects.

**46.** As part of the WTIP, the Scottish Government introduced new monitoring arrangements for NHS boards that require them to report quarterly on their performance. This enables the Scottish Government to hold boards to account and to provide additional support to those that are not on track to meet their phased improvement goals. So far, £102 million of WTIP funding has been allocated for 2019/20. It is too soon to assess whether this additional funding will help boards to meet the phased improvement goals set out in the WTIP.

**47.** The Scottish Government has also developed a national independent-sector contract to provide additional capacity and reduce waiting times. This contract is designed to cap private-sector charges for treatment. It is planned to be used as a short-term measure, while elective centres are being set up.

**48.** The National Theatre Productivity Group is a collaboration between the National Waiting Times Centre (NWTC) and some NHS territorial boards. They are working together to share good practice and introduce new ways of working, to improve efficiency and reduce waiting times. At a recent event, the Golden Jubilee Hospital shared information about an initiative to reduce patient waiting times for cataract surgery. This work focused on improving theatre use by calling patients from a pre-assessment clinic to fill late cancellations. NWTC reported that on average, around 18 per cent of patients who cancelled late were replaced with other patients. There has been very positive feedback from patients. This is a model that has clinical support, has been approved by the General Medical Council and has the potential to be tested in other specialties.

### **Inpatients' experiences of care and patient safety are improving**

**49.** In 2018, the Scottish Government published its report on a survey of inpatients' experiences of quality of care.<sup>14</sup> It showed that 86 per cent of inpatients had a positive experience of care, an improvement of two percentage points since 2016. There was a consistent picture of positive experience in many areas.

**50.** Results in relation to arrangements for leaving hospital remained consistent, with 78 per cent of inpatients rating this experience as good or excellent. Only 30 per cent of people reported being delayed on the day of leaving hospital, an improvement of nine percentage points since 2016. The most common reason for such delays continued to be waiting for medications.

### **Patient safety is improving across a range of measures**

**51.** Despite the financial and demand challenges, staff are working hard across all health and social care settings to provide safe, high-quality care. Recently published data on the NHS Performs website shows improvement across a range of indicators over the past ten years. The Scottish Patient Safety Programme, established in 2008, has successfully improved patient safety.<sup>15</sup> This programme has contributed to the following significant reductions:

- Post-surgical mortality rates have decreased by 36.6 per cent since 2008, following the introduction of the World Health Organization Surgical Safety Checklist.<sup>16</sup> The checklist promotes a culture of teamwork and communication in operating theatres, helping to improve surgical care and safety.
- The number of deaths from sepsis has been reduced by introducing a structured response to, and treatment of, sepsis. Since its launch in 2012, the sepsis programme has contributed to a 21 per cent reduction in mortality rates.<sup>17</sup>
- The Hospital Standardised Mortality Ratio for Scotland has decreased by 14 per cent since 2014 because of improvements in the recognition of, and response to, acutely unwell patients. This means that the number of recorded deaths decreased compared to the number of deaths predicted.

**52.** In November 2016, the Scottish Ambulance Service (SAS) introduced a new system to prioritise patients. To create the system, over half a million 999 incidents were reviewed to determine what factors had the biggest impact on patient outcomes. This new system better prioritised incidents and matched the timing and type of ambulance response to the needs of the patient. In its first year of operation, there was a 43 per cent improvement in 30-day survival rates for patients in the most urgent category.

**53.** Minimising healthcare associated infections is a priority for the NHS. It has achieved consistent improvement in two key measures – *Clostridium difficile* (C. diff) infection rate and meticillin-resistant *Staphylococcus aureus* (MRSA)-associated bacteraemia rate. Between 2014 and 2018, a decreasing year-on-year trend has been seen in the incidence rate of:

- C. diff, which has decreased by 7.5 per cent in patients 15 years and older
- MRSA, which has decreased by 17.1 per cent between 2014 and 2018.<sup>18</sup>

## **The amount spent on drugs stabilised in 2017/18**

### **NHS boards and the Scottish Government have implemented a range of initiatives to manage prescription costs**

**54.** The NHS in Scotland spent almost £1.8 billion on drugs in 2017/18, a reduction of 0.2 per cent in real terms since 2016/17 (**Exhibit 10, page 25**). Good progress continues to be made in the proportion of generic medicines prescribed. This increased from 83.9 per cent in 2017/18 to 84.3 per cent in 2018/19.<sup>19</sup> Generic medicine is usually cheaper, sometimes significantly, compared to branded medicine. Some initiatives that boards have been working on include:

- increasing the use of generic medicines in secondary care
- reducing the amount of drugs dispensed in primary care by more regularly reviewing the medicines that are being prescribed
- switching from high-cost drugs to cheaper alternatives that are chemically similar to the original drugs and close enough to achieve the same results. These are referred to as biosimilars.

**Exhibit 10**

Expenditure on drugs stabilised in real terms, in 2017/18

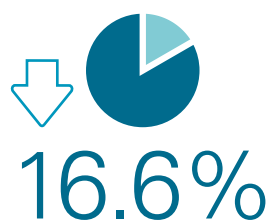


**Spent on drugs in 2017/18 by the NHS in Scotland**

0.2% less in real terms than 2016/17

Changes in spending varied by board from:

- ↓ 5% decrease for NHS Borders
- ↑ 5.8% increase for NHS Western Isles



**Net expenditure in the NHS in 2017/18 was on drugs**

0.1% less than in 2016/17



**Spent on drugs in community and family health services**

0.6% less in real terms than in 2016/17

The amount spent on drugs in hospitals was £438.4 million

- ↑ 0.9% increase since 2016/17



**The Scottish Government, via the New Medicines Fund (NMF), provides additional funding to NHS boards to cover the costs of increasing access to some medicines for very rare conditions and end-of-life care.**

**£42 million in 2017/18**

Source: R600: pharmacy – drugs expenditure, ISD Scotland cost book data, November 2018; Volume and Cost (NHS Scotland), ISD Scotland, July 2019; Scottish Government NHS allocations, March 2019

**55.** Ten boards have reduced their expenditure on drugs in real terms. An example of a successful approach for reducing drug expenditure is the three-year medicines' efficiency programme launched by NHS Fife in 2016. This has delivered £12 million in savings across health and social care services. The programme included three priorities. These were to restrict the list of medicines available for prescribing, to reduce medicines waste and to review more regularly the medicines that are being prescribed. NHS Grampian also reduced its prescribing budget by £3.5 million compared with last year, mainly through switching to biosimilars.

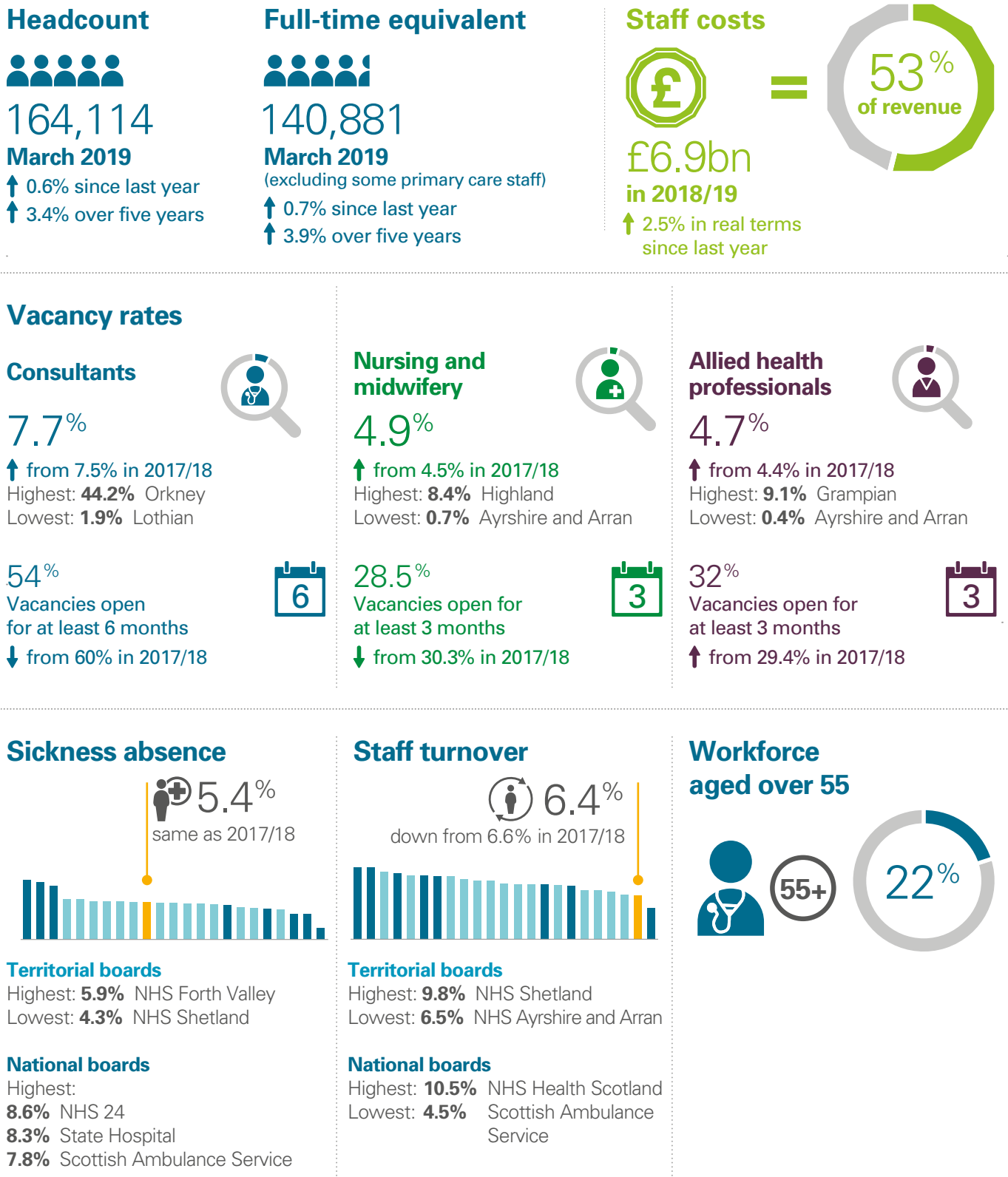
**56.** The Scottish Government effective prescribing team supported improvements to reduce costs including by:

- implementing electronic prompts for prescribers, to encourage them to use generic medicines and lower-cost alternatives
- emphasising the importance of carrying out medicines reviews, to safely reduce the number of medications being taken at the same time.

### **The NHS in Scotland continues to face significant workforce challenges**

**57.** The NHS is reliant on its workforce to deliver healthcare services. However, it is increasingly challenging to recruit enough people with the right skills, particularly in some rural areas. [Exhibit 11 \(page 26\)](#) outlines some important figures relating to the NHS workforce in 2018/19.

Exhibit 11  
NHS workforce 2018/19



**58.** The Scottish Government's ambition is for the NHS to provide more care in the community than in acute hospitals. To support this ambition, the way that care and treatment is delivered will change, and therefore the way that NHS staff work will change too. There are examples of where roles have changed to support different ways of working ([Case studies 5 and 6](#)).

## Case study 5



### Pharmacy First has been a success at NHS Forth Valley

NHS Forth Valley has evaluated its Pharmacy First service. This service aims to improve patients access to treatment for certain conditions without the need to see a GP. This service is now available at all community pharmacies, many of which are open at the weekend or evenings, when most GP practices are closed.

Results found that between April 2017 and March 2019, pharmacists were able to provide treatment for 83 per cent of consultations. Pharmacists referred just ten per cent of patients to their GP. The remaining seven per cent of patients were given advice.

Service users were asked for feedback on the service and, of those who responded, 88 per cent said that the pharmacist was able to help them fully, and 100 per cent rated the service excellent or good. Pharmacists in Forth Valley also provided positive feedback on the service and, of the GPs who responded, 53 per cent said that there had been a decrease in the number of patients seeking treatment, as many conditions were covered by the Pharmacy First service.

Source: *Evaluation of the pharmacy first extension service*, NHS Forth Valley, April 2019

## Case study 6




### The Scottish Ambulance Service is helping to reduce demand for GP appointments

The Scottish Ambulance Service has been testing new ways of working as part of multidisciplinary teams in primary care, to help safely reduce the demand for GP appointments. Paramedics assess patients with urgent symptoms that need to be addressed before the next available GP appointment.

Initial results found that paramedics could safely assess and treat more than 65 per cent of requests for GP home visits, reducing demand for GP appointments. Patient feedback has been very positive. It also found that paramedics involved in this work brought additional expertise back to their 999 calls, with more patients being treated at the scene, which reduced hospital admissions. The Scottish Ambulance Service now plans to further develop this work and roll it out across the country.

Source: Scottish Ambulance Service, 2019

**59.** In 2018, the Scottish Government published the new General Medical Services Contract, also known as the GP contract. It included plans to expand the role of multidisciplinary teams in primary care, to ease GPs' workload and improve patient access to appropriate care. These teams will be based in GP practices and involve pharmacists, advanced nurse practitioners, physiotherapists and others. It aims to increase the role that GPs have in planning and delivering new health and social care services. It also aims to increase the amount of time that they have available to care for patients, particularly those with complex or difficult to diagnose conditions.

**60.** Our report [NHS workforce planning - part 2](#)  found that because of a lack of primary care data, it is difficult to assess whether these aims are on track to be achieved. Increasing the primary care workforce as planned will be a significant challenge and any changes are likely to have an impact on other parts of the system.

### **Temporary staffing costs remain significant, and there is a wide variation between boards**

**61.** As a result of recruitment and retention issues, sickness absence and pressures to meet waiting time targets, NHS boards supplement their workforce by using temporary staff. In 2018/19, NHS boards spent £169.5 million on agency staffing. This was a real-terms increase of 0.3 per cent since 2017/18 ([Exhibit 12, page 29](#)).

### **Boards are working to reduce temporary staffing costs**

**62.** The cost of temporary staffing is significant. Boards have carried out a range of initiatives to reduce temporary staffing costs:

- In 2018/19, NHS Greater Glasgow and Clyde developed a refreshed campaign to recruit graduate nurses. It took a proactive approach to meeting students and promoting the board. It provided graduates with the opportunity to speak to senior nursing staff to learn more about the organisation. The board recruited 458 newly qualified nurses through this recruitment exercise, which filled most of its nursing vacancies. The board saw a real terms reduction of 23.4 per cent in agency spending in 2018/19 compared with 2017/18.<sup>20</sup>
- NHS Grampian has expanded its recruitment to alternative roles. The board has funded a considerable number of additional clinical development fellow, advanced nurse practitioner and physician associate posts. These posts can support areas that are struggling to recruit enough junior doctor posts and can help to reduce the reliance on medical locums. The board also recruited more than 100 nurses from Western Australia and is planning to develop a more formal partnership with Western Australia. It has also been promoting research and development opportunities, to attempt to attract more people to work at NHS Grampian.

### **Withdrawing from the European Union is likely to exacerbate existing workforce and cost pressures**

**63.** There is considerable uncertainty around the potential impact of the UK's withdrawal from the European Union (EU). The immediate areas of potential impact for NHS boards include reduced access to medicines for certain patient groups and increased costs of medicines and supplies. Higher costs will compound the financial pressure on the NHS. In the longer term, there is uncertainty about future immigration rules and the impact that this may have on being able to attract applicants for vacancies. Professional bodies consider that the number of applicants to the NHS from other EU countries has already declined. This will place further strain on the NHS workforce.

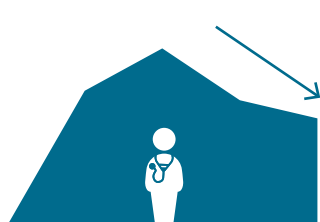
**64.** The UK and Scottish Governments are leading and coordinating most of the preparations. NHS National Services Scotland has played a central role in contingency arrangements. In line with guidance from National Procurement, NHS boards have not been holding increased stocks of drugs or medical equipment. This is being managed at a UK-wide level.

**65.** Some boards have acted to strengthen their local arrangements to increase resilience. Several boards, with their partners, have established assurance groups to coordinate preparations, address risks where possible and keep their staff and board members updated. NHS boards should factor any known workforce and cost implications into their financial plans.

## Exhibit 12

### Temporary staffing costs in 2018/19

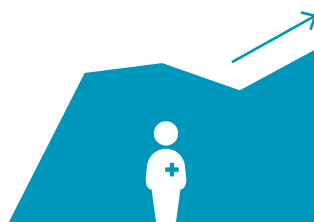
In real terms, several boards reduced their spending on temporary staff. Spending on medical agency locums has decreased but spending on agency and bank nurses continues to increase.



### Medical locum

2014/15 – £72.8 million  
2018/19 – £98.0 million

Peaked in 2016/17 at £114 million and has reduced year-on-year since



### Nursing agency

2014/15 – £17.1 million  
2018/19 – £26.2 million

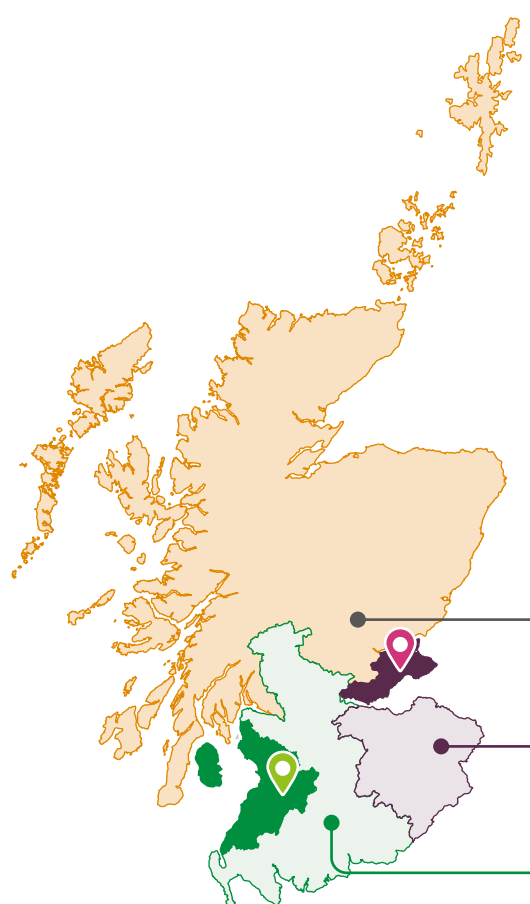
Decreased in 2017/18 but has reached its highest so far in 2018/19



### Nursing bank

2014/15 – £138.8 million  
2018/19 – £161.9 million

Continuing to rise year-on-year. This is a more cost effective option for health boards than agency nurses



## Compared with 2017/18 costs:

**7 territorial boards** reduced their agency spending in 2018/19, in real terms

**NHS Fife** saw the largest percentage increase in spending **↑ 20.6%**  
£1.8 million

**NHS Ayrshire and Arran** saw the largest percentage decrease in spending **↓ 26.1%**  
£3.0 million

Spending on agency staffing varied significantly across NHS boards and varied by region:

**North region**  
£43 per 1,000 population

**East**  
£27 per 1,000 population

**West**  
£23 per 1,000 population

Note:

**North:** Grampian, Highland, Orkney, Shetland, Tayside and Western Isles.

**East:** Borders, Fife and Lothian

**West:** Ayrshire and Arran, Dumfries and Galloway, Forth Valley, Greater Glasgow and Clyde and Lanarkshire

Sources: NHS Consolidated Accounts for the financial year 2018/19, Scottish Government, 2019; NHS Scotland workforce, ISD Scotland, June 2019; Mid-year population estimates, National Records of Scotland, April 2019

# Part 2

## Achieving a sustainable NHS



### Key messages

- 1 The Scottish Government's 2020 Vision is to change the way health and social care services are delivered. The successful integration of health and social care is essential for achieving this, but progress has been slow and the aims of the 2020 Vision will not be achieved on time. NHS boards are working on a significant number of local improvement initiatives, but there is scope to consolidate this activity to achieve larger-scale, system-wide reform. The Scottish Government should identify and prioritise the initiatives that are most likely to achieve the reform needed. It should use this information to develop its new strategy for health and social care for 2020 onwards. Much more work is also required to engage with local communities to inform and co-design changes to services.
- 2 Reforming health and social care also means that changes to the NHS workforce are required. To support this, the Scottish Government needs a national, integrated, health and social care workforce plan. This is overdue.
- 3 There has been significant turnover in senior leadership positions across the NHS in Scotland, with 26 new appointments in 2018/19. The Scottish Government has introduced a series of changes to improve its approach to senior leadership recruitment and development. This is a medium- to longer-term solution, and it is too soon to determine the impact of these changes on stabilising senior leadership in the NHS.
- 4 The NHS needs to improve workplace culture. Following reports of bullying and harassment and an independent review, the Scottish Government has committed to implementing a series of improvements. Boards are now required to provide assurance that they are aware of the culture and behaviours in their organisation and have plans to address any issues identified.

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### **There has been long-term and consistent national policy direction for health and social care integration, but progress has been slow**

66. Since 2005 there have been several strategies and frameworks published by the Scottish Government that aim to reform health and social care services across Scotland ([Exhibit 13, page 31](#)). To achieve the Scottish Government's vision to change the way services are delivered, successful integration of health and social care is urgently required and is a major priority across the whole system.

## Exhibit 13

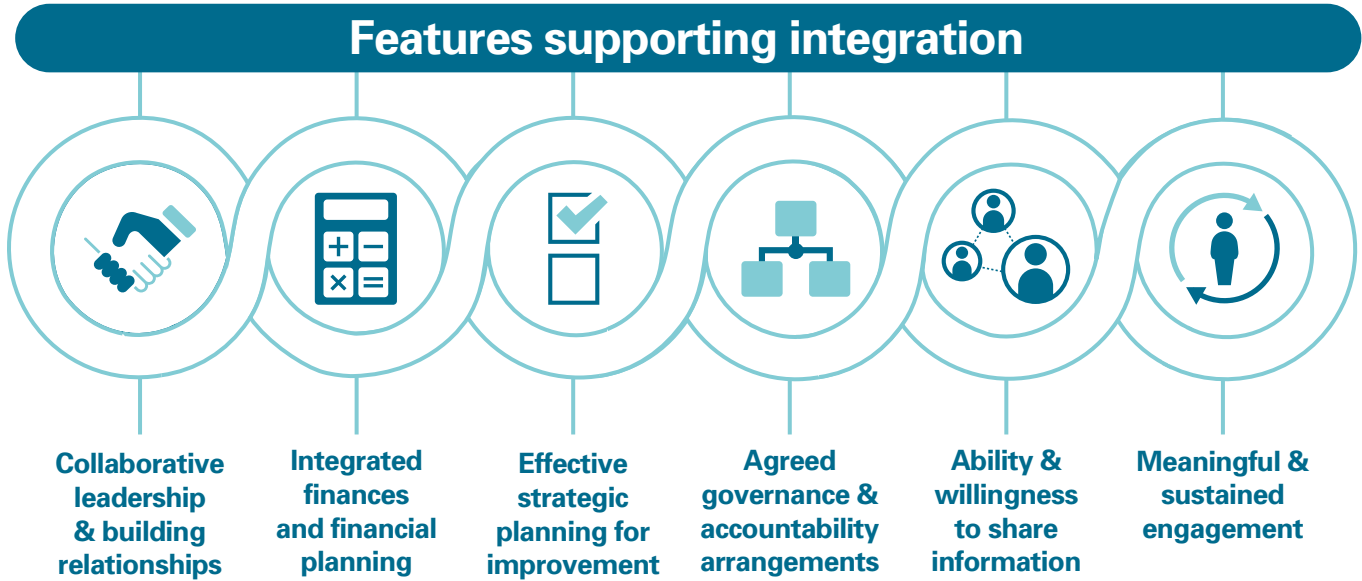
A timeline of major Scottish Government health and social care policies and publications, 2005–16

- **2005** **The Scottish Government published *Delivering for Health***  
 This first set out the aim to provide care that is quicker, more personal and closer to home. It aimed to support more integrated working across health and social care, improve patient pathways and develop a culture of teamwork and co-operation.
- **2009** **The Scottish Government and COSLA published *Improving Outcomes by Shifting the Balance of Care Improvement Framework***  
 It proposed ways that NHS boards and local authority partners could make better use of resources across the health and social care system. It aimed to help them to better manage the impact on acute hospitals of population growth, increase in the number of older people and long-term conditions.
- **2011** **The Scottish Government published its *2020 Vision***  
 It set out the aim that by 2020 'everyone is able to live longer, healthier lives at home, or in a homely setting'. Ambitions were to shift care from acute to community care, increase integrated working focusing on prevention, anticipate care needs and support self-management of long-term conditions. It aimed to ensure people are discharged from hospital as soon as appropriate with minimal risk of readmission.
- **2014** **Integration legislation passed and introduced the mandate for change with the establishment of Integration Authorities (IAs)**  
 NHS boards need to work in close partnership with IAs and local authorities to plan together how services that were once provided in hospital can be moved to the community. IAs are responsible for planning, designing and commissioning primary care services. They are also responsible for developing primary care improvement plans, in collaboration with NHS boards and local GP subcommittees.
- **2015** **The Scottish Government published the *National Clinical Strategy***  
 This highlighted areas where improvements would be necessary over the next five to ten years across primary and acute care. Significant changes were required to ensure the NHS could adapt to meet the needs of the population in the future.
- **2016** **The Health and Social Care Delivery Plan set the direction required to make hospital services more sustainable and available for those who need them in the future**  
 It provided more guidance for health and social care services to change the way services are delivered. It intended to increase the number of people that can be treated and cared for closer to their home, where it is safe and appropriate to do so.

Sources: *Delivering for Health*, Scottish Executive, 2005; *Improving outcomes by shifting the balance of care: improvement framework*, Scottish Government and COSLA, 2009; *2020 Vision*, Scottish Government, 2011; *The Public Bodies (Joint Working) (Scotland) Act 2014*, legislative framework for the integration of health and social care services in Scotland; *The National Clinical Strategy for Scotland*, Scottish Government, 2015; *Health and Social Care Delivery Plan*, Scottish Government, December 2016

**67.** Changing how healthcare services are accessed and delivered has been too slow. In September 2018, the Scottish Government, NHS Scotland and COSLA released a joint statement setting out a shared commitment to integration. It clearly stated that the pace of integration needs to be stepped up. In our report, [Health and Social Care Integration: update on progress](#) <sup>20</sup>, we identified six areas that IAs and their NHS and council partners need to address ([Exhibit 14](#)).

**Exhibit 14**  
Features central to the success of integration



Source: [Health and social care integration: update on progress](#), Audit Scotland, November 2018

**68.** In 2018/19, NHS boards’ external auditors reported on a range of challenges to the progress of integration. These included the following:

- Several boards reported IA overspends, including NHS Ayrshire and Arran, NHS Fife and NHS Forth Valley.
- There is a variation in the way that NHS boards work with IAs to plan services and budgets. Some reported that agreements are not yet fully implemented or are being renegotiated.
- There are workforce pressures, including the availability of key roles and having the right skills and experience.
- There is difficulty in finding time to support reform and integration while maintaining acute services.

**69.** As a result of concerns about the pace of health and social care integration, the Cabinet Secretary for Health and Sport commissioned a review of progress. This was conducted in late 2018. The Ministerial Strategic Group for Health and Community Care (MSG) published their findings in February 2019 and set out proposals for ensuring the success of integration.<sup>21</sup> It set out its proposals under the headings identified in [Exhibit 14](#).

**70.** Following publication of their review, the MSG issued a self-evaluation template to be completed by health boards, councils and IAs. This aimed to evaluate their current position in relation to the findings of the review. This exercise will be repeated to demonstrate any progress made across the country. Work needs to continue to implement the recommendations highlighted in our report and the MSG review. The Scottish Government has appointed a dedicated lead for this work.

### **There are examples of NHS boards working with partners to successfully change the way that services are delivered**

**71.** There are numerous innovative and successful examples of partnership working across health and social care to change the way that services are delivered. For example, NHS 24 works with Police Scotland and SAS to improve the pathway for people in distress who contact these three organisations. It also engaged with service users and those delivering services, to develop a mental health hub, based on similar models in London and Cambridgeshire. The hub aims to reduce the proportion of people experiencing mental health issues that are referred to emergency services. Early results show that it has been successful, with less than ten per cent of these cases being referred on to emergency services. [Case study 7](#) shows how SAS is working with NHS 24 to reduce the demand on emergency departments.

## Case study 7

### **SAS is collaborating with NHS 24 to improve patient triage**



SAS has been working with NHS 24 to improve the way patients are assessed and treated. Many people making 999 calls are experiencing symptoms relating to long-term conditions that may not always require hospital care or admission. SAS and NHS 24 worked with NHS boards and IAs to develop new pathways of care. These pathways are designed to deal with the immediate issue and minimise the risk of future emergencies.

As a result, more patients are being safely managed either within the ambulance control centre or in the community by paramedics, without having to attend A&E. In June 2019, 37 per cent of incidents were managed by paramedics or through the control centre. This compares with 32 per cent of incidents in April 2017.

Good progress is being made, but there is variation across Scotland in the rate of patients being taken to emergency departments. SAS is focusing on reducing this variation. It is working with IAs and GP clusters to develop local solutions with local communities, in line with the principles of realistic medicine.

Source: Scottish Ambulance Service, 2019

### **The potential of digital technology is not yet being maximised**

**72.** In April 2018, the Scottish Government published a new digital health and care strategy.<sup>22</sup> The strategy sets out national digital priorities for the next decade that aim to support the transformation of health and social care delivery. These include making use of new technologies to:

- share patient information across health and social care boundaries
- improve patient safety and the coordination of care
- support the redesign of services
- build workforce capability.

**73.** The Scottish Government is developing a new health and social care digital platform. The platform intends to improve access to health records where and when they are needed across acute, primary and community care. New ways of working using new technologies will also be tested, such as virtual clinics and the remote monitoring of chronic illnesses.

**74.** Work to implement the strategy is at an early stage. It requires collaboration between the Scottish Government, NHS boards and local government, and governance arrangements are being established to monitor progress. We will continue to monitor developments as part of our ongoing work programme.

**75.** There are examples of good work across Scotland to make the most of the technology that is currently available to improve patient care. The implementation of the electronic frailty index tool is an example of this ([Case study 8](#)).

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## Case study 8



### **The Living Well in Communities (LWiC) team is improving the identification and management of people with frailty**

The LWiC team in Healthcare Improvement Scotland's improvement hub has developed preventative support for people with frailty in the community. It uses an electronic frailty index (eFI) to identify people with frailty before they reach crisis point. The eFI is available to GP practices through a national IT (information technology) system known as the Scottish Primary Care Information Resource (SPIRE). GP practices using SPIRE can now identify their frail population enabling them to better direct and manage their healthcare needs. During the summer of 2019, the LWiC team supported 19 health and social care partnerships across Scotland to implement the eFI. This could lead to more care being provided in the community rather than in acute hospitals and improve the quality of life of people with frailty.

Source: Healthcare Improvement Scotland, 2019

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### **More work needs to be done to engage with local communities when making changes to health and social care services**

**76.** We have previously reported that the NHS in Scotland needs to be more open, by improving public reporting and the way that the community is involved in planning and designing changes to services.

**77.** In 2019, NHS boards completed the blueprint for good governance self-assessments.<sup>23</sup> These identified that engagement with stakeholders required further development across several boards. It found that boards need to develop more effective communication and engagement strategies. The approach to community engagement was inconsistent, with some boards reporting that they needed more clarity around expectations. Some boards reported that improved guidance was needed to support better dialogue and inclusion of the community in decision-making.

**78.** The Community Empowerment (Scotland) Act 2015 sets the requirement for all public bodies to work alongside their stakeholders when making decisions about what services are delivered and where.<sup>24</sup> Working in partnership with the community aims to support the co-design of services and improve outcomes. This is particularly important for marginalised community groups. There is still much work to be done to meet the requirements of the Act with many boards still developing engagement strategies.

**79.** The Place Principle, recently introduced by the Scottish Government and COSLA, aims to support collaboration and co-design of places in the community.<sup>25</sup> It supports inclusiveness and sustainable outcomes. Planning and working together with the community is vital to ensure a positive, shared understanding and agreement on future community developments.

**80.** In November 2018, the Scottish Government commissioned an independent review of how NHS Lanarkshire had planned for the redevelopment of Monklands Hospital. Concerns had been raised by elected representatives and members of the public about the level of community engagement and consultation. There were also concerns about the quality of the information used in the planning process, particularly around identifying possible new sites for the hospital. The review found that NHS Lanarkshire had carried out their planning and consultation process well, and in line with existing guidance. Nonetheless, to restore public confidence and trust, it recommended that for the redevelopment, they should follow the Place Principle to create a shared vision with the local community.<sup>26</sup>

**81.** NHS boards should incorporate the Community Empowerment Act principles into their communication and engagement strategies.<sup>27</sup> This will enable a more mature approach to involvement and improve trust and confidence within the community. Providing a range of community groups with a voice will allow a more informed and open conversation about the design and delivery of public services to meet local needs.

### **The development of a national, integrated health and social care workforce plan is overdue**

**82.** Between June 2017 and April 2018, the Scottish Government published three workforce plans, covering the NHS, social care and primary care.<sup>28,29,30</sup> It also intended to develop, with COSLA, a national integrated health and social care workforce plan. This was due to be published in 2018 but has been delayed until 2019.

**83.** IAs have been expected to provide health and social care workforce plans since 2017/18. These should include information about the existing workforce across their health and social care partnership, the expected workforce required in the future and an analysis of workforce supply and demand trends. Not all IAs, however, have produced a plan.

**84.** Health and social care reform includes changes in the way that care is delivered and by whom. To support planning for a different type of workforce, broader analysis is required. This should identify:

- what roles will be needed and how many
- where they are needed and what skills and training are necessary
- what these changes to the workforce will cost.

**85.** Acute hospitals and primary and community care services continue to face increasing workforce shortages. It is unclear if commitments to increase the number of GPs and create new multidisciplinary primary care teams can be achieved in the timescales expected. This is in addition to maintaining acute hospital services and establishing new elective centres. The Scottish Government needs to publish the national, integrated health and social care workforce plan and guidance to inform workforce planning.

## **The Scottish Government should develop a new strategy for health and social care that identifies priorities to support large-scale, system-wide reform**

**86.** The Scottish Government's 2020 Vision is to provide more care closer to home and reduce demand for acute hospital services. This aims to improve patient experience and help achieve the longer-term financial sustainability of the NHS. The successful integration of health and social care is essential for achieving this vision. However, progress has been slow, and the aims of the 2020 Vision are unlikely to be achieved by 2020. NHS boards have been working on a significant number of local improvement projects that may or may not have contributed to these aims.

**87.** The Scottish Government should identify and prioritise which initiatives are most likely to achieve the level of large-scale reform needed. It should use this information to develop a new strategy for health and social care for 2020 onwards. Spreading successful improvements to support the delivery of a new strategy is not always straight forward. NHS boards need to consider how these initiatives will fit within their local circumstances. This can include the need for additional skills and the development of new relationships. Cultural change may also be required to accept new ways of working.<sup>31</sup> NHS boards should be able to demonstrate how they are meeting the priorities of the new strategy and should report progress regularly to the Scottish Government.

## **The Scottish Government and boards still have work to do to improve NHS governance**

**88.** Each NHS board is responsible for ensuring that health services are delivered safely, efficiently and effectively. To support this, NHS boards must have good governance arrangements in place that provide sufficient scrutiny and assurance of financial and operational performance. This year, external auditors found that most NHS boards had adequate governance arrangements in place but found recurring areas of concern. These included the capability and capacity of board members, commitment to transparency, and the quality and timing of information provided for board committee meetings. The Scottish Government is carrying out a range of work aimed at strengthening governance arrangements in NHS boards. This includes piloting a standardised review of corporate governance – NHS Scotland's *A Blueprint for Good Governance* – published in February 2019.<sup>32</sup>

**89.** The blueprint for good governance intends to provide support for NHS board directors to better fulfil their oversight and decision-making role. It aims to create stronger systems and processes for effective scrutiny of performance. The first step in the framework was for NHS boards to conduct a self-assessment to provide a baseline of performance and to identify where improvements were needed. The self-assessment covered five functions of good governance. These are setting the direction, holding to account, assessing risk, engaging stakeholders and influencing culture.

**90.** Results showed that most boards scored themselves as performing well or exceptionally well across all five functions. Boards have developed action plans to address areas for improvement. NHS boards will provide six-monthly reports to the Scottish Government on progress against their agreed action plans. Themes for improvement include:

- board member induction, skills and ongoing training and development
- strengthening risk management arrangements
- standardising corporate governance documents
- improving the timing and quality of reports that are submitted to the board.

**91.** The national-level work to support improvement is being managed via three workstreams:

- corporate governance systems
- attraction and recruitment
- retention and development.

**92.** The blueprint recommends the independent validation of NHS boards in addition to the self-assessments. It is expected that all boards will be independently reviewed over a three-year period. The Scottish Government is currently considering options for the most appropriate way for this to be conducted. The Scottish Government Corporate Governance Steering Group is overseeing activity relating to the framework and workstreams.

### The lack of stable leadership in the NHS is impeding reform

**93.** There has been a significant turnover of senior leadership positions during 2018/19. [Exhibit 15](#) outlines some of these key changes.

## Exhibit 15

Changes in senior leadership appointments across the NHS in Scotland 2018/19



**26 new appointments**  
senior leadership positions

**22 NHS boards**



**5 chief executives**

NHS Grampian, Highland, Orkney, Tayside, and National Waiting Times Centre

**9 board chairs**

NHS Borders (interim), Grampian, Highland (interim), Shetland, Tayside (interim), Western Isles, Scottish Ambulance Service, NHS Education for Scotland and National Waiting Times Centre

**6 new directors of finance**

NHS Forth Valley, Highland (interim), Orkney (interim), Tayside, Western Isles and Scottish Ambulance Service

**6 new medical directors**

NHS Fife, Lanarkshire, Shetland (interim), Tayside (interim), National Services Scotland and NHS 24

Source: NHS boards' annual audit reports, 2019

**94.** At October 2019, over half of NHS boards in Scotland have senior leaders holding dual positions. Typically, this involves only one member of each board's senior leadership team, although three members of the NHS Grampian Executive Team held positions at NHS Tayside during 2018/19. At NHS Shetland, auditors were concerned that three members of the leadership team found managing dual roles challenging, as responsibilities continue to increase.

**95.** NHS boards are finding it difficult to recruit future leaders. It often takes a long time to appoint people to these positions. Vacancies, interim roles and short tenure can lead to short-term decision-making. This can affect the level of reform and the effective working relationships needed across NHS Scotland. The NHS Leadership Academy suggests that chief executives should stay in post for at least five years, to give organisations the stability they need for effective strategic planning. It is also considered that new chief executives can take 15-32 months to transition into their role.<sup>33</sup>

### **The Scottish Government has improved its approach to senior leadership recruitment and development**


**96.** Greater collaboration and partnership working are needed to support health and social care integration and to improve staff engagement and workplace culture. The Scottish Government recognised that to achieve this, a different style of leadership was required. This was an important factor in the creation of its new leadership development programme called Project Lift.

**97.** Project Lift has introduced a series of changes that have been progressed over the past two years.<sup>34</sup> Project Lift focuses on building positive relationships, respect and kindness. It intends to help people work together more effectively across health and social care services, communities, local authorities and the third sector to improve outcomes. The changes include the following:

- Values-based recruitment: this is a multi-stage recruitment process that includes a competency-based application form, and psychometric tests that are independently analysed and used to set questions for interview and role play. A one-year evaluation is under way and will include feedback from candidates. This process has been extended from only the recruitment of board chairs to now include board members and executive directors.
- A new approach to appraisal: for chairs and deputy chairs, this aims to include 360-degree appraisal by March 2020. The Scottish Government is planning to extend this to non-executive directors. This process aims to support improvements recommended in *A Blueprint for Good Governance* and the Sturrock review.
- A stronger process for induction and professional development: this has been introduced for new non-executive directors and chairs, and NHS Education for Scotland provides mentoring and coaching opportunities.
- A new talent management process: this has been established to help identify and develop future leaders. Individuals complete an online self-assessment and are invited to participate in a supported process of personal and leadership development. Over 1,500 staff from across Scotland have registered with this programme since its launch in 2018.
- Improved engagement across health and social care and the wider public sector: this has included leadership learning events and support to build relationships and cross system, collaborative working.

**98.** Project Lift aims to resolve future recruitment challenges. The Scottish Government should continue to monitor the effectiveness of the initiatives and their impact on recruitment and retention of senior healthcare leaders. However, this is a medium- to long-term solution and there is an immediate need to fill existing senior leadership vacancies on a substantive basis.

## The NHS needs to improve its workplace culture

**99.** In 2013, the Scottish Government published its *Everyone Matters: 2020 Workforce Vision*. It set out the commitment to put people at the heart of delivering high-quality care, to value the workforce and to treat people well .

**100.** In September 2018, four senior doctors from NHS Highland publicly reported problems with bullying and harassment. They reported a long-standing culture of fear and intimidation and an environment where concerns could not be raised in an open and transparent way. As a result of this the Cabinet Secretary for Health and Sport commissioned an independent review to further explore the matters raised.

**101.** John Sturrock QC published his review in April 2019.<sup>35</sup> There was extensive engagement, with input from around 300 NHS Highland staff. Many reported that they had experienced some form of bullying, harassment or inappropriate behaviour that was considered significant and harmful. The review made important immediate and longer-term recommendations that also have wider implications for the NHS in Scotland. We expect all boards and the Scottish Government to respond actively and positively. The recommendations included:

- a requirement for person-centred leadership
- working in partnership and engaging with staff at all levels
- improvements in governance
- improvements in the management of human resources processes.

**102.** The Scottish Government has committed to supporting improvements across NHS Scotland as a result of the Sturrock review.<sup>36</sup> Several initiatives are being put in place to support a safe, open and honest workplace culture. These include the following:

- The establishment of a ministerial-led short-life working group to ensure that the recommendations from the report are implemented.
- A review of all workplace policies, including bullying and harassment, conduct, and grievance and the development of a single workforce investigation policy.
- The formation of new legislation to establish an Independent National Whistleblowing Officer for NHS Scotland. This will form part of the Scottish Public Services Ombudsman role and will have the authority to investigate the way that whistleblowing complaints are handled and will make recommendations and report to the Scottish Parliament.
- Each NHS board appoints a whistleblowing champion as part of the role of one of their non-executive directors.



### NHS Scotland values

- Care and compassion
- Dignity and respect
- Openness, honesty and responsibility
- Quality and teamwork

**103.** The Scottish Government is seeking assurance that all boards are considering the outcomes and recommendations from the Sturrock review. Given the importance of this issue across NHS Scotland, the Scottish Government should ensure that all NHS boards:

- provide evidence that they actively promote positive workplace behaviours and encourage reporting of bullying and harassment
- have action plans in place to improve culture, address any issues identified and use the findings of the Sturrock review to inform continual cultural improvement.

**104.** The Scottish Government should consider what it can do to support NHS boards with this and whether a national cultural reform programme is required.

### **Senior leaders should consider how they can improve engagement with front-line staff**

**105.** The everyone matters: 2020 workforce vision led to the introduction of the iMatter survey in 2015.<sup>37</sup> This staff experience survey was designed to help individuals, teams and health boards understand the extent to which employees feel motivated, supported and cared for at work.

**106.** The response rate for the 2018 survey was 59 per cent.<sup>38</sup> This was less than the response rate in 2017, at 63 per cent. An employee engagement index (EEI) score is provided when there is a response rate of 60 per cent. Therefore, a national EEI score for health and social care was not published as part of the national report. In 2018, 13 boards, only five of which were territorial, received an organisational EEI score compared with 19 in 2017. The Scottish Government has commissioned an independent academic review to identify reasons for the reduction in response rate and to recommend ways to improve participation.

**107.** The results of the 2018 national report showed that staff were clear about their work and had confidence in their line manager. Areas that were rated lower included how well staff were involved in decision-making and the visibility of senior leaders. The areas where responses scored lowest align with some of the important leadership and cultural issues discussed in this report.

**108.** The iMatter survey does not contain questions specifically relating to culture such as bullying and harassment. This is covered in the biennial Dignity at Work Survey, last conducted in 2017.<sup>39</sup> Those results showed an increase in the proportion of staff experiencing bullying. Nine per cent of staff experienced bullying from their manager compared with eight per cent in 2015. Fifteen per cent of staff experienced bullying from a colleague compared with 13 per cent in 2015.

**109.** The Scottish Government should consider incorporating questions relating to organisational culture and behaviour within a single annual staff survey. This will enable the Scottish Government to monitor staff experience and the status of organisational culture and behaviour across the NHS. This will also avoid the requirement to conduct, analyse and report on two separate surveys. There are examples of public-sector surveys that include a combination of such questions.

# Endnotes



- 1 Audit Scotland using the draft budget for 2019/20, Scottish Government, December 2018; Mid-year population estimates, National Records of Scotland, April 2019.
- 2 *Draft budget for 2019/20*, Scottish Government, December 2018.
- 3 *Scottish Government Medium-Term Health and Social Care Financial Framework*, Scottish Government, October 2018.
- 4 The 2020 Vision published by the Scottish Government set out the aim that everyone is able to live longer and healthier lives at home or in a homely setting.
- 5 Audit Scotland using NHS consolidated accounts for financial years 2016/17-2018/19, Scottish Government, 2019.
- 6 NHS board local delivery plans and annual operational plans 2015/16-2019/20.
- 7 NHS consolidated accounts for financial year 2018/19, Scottish Government, 2019.
- 8 *NHS Scotland 2018-19 consolidated financial reporting to 31 March 2019*, Scottish Government, May 2019.
- 9 Based on data reported in [NHS in Scotland 2018](#) , Auditor General, October 2018.
- 10 New facilities will be established in Golden Jubilee National Hospital, NHS Highland, NHS Lothian, NHS Grampian, NHS Tayside and NHS Forth Valley.
- 11 NRAC parity status, Technical Advisory Group on Resource Allocation, 2019.
- 12 Scottish Budget 2019-20: Level 4 data, Scottish Parliament Information Centre (SPICe).
- 13 *Waiting Times Improvement Plan*, Scottish Government, October 2018.
- 14 *Inpatient Experience Survey*, Scottish Government, January 2019.
- 15 [www.scottishpatientsafetyprogramme.scot.nhs.uk/](http://www.scottishpatientsafetyprogramme.scot.nhs.uk/) 
- 16 *Reducing surgical mortality in Scotland by use of the WHO Surgical Safety Checklist*. BJS 2019; 106: 1005-1011.
- 17 Deteriorating patient workstream update, ihub, Healthcare Improvement Scotland, March 2019.
- 18 *Healthcare Associated Infection Annual Report 2018*, Health Protection Scotland, May 2019.
- 19 *Generic prescribing*, ISD Scotland, July 2019.
- 20 [NHS Scotland workforce](#) , ISD Scotland, June 2019..
- 21 *The Ministerial Strategic Group for Health and Community Care: Review of progress with integration of health and social care – Final Report*, Scottish Government and COSLA, February 2019.
- 22 *Scotland's digital health and care strategy*, Scottish Government, April 2018.
- 23 *A Blueprint for Good Governance*, NHS Scotland, January 2019.
- 24 Community Empowerment (Scotland) Act 2015.
- 25 Place Principle introduction: [www.gov.scot/publications/place-principle-introduction/](http://www.gov.scot/publications/place-principle-introduction/) 
- 26 An independent review of the process followed by NHS Lanarkshire Monklands Replacement /Refurbishment Project, Institute of Health and Wellbeing, University of Glasgow, June 2019.
- 27 [Principles for community empowerment](#) , Auditor General, July 2019.
- 28 *National health and social care workforce plan: part 1*, Scottish Government, June 2017.
- 29 *National health and social care workforce plan: part 2*, Scottish Government, December 2018.
- 30 *National health and social care workforce plan: part 3*, Scottish Government, April 2018.
- 31 *The spread challenge*, The Health Foundation, September 2018.
- 32 *A Blueprint for Good Governance*, NHS Scotland, January 2019.
- 33 *Leadership in today's NHS: delivering the impossible*, The Kings Fund, July 2018.
- 34 *Putting people at the heart of leadership in health and care in Scotland: Project Lift Progress Report*, Scottish Government, June 2019.
- 35 *Report to the Cabinet Secretary for Health and Sport into cultural issues related to allegations of bullying and harassment in NHS Highland*, John Sturrock QC, April 2019.
- 36 *The Scottish Government response to the Sturrock Review into cultural issues related to allegations of bullying and harassment in NHS Highland*, Scottish Government, May 2019.
- 37 *Everyone matters: 2020 workforce vision*, Scottish Government, 2013.
- 38 *Health and social care staff experience report 2018*, Scottish Government, February 2019.
- 39 *Health and social care staff experience: report 2017*, Scottish Government, March 2018.

# Appendix 1

## Audit methodology



This is our annual report on how the NHS in Scotland is performing. Our audit assessed how well the NHS managed its finances and performance against targets in 2018/19 and how well the NHS is adapting for the future.

Our findings are based on evidence from sources that include:

- the audited annual accounts and auditors' reports on the 2018/19 audits of the 22 NHS boards
- Audit Scotland's national performance audits
- NHS boards' Annual Operational Plans which set out how boards intend to deliver services to meet performance indicators and targets, and indicative spending plans for the next three years
- activity and performance data published by ISD Scotland, part of NHS National Services Scotland
- publicly available data and information on the NHS in Scotland including results from staff and patient surveys
- interviews with senior officials in the Scottish Government and a sample of NHS boards.

We reviewed service performance information at a national and board level. Our aim was to present the national picture and highlight any significant variances between boards. We focused on a sample of key targets and standards, covering some of the main activities of the NHS. Where we have used trend information, we have selected a time period where information is most comparable. Information about the financial performance of the NHS is included in [Appendix 2 \(page 43\)](#).

# Appendix 2

## Financial performance 2018/19 by NHS board



Board	Core revenue outturn (£m)	Total savings made – Annual Audit Report (£m)	Non-recurring savings in Annual Audit Report (%)	NRAC: distance from parity (%)
Ayrshire and Arran	796.6	32.0	43	-0.8
Borders	237.7	15.2	56	1.1
Dumfries and Galloway	343.2	17.3	74	2.8
Fife	706.8	20.0	80	-0.8
Forth Valley	568.8	18.4	38	-0.8
Grampian	1,035.1	17.3	72	-0.8
Greater Glasgow and Clyde	2,404.3	93.0	60	1.8
Highland	714.6	26.2	36	-0.8
Lanarkshire	1,271.9	28.8	40	-0.8
Lothian	1,535.1	27.1	44	-0.8
Orkney	58.7	2.9	98	-0.4
Shetland	59.3	3.8	58	-0.4
Tayside	848.7	32.0	34	-0.8
Western Isles	83.8	2.2	55	11.3
National Waiting Times Centre	71.1	4.3	35	
NHS 24	65.0	2.1	35	
NHS Education Scotland	464.4	14.6	52	
NHS Health Scotland	19.5	0.4	0	
NHS National Services Scotland	466.9	18.5	23	
Healthcare Improvement Scotland	29.4	2.6	78	
Scottish Ambulance Service	251.8	9.9	29	
The State Hospital	32.8	1.8	80	

Source: Scottish Government Consolidated accounts, 2019. Annual Audit Reports and Financial Performance Reports, 2019. Information on NRAC parity by board, Technical Advisory Group for Resource Allocation, 2019

# Appendix 3

Annual performance against key waiting times standards in 2018/19 by NHS board



Health board	18 weeks referral to treatment time	A&E attendees seen within four hours	CAMHS patients seen within 18 weeks	Patients starting cancer treatment within 31 days of decision
	standard = 90%	standard = 95%	standard = 90%	standard = 95%
Ayrshire and Arran	⊗ 79.0	⊗ 92.2	✓ 92.3	✓ 98.9
Borders	✓ 90.4	⊗ 93.6	⊗ 56.9	✓ 100.0
Dumfries and Galloway	⊗ 89.0	⊗ 92.6	⊗ 85.1	✓ 96.8
Fife	⊗ 79.0	✓ 95.2	⊗ 76.0	✓ 95.6
Forth Valley	⊗ 83.4	⊗ 86.1	⊗ 70.8	✓ 96.8
Grampian	⊗ 65.0	⊗ 94.4	⊗ 44.3	⊗ 91.6
Greater Glasgow and Clyde	⊗ 84.4	⊗ 90.3	⊗ 80.7	⊗ 94.6
Highland	⊗ 80.7	✓ 96.5	⊗ 82.3	⊗ 93.9
Lanarkshire	⊗ 85.7	⊗ 90.8	⊗ 70.9	✓ 98.6
Lothian	⊗ 72.0	⊗ 85.9	⊗ 62.8	⊗ 94.3
Orkney	✓ 93.1	✓ 95.7	✓ 95.0	✓ 96.2
Shetland	⊗ 83.6	✓ 96.3	✓ 95.0	✓ 98.5
Tayside	⊗ 76.3	✓ 97.5	⊗ 43.5	⊗ 92.7
Western Isles	✓ 90.7	✓ 98.9	✓ 95.0	✓ 100.0
<b>Scotland</b>	⊗ 80.2	⊗ 91.2	⊗ 70.7	✓ 95.0



Standard met



Standard missed

Health board	Patients starting cancer treatment within 62 days of referral standard = 95%	Outpatients waiting less than 12 weeks following first referral standard = 95%	Day case or inpatients who waited less than 12 weeks for treatment standard = 100%	Drug and alcohol patients seen within three weeks standard = 90%
Ayrshire and Arran	⊗ 84.6	⊗ 82.4	⊗ 83.9	✓ 98.6
Borders	⊗ 93.3	✓ 96.8	⊗ 78.4	✓ 95.3
Dumfries and Galloway	⊗ 92.0	✓ 95.9	⊗ 83.7	✓ 94.6
Fife	⊗ 85.4	✓ 98.2	⊗ 70.5	✓ 96.5
Forth Valley	⊗ 81.8	⊗ 88.2	⊗ 60.3	✓ 98.4
Grampian	⊗ 78.9	⊗ 64.9	⊗ 54.7	✓ 91.4
Greater Glasgow and Clyde	⊗ 77.1	⊗ 74.6	⊗ 77.3	✓ 94.8
Highland	⊗ 80.3	⊗ 84.7	⊗ 57.7	⊗ 87.8
Lanarkshire	✓ 95.9	⊗ 89.7	⊗ 63.3	✓ 97.9
Lothian	⊗ 81.0	⊗ 65.1	⊗ 77.2	⊗ 80.5
Orkney	⊗ 89.2	⊗ 78.9	⊗ 83.0	✓ 97.9
Shetland	⊗ 78.2	⊗ 71.2	⊗ 88.1	✓ 96.0
Tayside	⊗ 84.8	⊗ 62.7	⊗ 67.5	✓ 90.6
Western Isles	⊗ 83.3	⊗ 91.6	✓ 100.0	⊗ 89.3
<b>Scotland</b>	⊗ 82.5	⊗ 75.0	⊗ 72.2	✓ 93.6



Standard met



Standard missed

Sources: Child and Adolescent Mental Health Services: waiting times, workforce and service demand, ISD Scotland, June 2019; National drug and alcohol treatment waiting times, ISD Scotland, June 2019; 18 weeks referral to treatment: ISD Scotland, May 2019; New outpatient appointment: waiting times for patients waiting at month end, census date at 31 March 2019, ISD Scotland, May 2019; Inpatient or day case admission: waiting times for patients seen, ISD Scotland, May 2019; Accident and emergency: attendances and time in department, ISD Scotland, June 2019; Performance against the 62-day standard from receipt of an urgent referral with suspicion of cancer to first treatment by NHS board, ISD Scotland, June 2019; Performance against the 31-day standard from date decision to treat to first cancer treatment by NHS board, ISD Scotland, June 2019

# NHS in Scotland 2019

This report is available in PDF and RTF formats,  
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# NHS in Scotland 2019

## Checklist for NHS non-executive directors

1. The following checklist is designed to help non-executive directors with their role in overseeing the performance of NHS boards and aims to promote good practice, scrutiny and challenge in decision-making.
2. The checklist should be read in conjunction with the report, [NHS in Scotland 2019](#), published in October 2019. This report examines how the NHS in Scotland performed in 2018/19. It also sets out what needs to change to secure the future of the NHS in Scotland.
3. The checklist is divided into two sections covering:
  - 3.1. Financial and operational performance
  - 3.2. What needs to change.
4. The questions should help non-executive directors seek evidence, and subsequently gain assurance, on their board's approach in these areas. If the answer to any question is 'no', then we would encourage non-executive directors to speak with the board's Chief Executive or senior executive team to discuss how improvements can be made.

## Section 1: Financial and operational performance

The NHS in Scotland continues to face increasing pressure from rising demand and costs. Staff are working hard but boards are finding it difficult to meet national waiting times standards and there is still a heavy reliance on temporary staffing. Without reform, the Scottish Government is predicting there will be a £1.8 billion shortfall in the projected funding for health and social care of £18.8 billion by 2023/24. So far, the pace of change to address this, particularly through health and social care integration, has been too slow. The Scottish Government has started to put in place foundations to support financial sustainability. The introduction of three-year financial and performance planning is an important step towards more effective long-term planning. The following questions allow you to reflect on areas such as financial and operational performance, leadership, governance and culture in your organisation.

1. Do I have a good understanding of the overall financial health of the board?	Yes	No
Am I aware of the current underlying financial performance of the board against its annual revenue and capital budget limits?		
Do I have sufficient assurance that both annual revenue and capital limits will be met?		
Does the board have a detailed three-year financial plan in place setting out the projected position at the end of each year, and at the end of the three-year break-even period?		
Am I aware of all significant cost pressures facing the board and their implications? Cost pressures may include: <ul style="list-style-type: none"> <li>- increased demand for services from a growing and ageing population</li> <li>- increasing staff costs, in particular spending on agency staff</li> <li>- spending on drugs.</li> </ul>		
Do I know the extent to which the board is using short-term approaches / one-off measures to achieve financial balance?		
Am I satisfied that appropriate action is being taken to address potential future funding gaps?		
Do I have confidence that appropriate action is being taken to help improve the financial health of the board?		

1. Do I have a good understanding of the overall financial health of the board?	Yes	No
Do I know how the board plans to use resources differently to achieve the aim of delivering more healthcare in the community?		
Do I have a good understanding of the current condition and future investment needs of the board's estate and other assets (such as medical equipment)?		
Am I aware of issues and pressures facing general practice and community care in my board area? For example: <ul style="list-style-type: none"> <li>- the workforce needs and ability to develop multi-disciplinary teams</li> <li>- potential for increasing capacity in primary community care to support shifting care out of acute services</li> <li>- recruitment, retention and professional development issues.</li> </ul>		

2. Does the board have a robust savings plan in place?	Yes	No
Where savings are identified, do plans demonstrate how savings will be achieved within the timescales given?		
It is important that the majority of savings are recurring to ensure the sustainability of the board's financial position. Am I confident that the board has an appropriate balance between recurring and non-recurring savings to ensure the board will meet its future savings targets?		
Where savings are unidentified, does the board have appropriate plans to identify them within the underlying financial period?		
Has the clinical and patient safety impact of savings proposals been assessed?		

3. Do I have a good, overall understanding of the board's service performance and quality?	Yes	No
Do I have a good understanding of the wider performance of the board, including indicators of quality of care covering all parts of the healthcare system, and not just performance against national waiting time standards?		

3. Do I have a good, overall understanding of the board's service performance and quality?	Yes	No
Do I have a good understanding of the board's performance against national waiting time targets and standards?		
Am I aware of the general short-term and long-term trends in performance against each target and standard?		
Am I satisfied that appropriate action is being taken to improve both short-term and long-term performance?		
Am I aware of the costs involved in trying to improve performance?		
Am I made aware of any potential difficulties in meeting targets and standards in the future?		
Am I aware of staff and patients' views on the quality of service provided and actions planned to address concerns?		
Do I know the public health trends in the communities in my board area and the health inequalities that exist? This includes: - differences by equality group and deprivation - differences in how different groups access and use health services, and their experiences of care.		
Do I have a good understanding of demand for services, capacity and activity trends within primary and secondary care?		
Is the board using this information to inform medium to longer-term service and workforce planning?		
4. Do I have a good understanding of the work the board is undertaking to prepare for EU withdrawal?	Yes	No
Have I read Audit Scotland's recent publication ' <i>Withdrawal from the European Union: Key audit issues for the Scottish public sector</i> '?		

4. Do I have a good understanding of the work the board is undertaking to prepare for EU withdrawal?	Yes	No
Am I confident that I know the answers to the 'Key questions for public bodies' contained in the briefing?		

## Section 2: What needs to change?

Changing how healthcare services are accessed and delivered is a long-term, complex undertaking. Successfully achieving it will bring real benefits but to achieve these, there needs to be an urgent focus on the elements critical to success. The following questions consider these areas.

1. Is the board operating effectively?	Yes	No
Do I fully understand my role and responsibilities as a board member?		
Do I feel that I had an appropriate induction on entering the board, and am receiving adequate ongoing training and assessment? e.g. risk management and governance		
Am I confident that good progress is being made implementing the board's <i>NHS in Scotland Blueprint for Good Governance</i> action plan?		
Am I confident that I receive sufficient, good quality information to make decisions and scrutinise performance?		
Are the financial and performance reports that I receive easily understandable and of appropriate length?		
Am I confident challenging advice, opinions and information provided?		
Have I discussed the recommendations from the Sturrock report with my board?		
Do I receive regular information about organisational behaviour, including bullying and harassment data and progress with cultural improvement initiatives?		

2. Is the board taking ownership of changing and improving services?	Yes	No
Am I aware of what the board is doing to change and improve services?		
Am I satisfied with the board's level of engagement with integration authorities and other relevant partner organisations to change and improve services?		
Am I satisfied that changes and improvements to services are happening fast enough?		
Am I satisfied that the board and integration authorities are working together effectively, for example in relation to: <ul style="list-style-type: none"> <li>- governance arrangements</li> <li>- reporting arrangements</li> <li>- budget-setting processes?</li> </ul>		
Do I feel I receive appropriate and timely information on the performance of the local IJBs, including financial and service performance?		

3. Am I confident the board is making good progress in addressing long-term workforce requirements?	Yes	No
Am I satisfied that the board has implemented the recommendations of the following Audit Scotland's reports: NHS workforce planning, July 2017, the NHS in Scotland 2018 report, and considered the recommendations in the NHS workforce planning part 2, August 2019?		
Does the board have a good understanding of its long-term workforce requirements such as the number and types of jobs needed, including skills required, roles and responsibilities?		
Is the board developing a long-term workforce plan (more than five years) in partnership with integration authorities?		
If yes to above, does the long-term workforce plan address: <ul style="list-style-type: none"> <li>- recruitment</li> </ul>		

3. Am I confident the board is making good progress in addressing long-term workforce requirements?	Yes	No
<ul style="list-style-type: none"> <li>- retention</li> <li>- succession planning</li> <li>- costs of future workforce changes?</li> </ul>		

4. Is the board engaging with the public and staff about the need for change in how they access, use and receive services?	Yes	No
Am I aware of what the board is doing to engage with the public and staff about the need for, and benefits of, changing how services are provided?		
<p>Am I satisfied that the board provides enough information to the public on our activities? Including:</p> <ul style="list-style-type: none"> <li>- can the public attend all meetings of the board</li> <li>- can the public access board and committee papers and minutes easily</li> <li>- does the board tell patients on the length of waiting lists and their likely wait for appointments and treatment.</li> </ul>		
Am I aware of what the board is doing to encourage the public to take more responsibility for looking after their health and managing long-term conditions?		
Do I know the extent to which the board is working with partner organisations when engaging with the public about the need for change in how services are provided?		

# NHS Fife Audit and Risk Committee



<b>DATE OF MEETING:</b>	9 January 2020
<b>TITLE OF REPORT:</b>	Update on NHS Fife Board Assurance Framework (BAF)
<b>EXECUTIVE LEAD:</b>	Helen Buchanan
<b>REPORTING OFFICER:</b>	Pauline Cumming

<b>Purpose of the Report</b> (delete as appropriate)		
<b>For information</b>		

SBAR REPORT	
<b><u>Situation</u></b>	
<p>This report updates the Committee on the BAF since the last report on 5 September 2019.</p>	
<b><u>Background</u></b>	
<p>The BAF identifies risks to the achievement of Fife NHS Board's objectives, particularly, but not exclusively related to delivery of the:</p> <ul style="list-style-type: none"> <li>• NHS Fife Strategic Framework</li> <li>• NHS Fife Clinical Strategy</li> <li>• Fife Health &amp; Social Care Integration Strategic Plan</li> </ul> <p>It integrates information on underpinning operational risks, controls, assurances and mitigating actions, as well providing a brief assessment of current performance.</p>	
<b><u>Assessment</u></b>	
<p>Further to previous reports to the Committee, the BAF now has 7 components. These are:</p> <ul style="list-style-type: none"> <li>• Financial Sustainability</li> <li>• Environmental Sustainability</li> <li>• Workforce Sustainability</li> <li>• Quality &amp; Safety</li> <li>• Strategic Planning</li> <li>• Integration Joint Board (IJB)</li> <li>• e Health</li> </ul>	

## See Table 1

**Table 1 - Risk Level and Rating over time**

Risk ID	Risk Title	Initial Risk Level & Rating LxC	Likelihood (L)	Consequence (C)	Current Level & Rating Feb- Mar 2019	Current Level & Rating April- May 2019	Current Level & Rating June- July 2019	Current Level & Rating Aug – Sep 2019
1413	<b>Financial Sustainability</b>	High 16	Likely 4	Major 4	16 (4x 4) High	16 (4x 4) High	16 (4x 4) High	16 (4x 4) High
1414	<b>Environmental Sustainability</b>	High 20	Likely 4	Extreme 5	20 (4x 5) High	20 (4x 5) High	20 (4x 5) High	20 (4x 5) High
1415	<b>Workforce Sustainability</b>	High 20	Almost certain 5	Major 4	16 (4x 4) High	16 (4x 4) High	16 (4x 4) High	16 (4x 4) High
1416	<b>Quality&amp; Safety</b>	High 20	Likely 4	Extreme 5	15 (3x 5) High	15 (3x 5) High	15 (3x 5) High	15 (3x 5) High
1417	<b>Strategic Planning</b>	High 16	Likely 4	Major 4	16 (4 x 4) High	16 (4 x 4) High	16 (4 x 4) High	16 (4 x 4) High
1418	<b>Integration Joint Board</b>	High 16	Likely 4	Major 4	16 (4 x 4) High	16 (4 x 4) High	16 (4 x 4) High	12 (3x4)) Mod
1683	<b>eHealth - Delivering Digital and Information Governance &amp; Security</b>	High 20	Possible 3	Major 5	N/A	N/A	N/A	15 (3x5) High

The risks are reported bi monthly to the standing committee to which they are aligned. Each BAF is supported by a complementary SBAR report. These reflect the Director's review and assessment of the risk, and highlight key issues and questions the committee must consider as part of its scrutiny function. These include:

- Does the risk score feel right?
- Do the current controls match the stated risk?
- Will the mitigating actions bring the risk down to its target level?
- If the mitigating actions are fully implemented would the outcome be achieved?
- Does the assurance provided describe how the controls are performing?
- Do the assurances come from more than one source including independent sources?
- How reliable are the assurances?
- What do they tell me?
- Is anything missing?

Since the last report to the Committee, the BAF risks have been considered at the appropriate standing committees, most recently in November 2019. The related BAFs are provided separately. A report on the BAF was submitted to Fife NHS Board on 27 November 2019.

### Updates:

Key points of note are summarised below.

## **Financial Sustainability**

On 5 November 2019, the Director of Finance provided assurance to the Finance, Performance & Resources Committee that systems and processes are in place to monitor the financial performance and sustainability of NHS Fife, including the impact of the financial position of the Integration Joint Board.

She referred to individual director and manager accountability for financial management in their respective areas of responsibility indicating this has been strengthened through the establishment of a system-wide series of Performance & Accountability Review meetings

The current BAF score remains at High which recognises the ongoing financial challenges facing Acute Services in particular, as well as the pressures notable within the Health & Social Care Partnership, specifically in relation to social care budgets and the impact of any move to adopt the risk share arrangement

There have been no changes in linked operational risks.

## **Environmental Sustainability**

On 5 November 2019, the Director of Estates, Facilities and Capital Planning advised the Finance, Performance & Resources Committee, that work continues to address the risks as and when funding allows.

He referred to linked operational risk 1384 relating to non compliance in relation to water safety guidance due to there being a vacant microbiologist post. The post has now been filled and the risk is closed.

## **Workforce Sustainability**

On 1 November 2019, the Director of Workforce assured the Staff Governance Committee that systems and processes are in place to ensure the right composition of the workforce, with the right skills and competencies deployed in the right place at the right time.

She made specific reference to the linked operational risk 90 relating to the national shortage of Consultant Radiologists; the risk remains at high.

## **Quality & Safety**

On 6 November 2019 the Medical Director reported to the Clinical Governance Committee that there are systems and processes in place to support the quality and safety of care delivered, as described.

Risk 1502 which relates to the 3D Temperature Monitoring System in the South Lab has reduced its risk level from high to moderate since a temperature monitoring system has been installed. It is expected the system will go live mid December 2019 when staff training and validation have been completed. The risk is no longer linked to the BAF.

## **Strategic Planning**

On 6 November 2019, the Medical Director reported to the Clinical Governance Committee that the Annual Operational Plan (AOP) for 2019/20 re-identifies the 4 strategic priorities for NHS and Health & Social Care as:

1. Acute Transformation Programme
2. Joining Up Care(incl Urgent Care, Community Hubs & Community Hospital Redesign)
3. Mental Health Redesign
4. Medicines Efficiencies

The Joint Strategic Transformation Group (JSTG) has now been replaced by the Integrated Transformation Board (ITB) which will provide transformation oversight of all of the transformation programmes by NHS Fife, Fife IJB and Fife Council. The governance will continue to be with the 4 committees; 2 from the NHS and 2 from the IJB.

Each programme has now been agreed by the ITB against the programme management stage and gate framework. The ITB will oversee the transformation programmes and ensure objectives, outcomes and deliverables are met within timescales.

This BAF is usually also considered by the Finance, Performance & Resources Committee; this did not occur at its meeting on 5 November 2019 as the reporting officer was unavailable to present.

### **Integration Joint Board (IJB) BAF**

A range of work has been carried out to look at the governance arrangements for the IJB, including the Integration Scheme.

A draft Governance Manual which seeks to bring all relevant governance information into one reference document for members and officers was submitted to the IJB in September 2019.

### **eHealth BAF**

The eHealth BAF was approved by the eHealth Board on 24 May 2019. It was first reported to the NHS Fife Clinical Governance Committee on 6 November 2019. On behalf of the Chief Operating Officer, Acute Services Division (ASD), the Associate Medical Director, ASD provided assurance that systems and processes are in place to monitor eHealth performance and manage the risks to eHealth and the organisation's sustainability and strategic planning.

### **Future Developments**

It is anticipated that in the year ahead, the BAF will be further developed in accordance with the requirements in the revised Scottish Public Finance Manual (SPFM) Audit Committee Handbook. This sets out a number of significant changes including an explicit emphasis on the sources of assurance available to Audit and Assurance Committees, in addition to internal and external audit. This shift in emphasis is not exclusive to the BAF but does have particular relevance. It makes specific reference to the need for organisations to define their assurance needs, map their various sources of assurance and develop an integrated approach to assurance. This means having in place an efficient and effective framework which tests the adequacy of existing controls and of the assurances over those controls in order to provide "*...sufficient, continuous and reliable assurance on organisational stewardship and the management of the major risks to organisational success and delivery of improved, cost effective, public services*" (Treasury Guidance).

An Assurance Mapping Group has been set up comprising representatives from NHS Fife, NHS Forth Valley, NHS Lanarkshire and NHS Tayside, working in board secretary, corporate governance and risk management roles. The group is facilitated by the Chief Internal Auditor.

Locally, and specifically in relation to the BAF, this work will be taken forward in the first instance by the Board Secretary, the Executive Lead for Risk Management and the Risk Manager.

### Recommendation

The Committee is invited to:

- **Note** the BAF
- **Note** the developments

### Objectives: (must be completed)

Healthcare Standard(s):	To aid delivery
HB Strategic Objectives:	Supports all of the Board's strategic objectives

### Further Information:

Evidence Base:	A broad national and international evidence base informs the delivery of safe, effective, person centred care in NHS Fife.
Glossary of Terms:	N/A
Parties / Committees consulted prior to Health Board Meeting:	Executive Directors Staff Governance, Clinical Governance and Finance, Performance & Resources Committees

### Impact: (must be completed)

<b>Financial / Value For Money</b>	Promotes proportionate management of risk and thus effective and efficient use of scarce resources.
<b>Risk / Legal:</b>	Inherent in process. Demonstrates due diligence. Provides critical supporting evidence for the Annual Governance Statement.
<b>Quality / Patient Care:</b>	NHS Fife's risk management system seeks to minimise risk and so support the delivery of safe, effective, person centred care.
<b>Workforce:</b>	The system arrangements for risk management are contained within current resource.
<b>Equality:</b>	The arrangements for managing risk apply to all patients, staff and others in contact with the Board's services.

1413	Sustainable	28/10/2019	31/12/2019	There is a risk that the funding required to deliver the current and anticipated future service models will exceed the funding available. Thereafter there is a risk that failure to implement, monitor and review an effective financial planning, management and performance framework would result in the Board being unable to deliver on its required financial targets.	4 - Likely - Strong possibility this could occur	4 - Major	16	High	4 - Likely - Strong possibility this could occur	4 - Major	16	High	Current financial climate across NHS/public sector	Nil	<p><i>Ongoing actions designed to mitigate the risk including:</i></p> <p>1. Ensure budgets are devolved to an appropriate level aligned to management responsibilities and accountabilities. This includes the allocation of any financial plan shortfall to all budget areas. This seeks to ensure all budget holders are sighted on their responsibility to contribute to the overall requirement to deliver breakeven.</p> <p>2. Refreshed approach established for a system-wide Transformation programme to support redesign; reduce unwarranted variation and waste; and to implement detailed efficiency initiatives. Lessons will be learned from the successes of the medicines efficiency programme in terms of the system-wide approach and use of evidence based, data-driven analysis</p> <p>3. Engage with external advisors as required (e.g. property advisors) to support specific aspects of work. In addition, appoint external support to accelerate a programme of cost improvement across Acute Services.</p>	<p>1. Continue a relentless pursuit of all opportunities identified through the transformation programme in the context of sustainability &amp; value.</p> <p>2. Continue to maintain an active overview of national funding streams to ensure all NHS Fife receives a share of all possible allocations.</p> <p>3. Continue to scrutinise and review any potential financial flexibility.</p> <p>4. Engage with H&amp;SC / Council colleagues on the risk share methodology and in particular ensure that EDG, FP&amp;R and the Board are appropriately advised on the options available to manage any overspend within the IJB <i>prior</i> to the application of the risk share arrangement</p>	Director of Finance / Chief Operating Officer / Director of Health & Social Care	Ongoing	<p>1. Produce monthly reports capturing and monitoring progress against financial targets and efficiency savings for scrutiny by all responsible managers and those charged with governance and delivery.</p> <p>2. Undertake regular monitoring of expenditure levels through managers, Executive Directors' Group (EDG), Finance, Performance &amp; Resources (F,P&amp;R) Committee and Board. As this will be done in parallel with the wider Integrated Performance Reporting approach, this will take cognisance of activity and operational performance against the financial performance.</p>	<p>1. Internal audit reviews on controls and process; including Departmental reviews .</p> <p>2. External audit review of year end accounts and governance framework.</p>	<p>1. Enhanced reporting on various metrics in relation to supplementary staffing.</p> <p>2. Confirmation via the Director of Health &amp; Social Care on the robustness of the social care forecasts and the likely outturn at year end</p>	<p>The financial challenge prevalent since 2016/17 has continued into 2019/20, albeit with a reducing recurring gap each year. The Annual Operational Plan shows a c.£17m gap for 2019/20 prior to any remedial action, with £10m of this relating to Acute Services and the (majority) of the balance relating to health budgets delegated to the Health &amp; Social Care Partnership. A detailed savings plan for the HSCP has been agreed by the IJB and if achieved would result in the delegated health budgets being broadly breakeven. <b>A detailed savings plan is being developed by the Acute Services Division with the support of external advisors. It is anticipated that non delivery of savings may be mitigated, in part, through in year non recurring financial flexibility, however at this stage in the year it is difficult to provide a definitive position in this respect. For the purposes of reporting to SGHSCD, therefore, we continue to report a potential overspend at year end including the risk share impact of the shortfall in the opening IJB budget, noting the risk that this is likely to be higher due to the increased forecast cost pressures within social care packages. Within the Scottish Government monthly reporting template we have highlighted that the impact of the social care overspend would require additional external funding and the overspend on the Health Board retained budgets might be managed through local management action (specially non recurring financial flexibility).</b></p>	3 - Possible - May occur occasionally - reasonable chance	4 - Major	12	Moderate	Financial risks will always be prevalent within the NHS / public sector however it would be reasonable to aim for a position where these risks can be mitigated to an extent.
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Risk ID	Risk Title	Current Risk Rating	Risk Owner
1513	Financial and Economic impact of Brexit	High 25	C Potter
1363	Health & Social Care Integration - Overspend	High 20	M Kellett
1364	Efficiency Savings - failure to identify level of savings to achieve financial balance	High 16	C Potter

Risk ID	Risk Title	Reason for unlinking from BAF	Current Risk Rating	Risk Owner
522	Prescribing & Medicines Management - unable to control Prescribing Budget	No longer a high risk	Moderate 9	Dr Christopher McKenna
1357	Financial Planning, Management & Performance	No longer a high risk	Moderate 12	C Potter

Risk ID	Strategic Framework Objective	Date last reviewed	Date of next review	Description of Risk	Initial Score				Current Score				Rationale for Current Score	Owner (Executive Director)	Assurance Group Standing Committee and Chairperson	Current Controls (What are we currently doing about the risk?)	Gaps in Control	Mitigating actions - what more should we do?	Responsible Person	Timescale	Assurances (How do we know controls are in place and functioning as expected?)	Sources of Positive Assurance on the Effectiveness of Controls	Gaps in Assurance (What additional assurances should we seek?)	Current Performance	Target Score				Rationale for Target Score
					Likelihood (Initial)	Consequence (Initial)	Rating (Initial)	Level (Initial)	Likelihood (Current)	Consequence (Current)	Rating (Current)	Level (Current)													Likelihood (Target)	Consequence (Target)	Rating (Target)	Level (Target)	

1414	Sustainable, Clinically Excellent	12/08/2019	12/11/2019	There is a risk that Environmental & Sustainability legislation is breached which impacts negatively on the safety and health of patients, staff and the public and the organisation's reputation.	4 - Likely - Strong possibility this could occur	5 - Extreme	20	High	4 - Likely - Strong possibility this could occur	5 - Extreme	20	High	Estates currently have significant high risks on the E&F risk register; until these have been eradicated this risk will remain. Action plans have been prepared and assuming capital is available these will be reduced in the near future.	Director of Estates, Facilities & Capital Services (E, F&CS)	Finance, Performance & Resources (F, P&R)	Chair: Rona Laing	Ongoing actions designed to mitigate the risk including: 1. Operational Planned Preventative Maintenance (PPM) systems in place 2. Systems in place to comply with NHS Estates 3. Action plans have been prepared for the risks on the estates & facilities risk register. These are reviewed and updated at the monthly risk management meetings. The highest risks are prioritised and allocated the appropriate capital funding. 4. The SCART (Statutory Compliance Audit & Risk Tool) and EAMS (Estates Asset Management System) systems record and track estates & facilities compliance. 5. Sustainability Group manages environmental issues and Carbon Reduction Commitment(CRC) process is audited annually. 6. Externally appointed Authorising Engineers carry out audits for all of the major services i.e. water safety, electrical systems, pressure systems, decontamination and so on.	Nil	1. Capital funding is allocated depending on the E&F risks rating	Director of Estates, Facilities & Capital Services	Ongoing as limited funding available	1. Capital Investment delivered in line with budgets 2. Sustainability Group minutes. 3. Estates & Facilities risk registers. 4. SCART & EAMS 5. Adverse Event reports	1. Internal audits 2. External audits by Authorising Engineers 3. Peer reviews	None	High risks still exist until remedial works have been undertaken, but action plans and processes are in place to mitigate these risks.	1 - Remote - Can't believe this event would happen	5 - Extreme	5	Low	All estates & facilities risk can be eradicated with the appropriate resources but there will always be a potential for failure i.e. component failure or human error hence the target figure of 5.
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Risk ID	Risk Title	Current Risk Rating	Risk Owner
1296	Emergency Evacuation - VHK- Phase 2 Tower Block	High 20	A Fairgrieve
1252	Flexible PEX hoses Phase 3 VHK - Legionella Risk	High 15	A Fairgrieve
1007	Theatre Phase 2 Remedial work	High 15	M Cross
1207	Water system Contamination STACH	High 15	A Fairgrieve

Risk ID	Risk Title	Reason for unlinking from BAF	Current Risk Rating	Risk Owner
1384	Microbiologist Vacancy	Risk Closed		
735	Medical Equipment Register	Risk Closed		
749	VHK Phase 2 - Main Foul Drainage Tower Block	Risk Closed		
1083	VHK CL O2 Generator - Legionella Control	Risk Closed		
1275	South Labs loss of service due to proximity of water main to plant room	No longer high risk	Moderate 8	D Lowe
1306	Risk of pigeon guano on VHK Ph2 Tower Windows	No longer high risk	Moderate 12	D Lowe
1312	Vertical Evacuation - VHK Phase 2 Tower Block	No longer high risk	Moderate 10	A Fairgrieve
1314	Inadequate Compartmentation - VHK - Escape Stairs and Lift Enclosures	No longer high risk	Low 6	A Fairgrieve
1315	Vertical Evacuation - VHK Phase 2 - excluding Tower Block	Risk Closed		
1316	Inadequate Compartmentation - VHK - Phase 1, Phase 2 Floors and 1st - risk of fire spread	No longer high risk	Moderate 12	A Fairgrieve
1335	Fife College of Nursing - Fire alarm potential failure	Risk Closed		
1341	Oil storage - risk of SEPA prosecution/ HSE enforcement due to potential leak/ contamination/ non compliant tanks	No longer high risk	Moderate 10	G Keatings
1342	Oil Storage - Fuel Tanks	No longer high risk	Moderate 10	J Wishart
1352	Pinpoint malfunction	Risk Closed		
1473	Stratheden Hospital Fire Alarm System	Risk Closed		

[illegible]

1415	Exemplar Employer	30.08.19	01.11.19	There is a risk that failure to ensure the right composition of workforce, with the right skills and competencies deployed in the right place at the right time will adversely affect the provision of services and quality patient care and impact on organisational capability to implement the new clinical and care models and service delivery set out in the Clinical Strategy	5 - Almost Certain - Expected to occur frequently - more likely than not	4 - Major	20	High	4 - Likely - Strong possibility this could occur	4 - Major	16	High	Failure in this area has a direct impact on patients' health. NHS Fife has an ageing workforce with recruitment challenges in key specialities. Failure to ensure the right composition of workforce with the right skills and competencies gives rise to a number of organisational risks including: reputational and financial risk; a potential adverse impact on the safety and quality of care provision; and staff engagement and morale. Failure would also adversely impact on the implementation of the Clinical strategy.	The current score reflects the existing controls and mitigating actions in place.	Director of Workforce/ Partnership	Staff Governance	Chair: Margaret Wells	Ongoing actions designed to mitigate the risk including:  1. • Development of the Workforce Strategy to support the Clinical Strategy and Strategic Framework. 2. • Implementation of the Health & Social Care Workforce and Organisational Development Strategy to support the Health & Social Care Strategic Plan for 2016/19. 3. • Implementation of the NHS Fife Strategic Framework particularly the “exemplar employer” 4. • A Brexit Steering Group has been established to consider the impact on the workforce with regard to these arrangements once they are known. 5. An Assurance Group has also been established which will link to existing resilience planning arrangements 6. • Implementation of eESS as a workforce management system within NHS Fife  7. • A stepped approach to nurse recruitment is in place which enables student nurses about to qualify to apply for certain posts at point of registration. This model could also be applied to AHP, eHealth, Pharmacist, Scientific and Trades recruitment and other disciplines considered. 8 • Strengthening of the control and monitoring associated with supplementary staffing with identification and implementation of solutions to reduce the requirement and/or costs associated with supplemental staffing. 9. • NHS Fife participation in regional and national groups to address national and local recruitment challenges and specific key group shortage areas, applying agreed solutions e.g. SERRIS 10. Review of risks related to Mental Health recruitment with Risk owners  11. • Absence Management Steering Group and local divisional groups established to drive a range of initiatives and improvements aligned to staff health and wellbeing activity, 12. • Well@Work initiatives continue to support the health and wellbeing of the workforce, facilitate earlier interventions to assist staff experience and retain staff in the workplace, along with Health Promotion and the Staff Wellbeing & Safety Service 13. • The roll out and implementation of iMatter across the organisation, to support staff engagement and organisational values. 14. • Staff Governance and Partnership working underpins all aspects of workforce activity within NHS Fife and is key to development of the workforce. 15. • Training and Development  16. • Development of the Learning and Development Framework strand of the Workforce Strategy 17. • Leadership and management development provision is constantly under review and updated as appropriate to ensure continuing relevance to support leaders at all levels 18. • The improvement made in Core Skills compliance to ensure NHS Fife meets its statutory obligations 19. • The implementation of the Learning management System module of eESS to ensure all training and development data is held and to facilitate reporting and analysis 20. • Continue to address the risk of non compliance with Staff Governance Standard and HEAT standard requirements relating to KSF. 21. • Utilisation of the Staff Governance Standard and Staff Governance Action Plans (the “Appropriately trained” strand) is utilised to identify local priorities and drive local actions. 22. • The development of close working relationships with L&D colleagues in neighbouring Boards, with NES and Fife Council to optimise synergistic benefits from collaborative working	Nil	Implementation of the Workforce Strategy to support the Clinical Strategy and Strategic Framework	Director of Workforce/Partnership	1. Regular performance monitoring and reports to EDG, APF, Staff Governance Committee	1. Use of national data 2. Internal Audit reports 3. Audit Scotland reports	Full implementation of eESS will provide an integrated workforce system which will capture and facilitate reporting including all learning and development activity	Overall NHS Fife Board has robust workforce planning and learning and development governance and risk systems and processes in place. Continuation of the current controls and full implementation of mitigating actions, especially the Workforce strategy supporting the Clinical Strategy and the implementation of eESS should provide an appropriate level of control.	2 - Unlikely - Not expected to happen - potential exists	2 - Minor	4	Low	Continuing improvement in current controls and full implementation of mitigating actions will reduce both the likelihood and consequence of the risk from moderate to low.
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Linked Operational Risk(s)

Risk ID	Risk Title	Current Risk Rating	Risk Owner
90	National shortage of radiologists	High 16	J Burdock

Previously Linked Operational Risk(s)

Risk ID	Risk Title	Reason for unlinking from BAF	Current Risk Rating	Risk Owner
503	Lack of capacity in Podiatry Service unable to meet SIGN/ NICE Guidelines	Risk Closed		
1042	Staffing levels Community Services East unable to meet staffing establishment	No longer high risk	Moderate 12	K Nolan
1324	Medical Staff Recruitment	No longer high risk	Moderate 9	J Kennedy
1349	Service provision- GP locums may no longer wish to work for NHS Fife salaried practices	Risk Closed		
1353	Medical Cover- Community Services West- expected shortfalls on nurse staffing and GP cover	No longer high risk	Moderate 9	C Dobson
1375	Breast Radiology Service	No longer high risk	Moderate 12	M Cross
1420	Loss of consultants	No longer high risk	Moderate 12	H Bett

NHS Fife Board Assurance Framework (BAF)

Risk ID	Strategic Framework Objective	Date last reviewed	Date of next review	Description of Risk	Initial Score				Current Score				Rationale for Current Score	Owner (Executive Director)	Assurance Group Standing Committee and Chairperson	Current Controls (What are we currently doing about the risk?)	Gaps in Control	Mitigating actions - what more should we do?	Responsible Person	Timescale	Assurances (How do we know controls are in place and functioning as expected?)	Sources of Positive Assurance on the Effectiveness of Controls	Gaps in Assurance (What additional assurances should we seek?)	Current Performance	Target Score				Rationale for Target Score
					Likelihood (Initial)	Consequence (Initial)	Rating (Initial)	Level (Initial)	Likelihood (Current)	Consequence (Current)	Rating (Current)	Level (Current)													Likelihood (Target)	Consequence (Target)	Rating (Target)	Level (Target)	

Quality & Safety

1416	Person Centred, Clinically Excellent	04/06/2019	04/08/2019	There is a risk that due to failure of clinical governance, performance and management systems (including information & information systems), NHS Fife may be unable to provide safe, effective, person centred care.	4 - Likely - Strong possibility this could occur	5 - Extreme	20	High	3 - Possible	5 - High	15	High	Failure in this area could have a direct impact on patients' health, organisational reputation and exposure to legal action. While it is recognised that several adverse events ranging from minor to extreme harm can occur daily, the proportion of these in relation to overall patient activity is very small.	Medical Director	Clinical Governance Chair: Dr Les Bisset	<i>Ongoing actions designed to mitigate the risk including:</i> 1. Strategic Framework 2. Clinical Strategy 3. Clinical Governance Structures and operational governance arrangements 4. Clinical & Care Governance Strategy 5. Participation & Engagement Strategy 6. Risk Management Framework  This is supported by the following: 7. Risk Registers 8. <b>Integrated Performance and Quality Report (IPQR)</b> , Performance reports dashboard data 9. Performance Reviews 10. Adverse Events Policy 11. Scottish Patient Safety Programme 12. Implementation of SIGN and other evidence based guidance 13. Staff Learning & Development 14.System of governance arrangements for all clinical policies and procedures 15. Participation in relevant national and local audit 16.Complaints handling process 17.Using data to enhance quality control 18.HIS Quality of Care Approach & Framework,Sept 2018 19. Implementing <b>Organisational</b> Duty of Candour legislation 20.Adverse event management process 21.Sharing of learning summaries from adverse event reviews 22.Implementing Excellence in Care 23. Using Patient Opinion feedback 24.. Acting on recommendations from internal & external agencies 25. Revalidation programmes for professional staff 26. Electronic dissemination of safety alerts	Reviewing together of patient experience, complaints, adverse events and risk information to provide an overview of good practice, themes, trends,and exceptions to the norm	1. Continually review the Integrated Performance and Quality (IPQR) to ensure they provide an accurate, current picture of clinical quality / performance in priority areas.  2. Refresh the extant Clinical Governance structures and arrangements to ensure these are current and fit for purpose.  3..Review the coverage of mortality & morbidity meetings.  4.Review and refresh the current content and delivery models for key areas of training and development e.g. corporate induction, in house core, quality improvement, leadership development, clinical skills, interspecialty programmes.  5.Review annually, all technology & IT systems that support clinical governance e.g. Datix, Formic Fusion Pro, Clinical Effectiveness Register.  6. Consider the HIS Quality of Care Framework and agree our approach to implementation.  7.Fully understand what the patient experience 'looks like' and take any required actions.	Medical Director 31/10/2018	1. Assurance statements from clinical & clinical & care governance groups and committees.  2. Assurances obtained from all groups and committees that: i. they have a workplan ii.all elements of the work plan are addressed in year  3. Annual Assurance Statement  4. Annual NHS Fife CGC Self assessment  5. Reporting bi annually on adequacy of systems & processes to Audit & Risk Committee  6. Accreditation systems  7.Quality control process e.g. specific audits  8.External agency reports e.g. GMC  9..Quality of Care review	1. Internal Audit reviews and reports  2. External Audit reviews  3. HIS visits and reviews  4. Healthcare Environment Inspectorate (HEI) visits and reports  5. Health Protection Scotland (HPS) support  6. Health & Safety Executive  7. Scottish Patient Safety Programme (SPSP) visits and reviews  8. Scottish Govt DoC Annual Report  9.Scottish Public Service Ombudsman (SPSO)  10. Patient Opinion	1.Key performance indicators relating to corporate objectives e.g. person centred, clinically excellent, exemplar employer & sustainable.  2.Executive commissioning of reviews e.g. internal audit, external peer and 'deep dives'	Overall, NHS Fife has in place sound systems of clinical governance and risk management as evidenced by Internal Audit and External Audit reports and the Statement of Annual Assurance to the Board.	2 - Unlikely	5 - Extreme	10	Moderate	The organisation can identify the actions required to strengthen the systems and processes to reduce the risk level.
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Linked Operational Risk(s)

Risk ID	Risk Title	Current Risk Rating	Risk Owner
1502	3D Temperature Monitoring System (South Lab)	High 20	Ken Campbell
1296	Emergency Evacuation - VHK- Phase 2 Tower Block	High 20	Andrew Fairgrieve
1514	Impact of the UK's withdrawal from the EU on the availability and cost of medicines and medical devices	High 20	Scott Garden
1524	Oxygen Driven Suction	High 20	Dr Christopher McKenna
43	Vascular access for haematology/Oncology	High 20	Shirley-Anne Savage
521	Capacity Planning	High 16	Miriam Watts
529	Information Security	High 16	Carol Potter
637	SAB HEAT TARGET	High 16	Christina Coulombe
1365	Cancer Waiting Times Access Standards	High 15	TBC
1515	Impact of the UK's withdrawal from the EU on Nuclear Medicine and the ability to provide diagnostic and treatment service(s)	High 15	Jeanette Burdock

Previously Linked Operational Risk(s)

Risk ID	Risk Title	Reason for unlinking from BAF	Current Risk Rating	Risk Owner
356	Clinical Pharmacy Input	Closed Risk		
528	Pandemic Flu Planning	No longer a high risk	Moderate 12	Dona Milne
1297	Obsolete Equipment In Use – No Replacement Plan In Place (Graseby 3000 Series)	Closed Risk		
1366	T34 syringe drivers in the Acute Division	Closed Risk		

## NHS Fife Board Assurance Framework (BAF)

Risk ID	Strategic Framework Objective	Date last reviewed	Date of next review	Description of Risk	Likelihood (Initial)	Consequence (Initial)	Rating (Initial)	Level (Initial)	Likelihood (Current)	Consequence (Current)	Rating (Current)	Level (Current)	Rationale for Current Score	Owner (Executive Director)	Assurance Group Standing Committee and Chairperson	Current Controls (What are we currently doing about the risk?)	Gaps in Control	Mitigating actions - what more should we do?	Responsible Person	Timescale	Assurances (How do we know controls are in place and functioning as expected?)	Sources of Positive Assurance on the Effectiveness of Controls	Gaps in Assurance (What additional assurances should we seek?)	Current Performance	Likelihood (Target)	Consequence (Target)	Rating (Target)	Level (Target)	Rationale for Target Score
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### Strategic Planning

1417	Person Centred, Clinically Excellent, Exemplar Employer, Sustainable	20/08/2019	01/11/2019	<p>There is a risk that NHS Fife will not deliver the recommendations made by the Clinical Strategy within a timeframe that supports the service transformation and redesign required to ensure service sustainability, quality and safety at lower cost.</p> <p><b>Key Risks</b></p> <p>1. Community/Mental Health redesign is the responsibility of the H&amp;SCP/IJB which hold the operational plans, delivery measures and timescales</p> <p>2. Governance of the JSTG remains with 4 committees - 2 from the IJB and 2 from NHS. This may impact on effectiveness of scrutiny.</p> <p>3. Regional Planning - risks around alignment with regional plans are currently reduced as regional work is focussed on specific workstreams</p>	4 - Likely - Strong possibility this could occur	4 - Major	16	High	4 - Likely - Strong possibility this could occur	4 - Major	16	High	<p>Joint Strategic Transformation Group has now been replaced with the Integrated Transformation Board after the review of transformation in 2019.</p> <p>Revised processes in place with workplans for transformation programmes at varying stages of development with some programmes more advanced than others.</p> <p>New programme management in place with a stage and gate approach.</p> <p>Joint Strategic Transformation Group has now been replaced with the Integrated Transformation Board after the review of transformation in 2019.</p> <p>Revised processes in place with workplans for transformation programmes at varying stages of development with some programmes more advanced than others.</p> <p>New programme management in place with a stage and gate approach.</p>	Chief Executive	Clinical Governance	<p><i>Ongoing actions designed to mitigate the risk including:</i></p> <p>1. Establishment of Integrated Transformation Board in 2019 to oversee transformation programmes across NHS Fife, Fife IJB and Fife Council to drive the delivery of the H&amp;SC Strategic Plan and the Clinical Strategy.</p> <p>2. Establishment of programme management framework with a stage and gate approach.</p> <p>3. 3 of the 4 key strategic priorities are being taken forward by the H&amp;SCP/IJB. The remaining priority is being taken forward by Acute services and progress shared through regular highlight reports. Programme Boards provide oversight and strategic guidance to the programme. Collaborative oversight is provided by the JSTG.</p> <p>4. The Service Planning Reviews have taken place for 2019/20 -21/22 which will inform actions to deliver Clinical Strategy and prioritise transformation programmes.</p>	JSTG not performing role adequately and replaced by the newly formed Integrated Transformation Board, but transformation programmes being progressed.	<p>Leadership to strategic planning coming from the Executive Directors Group.</p> <p>Clinical Strategy workstream update has been produced to reflect progress against recommendations.</p> <p>First meeting of refreshed JSTG chaired by Chief Executive held on 16 April. Transformation Stocktake Workshop took place on 23 July 2019 and a refreshed governance structure is being developed.</p> <p>1. The NHS Fife CEO chairs the Acute Services workstream of the East Region Health and Social Care Delivery Plan. Plan has not been published so workstreams have been paused and specific work taken forward by SEAT.</p> <p>2. Chief Executive and Chief Operating Officer participate in Regional planning via SEAT and appropriate sub/working groups.</p>	Chief Executive	Chief Operating Officer (COO)	<p>1. Minutes of meetings record attendance, agenda and outcomes.</p> <p>2. Action Plans and highlight reports from the Joint Strategic Transformation Group.</p> <p>3. Action plans, minutes and reports from the SEAT Regional Planning meetings and East Region Programme Board.</p> <p>4. Performance and Accountability Reviews now underway which will provide assurance to committees on performance of all services.</p> <p>5. New governance in place with newly formed Integrated Transformation Group with first meeting taking place on 2 October 2019.</p>	<p>1. Internal Audit Report on Strategic Planning (no. B10/17)</p> <p>2. SEAT Annual Report 2016</p> <p>3. Governance committee oversight of performance assurance framework</p>	Governance of programmes through Integrated Transformation Board.	<p>Current challenges associated with delivery of our strategic objectives include the focus on the 4 strategic priorities (Acute Transformation, Joining Up Care, Mental Health Redesign and Medicines Efficiencies), the interdependencies of workplans (NHS Fife/H&amp;SCP/ Region) in terms of the whole system oversight of operational plans, delivery measures and timescales.</p> <p>Each programme has now been mapped against the stage and gate approach and agreed by the Integrated Transformation Board. More scrutiny of programmes will take place at this board.</p>	3 - Possible - May occur occasionally - reasonable chance	4 - Major	12	Moderate	Once governance and monitoring is in place and transformation programmes are being realised, the risk level should reduce. The delivery timescale for this will be late 2019/early 2020.
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### Linked Operational Risk(s)

Risk ID	Risk Title	Current Risk Rating	Risk Owner
	Nil currently identified		

### Previously Linked Operational Risk(s)

Risk ID	Risk Title	Reason for unlinking from BAF	Current Risk Rating	Risk Owner
	NIL APPLICABLE			

Risk ID	Strategic Framework Objective	Date last reviewed	Date of next review	Description of Risk	Initial Score				Current Score				Rationale for Current Score	Owner (Executive Director)	Assurance Group Standing Committee and Chairperson	Current Controls (What are we currently doing about the risk?)	Gaps in Control	Mitigating actions - what more should we do?	Responsible Person	Timescale	Assurances (How do we know controls are in place and functioning as expected?)	Sources of Positive Assurance on the Effectiveness of Controls	Gaps in Assurance (What additional assurances should we seek?)	Current Performance	Target Score				Rationale for Target Score
					Likelihood (Initial)	Consequence (Initial)	Rating (Initial)	Level (Initial)	Likelihood (Current)	Consequence (Current)	Rating (Current)	Level (Current)													Likelihood (Target)	Consequence (Target)	Rating (Target)	Level (Target)	

1418	Sustainable	30/06/2018	31/08/2018	There is a risk that the Fife Integration Scheme does not clearly define operational responsibilities of the Health Board, Council and Integration Joint Board (IJB) resulting in a lack of clarity on ownership for risk management, governance and assurance.	4 - Likely - Strong possibility this could occur	4 - Major	16	High	4 - Likely - Strong possibility this could occur	4 - Major	16	High	Issues raised by auditors, acknowledged at year end 2016/17 that need to be addressed.	Director of Health & Social Care NHS Fife Board Chair: Tricia Marwick	Ongoing actions designed to mitigate the risk including:  1. IJB has reviewed its Integration Scheme to ensure there is clarity around how decisions are made through its governance mechanisms, providing appropriate and efficient assurance to the parent bodies. NHS Fife asked for time to consider the proposals made.  2.. The revised NHS Fife Code of Corporate Governance was approved by the NHS Fife Board in March 2018.  3. A Code of Corporate Governance for the IJB has been developed and was submitted to the IJB Audit and Risk Committee in March 2018 and then to the IJB on 21 June 2018 for approval. This will be reviewed against the recent revisions to the NHS Fife Code of Corporate Governance.  4. The IJB Code of Corporate Governance forms part of a consolidated governance framework, with Assurance Map, which is currently under development. This will ensure all risks, responsibilities and other appropriate matters are understood by all parties and considered effectively for ongoing assurance and the annual Governance Statement.	Nil	Nothing more to be done than the ongoing actions set out.	Director of Health & Social Care	1. Through regular updates to SLT and EDG about the progress of the reviews.  2. Updates to Audit & Risk Committees, the Integration Joint Board (IJB) and NHS Fife.	1. • The views of auditors will be the key independent assurance mechanism around this risk. We will involve them in the work to clarify governance arrangements as it progresses.  2. • Scottish Government will also provide useful advice and an independent perspective on the work to be carried out.	None	The problem should be largely resolved with the action taken.	1 - Remote - Can't believe this event would happen	4 - Major	4	Low	Once resolved and given effect to in IJB integration scheme and NHS Fife corporate governance arrangements, the issue should largely be resolved. But given maturity of relationships and dynamics around regional approaches a remaining risk will remain.
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Risk ID	Risk Title	Current Risk Rating	Risk Owner
	Nil currently identified		

Risk ID	Risk Title	Reason for unlinking from BAF	Current Risk Rating	Risk Owner
	NIL APPLICABLE			

NHS Fife Board Assurance Framework (BAF)

Risk ID	Strategic Framework Objective	Date last reviewed	Date of next review	Description of Risk	Likelihood (Initial)	Consequence (Initial)	Rating (Initial)	Level (Initial)	Likelihood (Current)	Consequence (Current)	Rating (Current)	Level (Current)	Rationale for Current Score	Owner (Executive Director)	Assurance Group Standing Committee and Chairperson	Current Controls (What are we currently doing about the risk?)	Gaps in Control	Mitigating actions - what more should we do?	Responsible Person	Timescale	Assurances (How do we know controls are in place and functioning as expected?)	Sources of Positive Assurance on the Effectiveness of Controls	Gaps in Assurance (What additional assurances should we seek?)	Current Performance	Likelihood (Target)	Consequence (Target)	Rating (Target)	Level (Target)	Rationale for Target Score
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eHealth - Delivering Digital and Information Governance & Security

Person Centred, Clinically Excellent, An Exemplar Employee, Sustainable	19/07/2019	01/07/2020	There is a risk that due to failure of Technical Infrastructure, Internal & External Security, Organisational Digital Readiness, ability to reduce Skills Dilution within eHealth and ability to derive Maximum Benefit from Digital Provision, NHS Fife may be unable to provide safe, effective, person centred care.	4 - Likely - Strong possibility this could occur	5 - Extreme	20	High	3 - Possible	5 -Extreme	15	High	Failure in this area could have a direct impact on patients care, organisational reputation and exposure to legal action. While it is recognised that several adverse events ranging from minor to extreme can occur daily, the proportion of these in relation to overall activity is very small and reporting to competent authorities is minimal.	COO & DOF (SIRO)	Clinical Governance - Chair: Dr Les Bisset FP&R - Chair: Rona Laing	Ongoing actions designed to mitigate the risk including: 1. Implementation of the NHS Fife Strategic Framework and Clinical Strategy 2. Operational Governance arrangements 3. Risk Management Framework. The risk management framework is underpinned by Robust Policy & Process, Asset Management Controls, Monitoring and Detection, Defence in Depth security measures and technology; all of which are receiving a higher percentage of budget allocation. 4. Robust Internal and External Audit reports. 5. Working towards General Data Protection Regulation (GDPR), Directive on security of network and information systems (NIS) & Cyber Essentials Compliance 6. Corporate and eHealth policies & Procedures: GP/A4 Acceptable Use Policy GP/B2 eHealth Remote Access Policy GP/C10 Clear Screen Clear Desk Policy GP/D6 Data Encryption Policy GP/E7 Non NHS Fife Equipment GP/H6 eHealth Equipment Home Working Policy GP/I3 Internet Policy GP/I4 eHealth Procurement Policy GP/I5 Information Security Policy GP/M5 Mobile Device Policy GP/P2 Password Policy GP/M4 Media Handling Policy GP/E6 Email Policy GP/S8 eHealth Incident Management Policy GP/D3 Data Protection and Confidentiality Policy GP/I6 IT Change Management Policy GP/V2 IT Virus Protection Policy This is supported by the following: 7. eHealth Risk Register (incl Programme/project risks) 8. Performance reports and availability of data through dashboards	The organisation is not consistently fully compliant with the following key controls: GDPR/DPA 2018 NIS Directive Cyber Essentials Plus.  Compliance is at 'a point in time' , Risks identified, linked and recorded.  The organisation is also lacking in training resource to ensure our staff are digitally ready.	1. Improving and maintaining strong governance and procedures following Information Technology Infrastructure Library (ITIL) professional standards 2. Ensure new systems are not introduced without sufficient skilled resources to maintain on an ongoing basis. 3. Work to become fully compliant with GDPR, DPA 2018, NIS Directive, Information Security Policy Framework and thereafter maintain compliance.	Head of eHealth - Lesly Donovan	01/07/2020	Second Line of Defence 1. Reporting to eHealth Board, Information Governance & Security Group (IG&SG), clinical & clinical & care governance groups and committees. 2. Annual Assurance Statements for the eHealth Board and IG&SG. 3. Locally designed subject specific audits. 4. Compliance and monitoring of policies & procedures to ensure these are up to date. 5. Reporting bi annually on adequacy of risk management systems and processes to Audit & Risk Committee. 6. Monthly SIRO report 7. SGHSCD Annual review 8. SG Resilience Group Annual report on NIS & Cyber compliance 9. Quarterly performance report. 10. Accreditation systems. 11. Locally designed subject specific audits. 12. From June 2019 Annual - Digital Maturity Assessment	Third line of Defence: 1. Internal Audit reviews and reports on controls and process; including annual governance review / departmental reviews. 2. External Audit reviews. 3. Formal resilience testing / DR testing using an approved scope and measured success and mechanism for lessons learned and action plans. 4. Cyber Essentials/Plus Assessments. 5. NISD Audit Commissioned by the Competent Authority for Health.	1. Well developed reporting, which can highlight potential vulnerabilities and provide assurances (including assurances that confirm compliance with GDPR, DPA 2018, NIS Directive, the Information Security Policy Framework is being maintained). 2. Implementation of improvements as recommended in Internal and external Audit Reports and an internal follow-up mechanism to confirm that these have addressed the recommendations made 3. Improvements to SLA's (in line with 'affordable performance') 4. Output from national Digital maturity due late 2019	Overall, NHS Fife ehealth has in place a sound systems of 1. Governance 2. Reasonable security defences and risk management as evidenced by Internal Audit and External Audit reports 3. Attainment of the ISO27001 standard in the recent past and the Statement of Annual Assurance to the Board. 4. Investment has been made to support NIS, GDPR and Cyber resilience and some tools which will improve visibility of the Network.	2 - Unlikely	5 - Extreme	10	Moderate	1. Difficulty in securing investment in people, tools and maintaining systems that are resilient and always within support cycles. 2. Fully implementing resistance to attack through 'resilience by design', well practised response plans and recovery procedures. 3. Reduce the 'human factor' through ongoing 'user base education' and improving organisational digital readiness. 4. Enhanced controls and continuing improvements to systems and processes for improved usage, monitoring, reporting and learning are continually being put in place.  Aim for Moderate Risk as target rather than Low Risk is due to the fact that likelihood whilst unlikely may still happen and consequence will be extreme due to level of fines that may be imposed, reputational damage and patient harm.
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Risk ID	Risk Title	Current Risk Rating	Risk Owner
1422	Unable to meet cyber essentials compliance	High 20	A Young
1338	End of support for MS Office 2007	High 16	A Young
1424	End of support for MS Server 2003	High 16	A Young
529	Information Security	High 16	C Potter
1393	Patch Management	High 16	A Young
226	Lost of confidential or personal data	High 16	L Donovan
537	Failure of local Area Network causing loss of access to IT systems	High 15	A Young

Previously Linked Operational Risk(s)

Risk ID	Risk Title	Reason for unlinking from BAF	Current Risk Rating	Risk Owner
913	MiDIS replacement	No longer High risk	Moderate 9	Lesly Donovan

## Audit & Risk Committee



<b>DATE OF MEETING:</b>	09/01/20
<b>TITLE OF REPORT:</b>	Update on the Board's Risk Appetite
<b>EXECUTIVE LEAD:</b>	Helen Buchanan
<b>REPORTING OFFICER:</b>	Pauline Cumming

<b>Purpose of the Report</b> (delete as appropriate)		
<b>For Information</b>		

<b>SBAR REPORT</b>
<b><u>Situation</u></b>  This paper provides an update on work undertaken in relation to risk appetite since the last report in September 2019.
<b><u>Background</u></b>  Organisations such as health boards, must express clearly, the extent of their willingness to take risk and seize opportunities where appropriate to meet their strategic objectives; they must therefore define their risk appetite. The challenge is to develop an application of risk appetite that is meaningful and embedded in the day to day activity of the organisation.  The Chair of the Board requested a Short Life Working Group (SLWG) was set up to: <ul style="list-style-type: none"><li>• propose an approach to formalise the Board's appetite for risk</li><li>• develop a set of risk appetite statements that set out the Board's strategic approach to risk-taking by defining its boundaries and risk tolerance</li><li>• recommend the risk appetite statement to the governance committees and the Board for discussion and approval</li></ul>
<b><u>Assessment</u></b>  <b>Risk Appetite Definition</b>  "Amount and type of risk that an organisation is prepared to accept, tolerate or be exposed to at any point in time" <sup>1</sup>  By extension, risk appetite is the level of risk NHS Fife is prepared to accept, tolerate or be exposed to in the pursuit of its strategic objectives, vision and values.  <b>Risk Appetite Classification</b> <sup>2</sup>  The table below contains the model proposed to support a common and consistent language to articulate the Board's position on its appetite for risks.

<sup>1</sup> The Orange Book: Management of Risk- Principles and Concepts, HM Treasury, Oct 2004

<sup>2</sup> ibid

<b>Averse</b>	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return.
<b>Cautious</b>	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.
<b>Moderate</b>	Tending always towards exposure to only modest levels of risk in order to achieve acceptable, but possibly unambitious outcomes.
<b>Open</b>	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risks.
<b>Hungry</b>	Eager to seek original/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return.

## Format

It was agreed the format should be clear, easy to understand and inform strategic decisions<sup>3</sup>. It was decided to adopt the model used by a NHS England Foundation Trust which was an 'at a glance' matrix, mapping risks and appetites against its strategic objectives.

This meant developing a format to incorporate the NHS Fife Strategic Framework components, existing Board Assurance Framework (BAF) risk categories, areas of risk that might link to the BAF risk, and fields to capture the most appropriate risk appetite classification. Where possible, the content should be in Plain English and include infographics to enhance understanding.

## Agreeing Risk Appetite

To ensure key stakeholders were involved, the SLWG proposed the preliminary work to identify risk appetite should be taken forward through the standing committee(s), with members asked to review the risks and apply a risk appetite classification to each. The outputs would then be discussed at a Board Development Session before seeking formal Board approval. EDG endorsed this approach.

The approach was tested at the Staff Governance Committee on 3 May 2019. While useful and productive, it proved challenging to accommodate the necessary work within a busy agenda. It was decided therefore to undertake the work in dedicated sessions arranged to take place before and after the Clinical Governance Committee on 4 September 2019 and the Finance, Performance & Resources Committee on 10 September 2019 respectively. This worked well.

Committee members were provided in advance with a briefing note on the definition and classification of risk appetite, and a template containing the strategic objectives relating to their respective BAF risks. A facilitated discussion took place, during which members worked through the risks and proposed the most apt risk appetite classifications. This information was recorded and the outputs were shared with members.

A dedicated Board Development Session was held on 23 October 2019 to provide an opportunity for members to consider the totality of the SLWG's work. It opened with the Director of Nursing and the Risk Manager describing the work that had been carried out and was followed by a discussion of the areas of risk linked to the existing BAF risks and the risk appetites proposed by the standing committees.

<sup>3</sup> UK Financial Services Authority

The discussion demonstrated that members recognised risk appetite is not static and that the areas of risk identified were neither exhaustive nor definitive. The Board may wish to vary the amount of risk that it is prepared to accept depending on the prevailing circumstances. Appetite statements must therefore be subject to both planned review and interim review, if there is a change in circumstances if the appetite has become invalid, for example, in response to a change in law or significant review findings.

The discussion also reflected awareness that for all risks, it is vital to consider the context in which risk appetite is being considered. For instance, there may be clinical decisions where an 'open' approach to risk appetite is actually less inherently 'risky' than an 'averse' approach in order to achieve the best outcomes from individual patient care, treatment and therapeutic goals. The Board's determination of its risk appetite will also be influenced by factors including:

- its overall strategy and decision making, and risks to the delivery of that strategy
- organisational capability, performance and reputation
- the impact of transformative change
- expectations and aspirations of stakeholders - staff, the public and service users

The risk appetites agreed at the Development Session are summarised in Table 1.

### **Risk Tolerance**

While risk appetite is about the pursuit of risk and considers opportunity, risk tolerance is subtly different and relates to the boundaries set for individual risks.

The Board will, where necessary, tolerate overall levels of risk that are classified as moderate (scored 12 or lower on the risk matrix) where action is not cost effective or reasonably practicable.

The Board will not usually accept levels of risk rated high (scored 15 - 25 on the risk matrix), unless the appetite for the risk is also high and will ensure that plans are put into place to lower the risk level whenever a high risk has been identified.

When new risks or further risks to ongoing activities are identified, the Board will attempt to mitigate such risks to an acceptable level in the context of the prevailing conditions.

### **Conclusion**

Specific responsibilities and processes relating to all aspects of the Board's risk appetite and tolerance will be described in the updated version of the Risk Management Framework to be presented to the Committee and the Board in March 2020. A plan will be developed to support implementation.

Fife NHS Board positively evaluated the approach adopted to date and endorsed the outline proposed for future work at its meeting on 27 November 2019.

### **Recommendation**






The Committee is invited to:

- **note** the information in this paper

<b>Objectives: (must be completed)</b>	
Healthcare Standard(s):	To aid delivery
HB Strategic Objectives:	Supports all of the Board's strategic objectives

<b>Further Information:</b>	
Evidence Base:	N/A
Glossary of Terms:	N/A
Parties / Committees consulted prior to Health Board Meeting:	EDG Fife NHS Board

<b>Impact: (must be completed)</b>	
<b>Financial / Value For Money</b>	Promotes proportionate management of risk and thus effective and efficient use of scarce resources.
<b>Risk / Legal:</b>	Inherent in process. Demonstrates due diligence. Provides critical supporting evidence for the Annual Governance Statement.
<b>Quality / Patient Care:</b>	NHS Fife's risk management system seeks to minimise risk and so support safe, effective, person centred delivery.
<b>Workforce:</b>	The system arrangements for risk management are contained within current resource.
<b>Equality:</b>	The arrangements for managing risk apply to all patients, staff and others in contact with the Board's services.

	Strategic Value	Strategic Aspiration	Strategic Objectives	Board Assurance Framework Risk	Area of Risk	Risk Appetite	
	Safety First Dignity & Respect Care & Compassion Excellence Fairness & Transparency	Clinically Excellent	<ul style="list-style-type: none"> <li>• Work with you to ensure you receive the best possible care</li> <li>• Ensure there is no avoidable harm</li> <li>• Achieve and maintain recognised quality standards</li> <li>• Ensure that NHS Fife's environment is clean, tidy, well maintained, safe and something to be proud of</li> <li>• Embed patient safety consistently across all aspects of healthcare provision</li> <li>• Support research, innovation and quality improvement which will see NHS Fife as a centre of excellence</li> </ul>	<b>Environmental Sustainability</b> There is a risk that Environmental & Sustainability legislation is breached which impacts negatively on the safety and health of patients, staff and the public, and the organisation's reputation.	Patient safety Service user & carer experience Compliance with legislation Performance against national standards and targets Reputation Site optimisation/ therapeutic environments	Averse Cautious Averse Averse Averse Moderate	
	Safety First Dignity & Respect Care & Compassion Excellence Fairness & Transparency	Sustainable	<ul style="list-style-type: none"> <li>• Ensure the maximum impact of our resources in the promotion of health and wellbeing</li> <li>• Increase efficiency and reduce waste</li> <li>• Ensure that our activities are cost effective and within budget</li> <li>• Ensure that all service redesign and development makes the most effective use of resources and avoids waste and unwarranted variation</li> <li>• Develop, in collaboration with our partners, our property and assets to meet the changing needs of health and social care provision</li> </ul>	<b>Financial Sustainability</b> There is a risk that the funding required to deliver the current and anticipated future service models will exceed the funding available. Thereafter there is a risk that the failure to implement, monitor and review an effective financial planning, management and performance framework would result in the Board being unable to deliver on its required financial targets.	Service sustainability Cost reduction efficiencies Board overspend LJB overspend Non recurring financial flexibility Value for money	Cautious Open Averse Averse Open Hungry	
	Care & Compassion Excellence Fairness & Transparency	Person Centred	<ul style="list-style-type: none"> <li>• Listen to what matters to you and treat you as an individual</li> <li>• Design services in partnership with service users, carers and communities</li> <li>• Give you choices and information</li> <li>• Create environments that encourage caring and positive outcomes for all</li> <li>• Develop and redesign services that put patients first, supporting independent living and self-management of health through the integration of health and social care</li> </ul>	<b>Quality &amp; Safety</b> There is a risk that due to failure of clinical governance, performance and management systems (including information & information systems), NHS Fife may be unable to provide safe, effective, person centred care.	Patient Safety Service user & carer experience Stakeholder engagement Service redesign Access to treatment	Averse Cautious Moderate Moderate Averse	
	Safety First Dignity & Respect Care & Compassion Excellence Fairness & Transparency	Clinically Excellent	<ul style="list-style-type: none"> <li>• Work with you to ensure you receive the best possible care</li> <li>• Ensure there is no avoidable harm</li> <li>• Achieve and maintain recognised quality standards</li> <li>• Ensure that NHS Fife's environment is clean, tidy, well maintained, safe and something to be proud of</li> <li>• Embed patient safety consistently across all aspects of healthcare provision</li> <li>• Support research, innovation and quality improvement which will see NHS Fife as a centre of excellence</li> </ul>		Compliance with legislation Performance against national standards and targets Reputation Site optimisation / therapeutic environments	Averse Averse Averse Cautious	
	Safety First Dignity & Respect Care & Compassion Excellence Fairness & Transparency	Sustainable	<ul style="list-style-type: none"> <li>• Ensure the maximum impact of our resources in the promotion of health and wellbeing</li> <li>• Increase efficiency and reduce waste</li> <li>• Ensure that our activities are cost effective and within budget</li> <li>• Ensure that all service redesign and development makes the most effective use of resources and avoids waste and unwarranted variation</li> <li>• Develop, in collaboration with our partners, our property and assets to meet the changing needs of health and social care provision</li> </ul>	<b>Strategic Planning</b> There is a risk that NHS Fife will not deliver the recommendations made by the Clinical Strategy within a timeframe that supports the service transformation and redesign required to ensure service sustainability, quality and safety at lower cost.	Service sustainability Cost reduction efficiencies Board overspend LJB overspend Non recurring financial flexibility Value for money	Cautious Cautious Cautious Cautious Cautious Moderate	
	Safety First Dignity & Respect Care & Compassion Excellence Fairness & Transparency	An Exemplar Employer	<ul style="list-style-type: none"> <li>• Create time and space for continuous learning</li> <li>• Listen to and involve staff at all levels of the organisation</li> <li>• Give staff the skills, resources and equipment needed to do their jobs</li> <li>• Encourage and expect all staff to take appropriate decisions</li> <li>• Encourage staff to be ambassadors for health and social care in Fife</li> <li>• Create high performing multi-professional clinical teams through clinical education and development</li> <li>• Equip people to be the best leaders</li> </ul>	<b>Workforce Sustainability</b> There is a risk that failure to ensure the right composition of workforce, with the right skills and competencies deployed in the right place at the right time will adversely affect the provision of services and quality patient care and impact on organisational capability to implement the new clinical and care models and service delivery set out in the Clinical Strategy.	Learning & Organisational Development Recruitment and Retention Workforce Planning Compliance with legislation Performance against national standards and targets	Open Open Open Averse Cautious	
<b>Averse</b>			Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return.				
<b>Cautious</b>			Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.				
<b>Moderate</b>			Tending always towards exposure to only modest levels of risk in order to achieve acceptable, but possibly unambitious outcomes.				
<b>Open</b>			Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risks.				
<b>Hungry</b>			Eager to seek original/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return.				

## Example RISK APPETITE STATEMENT 2019-2020

NHS Fife's risk appetite is the level of risk the Board is prepared to accept, tolerate or be exposed to, in the pursuit of its strategic objectives, vision and values.

The Board accepts that there is an element of risk in every activity it undertakes and its appetite for particular areas of risk will depend on factors such as the likelihood of the risk occurring, its impact before and after controls are put in place, and the effects of the risk on the Board's objectives and activities should it materialise.

The risk appetite categories defined below<sup>1</sup> are intended to provide a common and consistent language to articulate the Board's position on its appetite for risks.

<b>Averse</b>	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return.
<b>Cautious</b>	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.
<b>Moderate</b>	Tending always towards exposure to only modest levels of risk in order to achieve acceptable, but possibly unambitious outcomes.
<b>Open</b>	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risks.
<b>Hungry</b>	Eager to seek original/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward / return.

The Board recognises that its risk appetite is not static and will vary according to the amount of risk it is prepared to accept depending on the context and conditions in which the appetite is being considered. The appetite statements will therefore be subject to periodic review, both planned at 6 monthly intervals, and interim, if for example, there is a material change which renders the appetite invalid, in response to a change in law, or the findings of a review.

Table 1 below provides the Board's Risk Appetite Statement mapped against the Strategic Framework, the Board Assurance Framework and related areas of risk; these are neither exhaustive nor definitive.

The Board will, where necessary, tolerate overall levels of risk that are rated as moderate (12 or lower on the risk matrix) where action is not cost effective or reasonably practicable.

The Board will not usually accept levels of risk rated high (15 - 25 on the risk matrix), unless its appetite for the risk is also high. The Board will ensure that plans are put into place to lower the level of risk whenever a high risk has been identified. A high scoring risk for which the organisation has a low risk appetite will indicate that the risk needs serious consideration and more urgent mitigations.

The statement does not rule out the potential for the Board to make decisions that result in risk taking that is outside of the stated risk appetite. In such circumstances, these decisions will be referred to the Board.

When new risks or further risks to ongoing activities are identified, the Board will attempt to mitigate such risks to an acceptable level in the context of the prevailing conditions.






The overall risk appetite that the Board considers appropriate taking all strategic objective risk appetite alignment into consideration is **to be agreed**.

<sup>1</sup> The Orange Book: Management of Risk- Principles and Concepts, HM Treasury, Oct 2004

# DRAFT Risk Appetite Statement November 2019

Table 1



	Strategic Value	Strategic Aspiration	Strategic Objectives	Board Assurance Framework Risk	Area of Risk	Risk Appetite	NHS Fife Overall Risk Appetite
	Safety First Dignity & Respect Care & Compassion Excellence Fairness & Transparency	Clinically Excellent	<ul style="list-style-type: none"><li>• Work with you to ensure you receive the best possible care</li><li>• Ensure there is no avoidable harm</li><li>• Achieve and maintain recognised quality standards</li><li>• Ensure that NHS Fife's environment is clean, tidy, well maintained, safe and something to be proud of</li><li>• Embed patient safety consistently across all aspects of healthcare provision</li><li>• Support research, innovation and quality improvement which will see NHS Fife as a centre of excellence</li></ul>	<b>Environmental Sustainability</b> There is a risk that Environmental & Sustainability legislation is breached which impacts negatively on the safety and health of patients, staff and the public, and the organisation's reputation.	<ul style="list-style-type: none"><li>Patient safety</li><li>Service user &amp; carer experience</li><li>Compliance with legislation</li><li>Performance against national standards and targets</li><li>Reputation</li><li>Site optimisation/ therapeutic environments</li></ul>	<ul style="list-style-type: none"><li>Averse</li><li>Cautious</li><li>Averse</li><li>Averse</li><li>Averse</li><li>Moderate</li></ul>	
	Safety First Dignity & Respect Care & Compassion Excellence Fairness & Transparency	Sustainable	<ul style="list-style-type: none"><li>• Ensure the maximum impact of our resources in the promotion of health and wellbeing</li><li>• Increase efficiency and reduce waste</li><li>• Ensure that our activities are cost effective and within budget</li><li>• Ensure that all service redesign and development makes the most effective use of resources and avoids waste and unwarranted variation</li><li>• Develop, in collaboration with our partners, our property and assets to meet the changing needs of health and social care provision</li></ul>	<b>Financial Sustainability</b> There is a risk that the funding required to deliver the current and anticipated future service models will exceed the funding available. Thereafter there is a risk that the failure to implement, monitor and review an effective financial planning, management and performance framework would result in the Board being unable to deliver on its required financial targets.	<ul style="list-style-type: none"><li>Service sustainability</li><li>Cost reduction efficiencies</li><li>Board overspend</li><li>LJB overspend</li><li>Non recurring financial flexibility</li><li>Value for money</li></ul>	<ul style="list-style-type: none"><li>Cautious</li><li>Open</li><li>Averse</li><li>Averse</li><li>Open</li><li>Hungry</li></ul>	
	Safety First Dignity & Respect Care & Compassion Excellence Fairness & Transparency	<div>Person Centred</div> <div>Clinically Excellent</div>	<div><ul style="list-style-type: none"><li>• Listen to what matters to you and treat you as an individual</li><li>• Design services in partnership with service users, carers and communities</li><li>• Give you choices and information</li><li>• Create environments that encourage caring and positive outcomes for all</li><li>• Develop and redesign services that put patients first, supporting independent living and self-management of health through the integration of health and social care</li></ul></div> <div><ul style="list-style-type: none"><li>• Work with you to ensure you receive the best possible care</li><li>• Ensure there is no avoidable harm</li><li>• Achieve and maintain recognised quality standards</li><li>• Ensure that NHS Fife's environment is clean, tidy, well maintained, safe and something to be proud of</li><li>• Embed patient safety consistently across all aspects of healthcare provision</li><li>• Support research, innovation and quality improvement which will see NHS Fife as a centre of excellence</li></ul></div>	<b>Quality &amp; Safety</b> There is a risk that due to failure of clinical governance, performance and management systems (including information & information systems), NHS Fife may be unable to provide safe, effective, person centred care.	<div><ul style="list-style-type: none"><li>Patient Safety</li><li>Service user &amp; carer experience</li><li>Stakeholder engagement</li><li>Service redesign</li><li>Access to treatment</li></ul></div> <div><ul style="list-style-type: none"><li>Compliance with legislation</li><li>Performance against national standards and targets</li><li>Reputation</li><li>Site optimisation/ therapeutic environments</li></ul></div>	<div><ul style="list-style-type: none"><li>Averse</li><li>Cautious</li><li>Moderate</li><li>Moderate</li><li>Averse</li></ul></div> <div><ul style="list-style-type: none"><li>Averse</li><li>Averse</li><li>Averse</li><li>Cautious</li></ul></div>	
	Safety First Dignity & Respect Care & Compassion Excellence Fairness & Transparency	Sustainable	<ul style="list-style-type: none"><li>• Ensure the maximum impact of our resources in the promotion of health and wellbeing</li><li>• Increase efficiency and reduce waste</li><li>• Ensure that our activities are cost effective and within budget</li><li>• Ensure that all service redesign and development makes the most effective use of resources and avoids waste and unwarranted variation</li><li>• Develop, in collaboration with our partners, our property and assets to meet the changing needs of health and social care provision</li></ul>	<b>Strategic Planning</b> There is a risk that NHS Fife will not deliver the recommendations made by the Clinical Strategy within a timeframe that supports the service transformation and redesign required to ensure service sustainability, quality and safety at lower cost.	<ul style="list-style-type: none"><li>Service sustainability</li><li>Cost reduction efficiencies</li><li>Board overspend</li><li>LJB overspend</li><li>Non recurring financial flexibility</li><li>Value for money</li></ul>	<ul style="list-style-type: none"><li>Cautious</li><li>Cautious</li><li>Cautious</li><li>Cautious</li><li>Cautious</li><li>Moderate</li></ul>	
	Safety First Dignity & Respect Care & Compassion Excellence Fairness & Transparency	An Exemplar Employer	<ul style="list-style-type: none"><li>• Create time and space for continuous learning</li><li>• Listen to and involve staff at all levels of the organisation</li><li>• Give staff the skills, resources and equipment needed to do their jobs</li><li>• Encourage and expect all staff to take appropriate decisions</li><li>• Encourage staff to be ambassadors for health and social care in Fife</li><li>• Create high performing multi-professional clinical teams through clinical education and development</li><li>• Equip people to be the best leaders</li></ul>	<b>Workforce Sustainability</b> There is a risk that failure to ensure the right composition of workforce, with the right skills and competencies deployed in the right place at the right time will adversely affect the provision of services and quality patient care and impact on organisational capability to implement the new clinical and care models and service delivery set out in the Clinical Strategy.	<ul style="list-style-type: none"><li>Learning &amp; Organisational Development</li><li>Recruitment and Retention</li><li>Workforce Planning</li><li>Compliance with legislation</li><li>Performance against national standards and targets</li></ul>	<ul style="list-style-type: none"><li>Open</li><li>Open</li><li>Open</li><li>Averse</li><li>Cautious</li></ul>	
Averse		Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return.					
Cautious		Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.					
Moderate		Tending always towards exposure to only modest levels of risk in order to achieve acceptable, but possibly unambitious outcomes.					
Open		Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risks.					
Hungry		Eager to seek original/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return.					

# NHS Fife Audit and Risk Committee



<b>DATE OF MEETING:</b>	9 January 2020
<b>TITLE OF REPORT:</b>	Update on NHS Fife Risk Management Workplan 2018 -19
<b>EXECUTIVE LEAD:</b>	Helen Buchanan
<b>REPORTING OFFICER:</b>	Pauline Cumming

<b>Purpose of the Report</b> (delete as appropriate)
<b>For Information</b>

<b>SBAR REPORT</b>
<p><b><u>Situation</u></b></p> <p>This report provides an update on the NHS Fife Risk Management Workplan since the last report to the Committee on 5 September 2019.</p>
<p><b><u>Background</u></b></p> <p>The Workplan indicates the key pieces of work that require to be carried out.</p>
<p><b><u>Assessment</u></b></p> <p>Appendix 1 provides the status of the actions.</p> <p><b>Standard Reporting to the Audit &amp; Risk Committee</b> Actions complete.</p> <p><b>Scheduled Work</b> The Committee is asked to note the following updates:</p> <p><b>Risk Appetite</b> Further to the last report to the Committee, the Board has agreed its risk appetite. Details are provided separately.</p> <p><b>Risk Key Performance Indicators (KPIs)</b> Further to the last report to the Committee, the EDG approved a suite of KPIs. Details are provided separately.</p> <p><b>Review and update of NHS Fife Risk Register &amp; Risk Assessment Policy GP/ R7</b> A comprehensive review is underway following completion of the work on risk appetite.</p> <p><b>Risk Management Framework</b> The Framework is being updated and will reflect developments in relation to:</p> <ul style="list-style-type: none"> <li>• the Board's risk appetite</li> <li>• a review of the processes relating to risk registers including the corporate risk register</li> <li>• risk management KPIs</li> <li>• update of the Risk Register and Risk Assessment Policy GP/R7</li> <li>• clarification of the delegation of functions to the IJB and the implications for risk</li> </ul>

management, governance and assurance

Importantly, the updated framework will incorporate appropriate content on assurance mapping in accordance with guidance including NHS Scotland's Blueprint for Good Governance<sup>1</sup>, HM Treasury<sup>2</sup>, the Scottish Government Audit and Assurance Committee<sup>3</sup> and the Scottish Public Finance Manual<sup>4</sup>, as summarised in the Chief Internal Auditor's presentation at the Board Development session on 23 October 2019, and in line with the evolving cross board work on assurance mapping in which NHS Fife is involved.

### **Recommendation**

The Committee is invited to:

- **Note** the update

### **Objectives: (must be completed)**

Healthcare Standard(s):	To aid delivery
HB Strategic Objectives:	Supports all of the Board's strategic objectives

### **Further Information:**

Evidence Base:	A broad national and international evidence base informs the delivery of safe, effective, person centred care in NHS Fife.
Glossary of Terms:	N/A
Parties / Committees consulted prior to Health Board Meeting:	Director of Nursing EDG

### **Impact: (must be completed)**

<b>Financial / Value For Money</b>	Promotes proportionate management of risk and thus effective and efficient use of scarce resources.
<b>Risk / Legal:</b>	Inherent in process. Demonstrates due diligence. Provides critical supporting evidence for the Annual Governance Statement.
<b>Quality / Patient Care:</b>	NHS Fife's risk management system seeks to minimise risk and so support the delivery of safe, effective, person centred care.
<b>Workforce:</b>	The system arrangements for risk management are contained within current resource.
<b>Equality:</b>	The arrangements for managing risk apply to all patients, staff and others in contact with the Board's services.

<sup>1</sup> DL(2018) – 02 NHS Scotland Health Boards and Special Health Boards- Blueprint for Good Governance ,(Oct 2018)

<sup>2</sup> HM Treasury :Assurance frameworks, (December 2012)

<sup>3</sup> Scottish Government Audit and Assurance Committee Handbook, (March 2018)

<sup>4</sup> Scottish Government Scottish Public Finance Manual (SPFM), 2018

**UPDATED RISK MANAGEMENT WORK PLAN 2018 -19****STANDARD REPORTING TO THE AUDIT & RISK COMMITTEE**

<b>ACTION</b>	<b>DATE</b>	<b>STATUS</b>
Risk Management Annual Report 2018 -19	June 2019	Complete
Risk Management Work Plan 2018 -19	Sept 2019	Complete
Report on Board Assurance Framework implementation	Sept 2019	Complete
Risk Management Work Plan 2018 -19	Jan 2020	Complete
Report on Board Assurance Framework implementation	Jan 2020	Complete
Risk Management Work Plan 2019 - 20	June 2019	
Risk Management Annual Report 2019 - 20	June 2019	

**SCHEDULED WORK**

<b>ACTION</b>	<b>DATE</b>	<b>STATUS</b>	<b>REVISED DATE</b>
Agree risk appetite	March 2019	Agreed 27/11/19	N/A
Agree Risk Key Performance Indicators (KPIs)	March 2019	Agreed 21/10/19	N/A
Review and update Risk Register & Risk Assessment Policy GP/R7	March 2019	In progress	March 2020
Review and update Risk Management Framework	March 2019	In progress	March 2020

**ONGOING WORK**

<b>ACTION</b>	<b>STATUS</b>
Support Board Assurance Framework implementation & development	Ongoing
Input as required to Executive Directors' Group	Ongoing
Continue to develop the Datix IT Risk Management system	Ongoing
Continue to support the management of adverse events	Ongoing
Support production of Year 1 Organisational Duty of Candour (DoC) annual report	Complete
Continue to support Organisational DoC implementation	Ongoing
Support production of Year 2 Organisational DoC annual report	Ongoing
Contribute to the development of IJB risk management arrangements	Ongoing

File Name: Update on NHS Fife Risk Management Work Plan 2018-2019 to Audit & Risk Committee on 09/01/2020	V1.0	Date: 10 /12 /2019
Author: Pauline Cumming		

## Audit & Risk Committee



<b>DATE OF MEETING:</b>	09/01/20
<b>TITLE OF REPORT:</b>	Risk Management Key Performance Indicators (KPIs)
<b>EXECUTIVE LEAD:</b>	Helen Buchanan
<b>REPORTING OFFICER:</b>	Pauline Cumming

### Purpose of the Report (delete as appropriate)

#### For Decision

### SBAR REPORT

#### Situation

Key Performance Indicators (KPIs) are recognised to have value as quantifiable measures to evaluate performance and can be a useful management tool. Currently, NHS Fife do not use risk management KPIs.

#### Background

NHS Fife implemented a suite of risk management KPIs for several years but this ceased in 2011. Following internal audit recommendations and further consideration, it was felt the reintroduction of KPIs would strengthen the governance around key elements of local risk management activity, and provide an objective performance management mechanism through which to give additional assurance on the adequacy and effectiveness of related systems and processes.

#### Assessment

To be meaningful, KPIs should be:

- fundamentally important to the organisation
- small in number
- easily quantifiable - can be clearly measured
- able to be influenced by the organisation
- show a trend in performance over time

The KPIs may change over time, but in the first instance, EDG approved the following:

KPI	Rationale	Reported to	Frequency
1. All risks are reviewed by the review date and no later than 10 working days of the scheduled review date. <ul style="list-style-type: none"> <li>• % compliance on 1st of month</li> <li>• % compliance at 10 working days</li> </ul>	Show the effectiveness of governance arrangements.	EDG  NHS Fife Audit & Risk Committee	Bi- monthly  Quarterly
2. All risks must have a review date scheduled commensurate with the assessed risk level.	Show that risks are reviewed in a timely	EDG  NHS Fife	Bi- monthly  Quarterly

<table><tr><td>Very High: 25</td><td>at least monthly</td></tr><tr><td>High: 15 - 20</td><td>at least quarterly</td></tr><tr><td>Moderate: 8 -12</td><td>at least 6 monthly</td></tr><tr><td>Low: 4 - 6</td><td>at least annually</td></tr><tr><td>Very Low: 1 - 3</td><td>at least annually</td></tr></table>		Very High: 25	at least monthly	High: 15 - 20	at least quarterly	Moderate: 8 -12	at least 6 monthly	Low: 4 - 6	at least annually	Very Low: 1 - 3	at least annually	manner in line with e.g. nature / criticality / proximity of the risk.	Audit & Risk Committee	
Very High: 25	at least monthly													
High: 15 - 20	at least quarterly													
Moderate: 8 -12	at least 6 monthly													
Low: 4 - 6	at least annually													
Very Low: 1 - 3	at least annually													
3. Length of time 'high' and 'very high' level risks have been at that level		EDG	Bi- monthly											
		NHS Fife Audit & Risk Committee	Quarterly											
4. Designated standing committees receive a report aligned to the Board Assurance Framework at every meeting.		EDG	Bi monthly											
		NHS Fife Standing Committees	Bi monthly											
		NHS Fife Audit & Risk Committee	Quarterly											
5. % of Decision Making SBAR for Major and Extreme Adverse Events submitted in line with Adverse Events Policy GP/I9 (i.e. to fife adverse events within 5 working days of being reported)		EDG	Bi monthly											
		NHS Fife Adverse Events & Duty of Candour Group	Bi monthly											
		NHS Fife Clinical Governance Committee Group as part of IPQR	Bi monthly											
6. <ul style="list-style-type: none"><li>• % no harm adverse events closed within 10 days of being reported</li><li>• % minor and moderate adverse events closed within 60 days of being reported</li><li>• % major or extreme adverse events closed within 90 days of being reported</li></ul>		EDG	Bi monthly											
		NHS Fife Adverse Events & Duty of Candour Group	Bi monthly											
		NHS Fife Clinical	Bi monthly											

		Governance Committee as part of IPQR	
7.% of LAER and SAER actions completed by target date	Show the effectiveness of our response in taking action following our most serious adverse events.	EDG	Bi monthly
		NHS Fife Adverse Events & Duty of Candour Group	Bi monthly
		NHS Fife Clinical Governance Committee as part of IPQR	Bi monthly

To demonstrate how effective the organisation is at learning and demonstrating sustained improvements, topic specific KPIs could be developed as a result of a deep dive review e.g. % of SAERs in which e.g. non adherence to policy or weaknesses in documentation or failure to escalate were identified as recurrent contributory factors.

The KPIs will form part of the Risk Management Framework which is being updated. A plan will be developed for roll out of the framework; this will include testing the KPIs with a view to formal reporting from Q2, 2020.

### **Recommendation**

The Committee is invited to:

- **Note** the information presented in the paper

### **Objectives: (must be completed)**

Healthcare Standard(s):	To aid delivery
HB Strategic Objectives:	Supports all of the Board's strategic objectives

### **Further Information:**

Evidence Base:	N/A
Glossary of Terms:	N/A
Parties / Committees consulted prior to Health Board Meeting:	Director of Nursing Head of Quality & Clinical Governance Risk Management Team Principal Auditor, FTF Audit and Management Services - Internal Audit EDG

### **Impact: (must be completed)**

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