

NHS Fife Audit & Risk Committee

Thu 12 September 2024, 14:00 - 15:30

MS Teams

Agenda

14:00 - 14:00 **1. Apologies for Absence**

0 min

14:00 - 14:00 **2. Declaration of Members' Interests**

0 min

14:00 - 14:00 **3. Minutes of Previous Meeting held on Thursday 20 June 2024**

0 min

Enclosed *Alastair Grant*

Approval

 Item 3 - Audit & Risk Committee Minutes (unconfirmed) 20240620.pdf (6 pages)

14:00 - 14:10 **4. Matters Arising / Action List**

10 min

Enclosed *Alastair Grant*

 Item 4 - Audit & Risk Committee Action List 20240912.pdf (1 pages)

14:10 - 14:30 **5. INTERNAL AUDIT**

20 min

5.1. Internal Audit Progress Report

Enclosed *Jocelyn Lyall / Andy Brown*


Assurance

 Item 5.1 - SBAR Internal Audit Progress Report + appendix.pdf (9 pages)

5.2. Internal Audit – Follow Up Report on Audit Recommendations 2023/24

Enclosed *Andy Brown*

Assurance

 Item 5.2 - SBAR Internal Audit Follow Up Report on Audit Recommendations 2023-24 + appendices.pdf (16 pages)

5.3. Draft Strategic Plan 2024-27 and Draft Operational Internal Audit Annual Plan 2024/25

Enclosed *Jocelyn Lyall*

Decision

 Item 5.3 - SBAR Draft Strategic Plan 2024-27 and Draft Operational Internal Audit Annual Plan 2024-25.pdf (5 pages)

 Item 5.3 - Appendix 1 Internal Audit Annual Plan 2024-25.pdf (2 pages)

 Item 5.3 - Appendix 2 Internal Audit 3-year Strategic Plan.pdf (2 pages)

14:30 - 15:00 **6. RISK**

6.1. Corporate Risk Register

Enclosed Shirley-Anne Savage

Assurance

- Item 6.1 - SBAR Corporate Risk Register.pdf (8 pages)
- Item 6.1 - Appendix 1 NHS Fife Corporate Risk Register as at 20 August 2024.pdf (23 pages)
- Item 6.1 - Appendix 2 Assurance Principles.pdf (1 pages)
- Item 6.1 - Appendix 3 Risk Matrix.pdf (2 pages)

6.2. Risk Management Key Performance Indicators 2023/24

Enclosed Shirley-Anne Savage

Assurance

- Item 6.2 - SBAR Risk Management Key Performance Indicators 2023-24.pdf (4 pages)
- Item 6.2 - Appendix 1 Risk Management Key Performance Indicator Report.pdf (7 pages)

6.3. Final Annual Risk Management Report 2023/24

Enclosed Shirley-Anne Savage

Enclosed

- Item 6.3 - SBAR Final Annual Risk Management Report 2023-24.pdf (4 pages)
- Item 6.3 - Appendix 1 Final Annual Risk Management Report 2023-24.pdf (13 pages)

6.4. Risks & Opportunities Group Progress Report

Enclosed Shirley-Anne Savage

Assurance

- Item 6.4 - SBAR Risks & Opportunities Group Progress Report.pdf (4 pages)

15:00 - 15:30 7. GOVERNANCE MATTERS

30 min

7.1. Blueprint for Good Governance Action Plan Update

Enclosed Dr Gillian MacIntosh

Assurance

- Item 7.1 - SBAR Blueprint for Good Governance Action Plan Update.pdf (4 pages)
- Item 7.1 - Appendix 1 NHS Fife Improvement Plan Update.pdf (1 pages)

7.2. IJB Annual Assurance Statement 2023/24

To follow Jocelyn Lyall

Assurance

7.3. Losses & Special Payments Quarter 1 2024/25

Enclosed Kevin Booth

Assurance

- Item 7.3 - SBAR Losses & Special Payments Quarter 1 2024-25.pdf (4 pages)
- Item 7.3 - Appendix 1 Losses & Special Payments Quarter 1 2024-25.pdf (2 pages)

7.4. Procurement Tender Waivers Compliance Quarter 1 2024/25

Enclosed Kevin Booth

Assurance

📎 Item 7.4 - SBAR Procurement Tender Waivers Compliance Q1 2024-25.pdf (4 pages)

7.5. Corporate Calendar – Proposed Audit & Risk Committee Dates 2025/26

Enclosed *Dr Gillian MacIntosh*

Decision

📎 Item 7.5 - Proposed Audit & Risk Committee Dates 2025-26.pdf (1 pages)

15:30 - 15:30 8. FOR ASSURANCE

0 min

8.1. Audit Scotland Technical Bulletin 2024/1 & 2024/2

Enclosed *Kevin Booth*

Assurance

📎 Item 8.1 - SBAR Audit Scotland Technical Bulletin 20242.pdf (3 pages)

📎 Item 8.1 - Appendix 1 Audit Scotland Technical Bulletin 2024-1.pdf (27 pages)

📎 Item 8.1 - Appendix 2 Audit Scotland Technical Bulletin 20242.pdf (20 pages)

8.2. Delivery of Annual Workplan 2024/25

Enclosed *Dr Gillian MacIntosh*

Assurance

📎 Item 8.2 - Delivery of Annual Workplan 2024-25.pdf (5 pages)

15:30 - 15:30 9. ESCALATION OF ISSUES TO NHS FIFE BOARD

0 min

9.1. Chair's comments on the Minutes / Any other matters for escalation to NHS Fife Board

15:30 - 15:30 10. MEETING REFLECTIONS & AGREEMENT OF MATTERS FOR CHAIR'S ASSURANCE REPORT TO BE PRESENTED TO FIFE NHS BOARD ON 25 SEPTEMBER 2024

0 min

15:30 - 15:30 11. ANY OTHER BUSINESS

0 min

15:30 - 15:30 12. DATE OF NEXT MEETING - THURSDAY 12 DECEMBER 2024 FROM 2 - 4PM

0 min

Fife NHS Board

Unconfirmed

MINUTE OF THE AUDIT & RISK COMMITTEE MEETING HELD ON THURSDAY 20 JUNE 2024 AT 2PM VIA MS TEAMS

Present:

Alastair Grant, Non-Executive Member (Chair)
Cllr Graeme Downie, Non-Executive Member
Anne Haston, Non-Executive Member
Aileen Lawrie, Non-Executive Member
Kirstie Macdonald, Non-Executive Member

In Attendance:

Kevin Booth, Head of Financial Services & Procurement
Chris Brown, Head of Public Sector Audit (UK), Azets
Andrew Ferguson, Senior Audit Manager, Azets
Barry Hudson, Regional Audit Manager
Pat Kilpatrick, Board Chair (*observing*)
Jocelyn Lyall, Chief Internal Auditor
Dr Gillian MacIntosh, Head of Corporate Governance & Board Secretary
Margo McGurk, Director of Finance & Strategy
Alan Mitchell, Thomson Cooper (*item 5.11 only*)
Carol Potter, Chief Executive
Dr Shirley-Anne Savage, Associate Director of Risk & Professional Standards
Hazel Thomson, Board Committee Support Officer (Minutes)

Chair's Opening Remarks

The Chair welcomed everyone to the meeting, and extended a warm welcome to Pat Kilpatrick, Board Chair, who had joined the meeting to observe.

The NHS Fife MS Teams Meeting Protocol was set out and a reminder given that the meeting is being recorded to aid production of the minutes.

1. Apologies for Absence

Apologies were received from attendee Andy Brown, Principal Auditor.

2. Declaration of Members' Interests

There were no declarations of interest made by members.

3. Minute of the last Meeting held on 16 May 2024

The minute of the last meeting was **agreed** as an accurate record.

4. Action List / Matters Arising

The Audit & Risk Committee **noted** the updates on the Action List.

5. ANNUAL ACCOUNTS

5.1 Final Audit & Risk Committee Annual Assurance Statement 2023/24

The Board Secretary advised that the statement provides a summary of activity over the previous year, and that the draft statement was considered at the previous Audit & Risk Committee meeting, with no substantive changes made since then as a result of comments received.

The Committee **approved** the Final Audit & Risk Committee Annual Statement of Assurance 2023/24, for submission to the Board.

5.2 Committee & Directors' Annual Assurances for 2023/24

- **Clinical Governance Committee**
- **Finance, Performance & Resources Committee**
- **Public Health & Wellbeing Committee**
- **Remuneration Committee**
- **Staff Governance Committee**
- **Executive Directors' Assurance Letters**

The Board Secretary advised that the Executive Directors' Assurance Letters form part of the Chief Executive's Accountable Officer year-end review process, to provide assurance that the delegated powers to the other Executive Directors are operating effectively and to help inform the content of the Governance Statement.

It was reported that the Committee Annual Assurance Statements appropriately reflect the work carried out throughout the year by each of the Board's Standing Committees and these provide a sufficient level of detail on which members could take assurance on.

The Committee took **assurance** from the Committee & Directors' Annual Assurances for 2023/24.

5.3 Letter from Chief Officer - Fife Integration Joint Board (IJB)

The Board Secretary advised that, due to the timeframe for the completion of the IJB's Annual Accounts process, it was not possible at this date to provide the Committee with the outcome of the IJB internal audit review and annual report for 2023/24. The letter provided is an interim measure, pending the finalisation of the IJB annual internal audit report, which will be provided to the Committee in September, after the audit report has progressed through the IJB governance structure. The Chief Internal Auditor clarified that it is often normal practice to receive an assurance letter such as this, due to the different year-end timetables of NHS Boards and local authorities.

There was some concern raised that the letter did not provide the required level of detail to provide assurance to the Committee, particularly around financial controls.

Following discussion, and due to the late change in the IJB financial position and the additional brokerage sought from the Scottish Government as a result of late identification of the overspend, it was agreed that an independent review is required for the Committee to take adequate assurance around the IJB internal systems of financial control. This is due to members' concerns that the IJB position has comprised the Board's financial arrangements. It was agreed that further scrutiny is required to ensure that effective systems and processes are in place. The Chief Executive agreed to request an independent review via the Chief Officer on the recent events, and that this review should include appropriate involvement/liaison with the CFO, the NHS Fife Director of Finance and the Fife Council Director of Finance.

Action: Chief Executive

5.4 Internal Audit Annual Report 2023/24

The Chief Internal Auditor discussed the main points and key themes in the report, noting the overall positive assessment of NHS Fife internal control arrangements. It was reported that the report reflected the financial position at time of writing, and that the position had since changed due to the additional brokerage required to meet the IJB overspend. The report includes 3 recommendations, an overview of the management responses was provided on each.

An update was provided on the planning process for the internal audit plan for 2024/25, and it was reported that work is ongoing. The draft plan has been mapped to the strategic risk register, and to the Re-form, Transform, Perform workstreams, for alignment. It was advised that the Executive Directors' Group will consider and endorse the plan, before it is emailed to Members in July for comment, with the final plans presented at the September Audit & Risk Committee for approval.

The Chief Internal Auditor highlighted Internal Audit's opinions from the report that:

- The Board has adequate and effective internal controls in place; and
- The 2023/24 internal audit plan has been delivered in line with Public Sector Internal Audit Standards.

The Committee took **assurance** from this report as part of the portfolio of evidence provided in support of its evaluation of the internal control environment and the Governance Statement.

5.5 Service Auditor Reports on Third Party Services

The Head of Financial Services & Procurement spoke to the paper and confirmed that there were four reports this year. The NHS Ayrshire & Arran Financial Ledger Services had come back as unqualified this year. The NSS IT Services and NSS Practitioner & Counter Fraud Services reports had both come back with minor qualifications and not an adverse opinion. An overview was provided on the NSS Payroll Services report, with it being advised that the description fairly presents NSS's payroll services for the Boards, including NHS Fife, and that the controls described in relation to the control objectives were suitably designed.

The Head of Financial Services and Procurement confirmed that the Third Party Service Audit Reports were now all received and had been shared with Azets as part of the Annual Accounts process.

The Committee took **assurance** from the audit opinions and the associated management responses for the services hosted by NHS National Services Scotland (NSS) and by NHS Ayrshire & Arran on behalf of NHS Fife.

5.6 External Annual Audit Report 2023/24

C Brown, Head of Public Sector Audit (UK) at Azets, presented the draft report, noting that an unqualified opinion is intended. An update was provided on the audit adjustments, with it being reported that the SPPA disclosures issue was a national issue. An overview was provided on the five adjustments that have been made through the course of the audit, and the two unadjusted misstatements that were identified within the accounts. C Brown also advised that a debrief on the process this year with both Azets and the Finance team would take place to agree improvements to the audit process for next year.

It was reported that the Board's accounting systems and internal controls have been assessed as having no material weaknesses or significant deficiencies.

The Committee took **assurance** from the report.

5.7 Draft Letter of Representation

C Brown, Head of Public Sector Audit (UK) at Azets, provided a verbal update on the letter of representation. It was advised that the purpose of the Letter of Representation from NHS Fife to the Auditors is to confirm that all relevant information has been submitted as part of the audit. The report and letter will go to the June 2024 Board meeting for formal approval.

The Committee took **assurance** from the verbal update.

5.8 Governance Statement

The Chief Executive advised that the Governance Statement is a key part of the Annual Accounts. The key points from the Governance Statement were outlined, including detail on the 'Re-form, Transform, Perform' Framework introduced during the last quarter of the financial year; the review of the first year of the Board's Population Health & Wellbeing Strategy. The Chief Executive also highlighted a specific disclosure within the Governance Statement which related to an Information Governance & Security breach, for which the Board has received a formal reprimand from the Information Commissioner's Office. An appropriate action plan is in place to fully respond to this matter.

The Committee took **assurance** from the Governance Statement content.

5.9 NHS Fife Annual Accounts for the Year Ended 31 March 2024

The Director of Finance & Strategy introduced the accounts and highlighted the following points.

The statutory Revenue Resource Limit target of break-even was achieved, however this was materially supported through the receipt of additional UK consequential funding of £10m and an increased level of brokerage of £14m. The increase in the latter from £11m to £14m was due to the late notification of an unexpected deterioration of the IJB position which is referenced in the governance statement and specifically reference is also made to the lessons learned exercise underway.

The Director of Finance & Strategy also noted that the statutory Capital Resource Limit target was delivered in line with plan with no issues to report in that regard.

The Director of Finance & Strategy further advised that the preparation of the accounts was delivered in line with the agreed timetable, however, a number of adjustments were made which required adjustment and restatement. This included two national issues; the first in relation to the treatment of VAT on PFI provider energy costs and a second involving SPPA pension calculations. Both issues impacted nationally and were not limited to NHS Fife. Two further local issues were noted. One in relation to the calculations required under the newly introduced PFI/IFRS accounting standard and a second in relation to late adjustments required to disclose the change to the IJB outturn position. Both were resolved and adjusted in the financial statements.

The Head of Financial Services & Procurement highlighted some of the key financial performance aspects of the financial statements, including figures from the remuneration report.

The Head of Financial Services & Procurement also described the contingent liability note in relation to one aspect of the A4C pay deal. This relates to the future, but as yet unquantified costs associated with any successful re-gradings in relation to Band 5 to Band 6 nursing staff.

The Director of Finance & Strategy concluded by thanking the finance team and both internal and external audit teams for their support and professional approach throughout the year and particularly through the audit process.

The Audit & Risk Committee:

- **Reviewed** the draft Annual Accounts for the year ended 31 March 2024.
- **Recommended** to the Board that they adopt the Annual Accounts for the year ended 31 March 2024.
- **Recommended** to the Board to authorise the designated signatories (Chief Executive and Director of Finance) to sign the Accounts on behalf of the Board.
- **Approved** the proposed arrangements for resolution of minor matters in relation to the accounts, and up to the date of submission to the Scottish Government Health and Social Care Directorate.
- **Noted** that the accounts are not in the public domain until they are laid before Parliament.

5.10 Annual Assurance Statement to the NHS Fife Board 2023/24

The Committee **agreed** the content of the statement, to be reflected in the final signed version submitted to the Board for assurance purposes.

5.11 Patients' Private Funds – Receipts and Payments Accounts 2023/24 & Audit Report

The Chair welcomed A Mitchell, Thomson Cooper, who joined the meeting and provided an independent assessment on the Patients' Private Funds audit. There were no significant findings to report, and an overview of minor matters that were identified during the assignment was provided. Thomson Cooper were content with the management responses provided to resolve these. It was advised that there had been an improvement in the number of findings identified for the Patients' Private Funds accounts during 2023/24, and the importance of containing sound financial control was highlighted.

The Audit & Risk Committee:

- **Reviewed** the Patients' Private Funds Accounts and Audit completion memorandum.
- **Recommended** that the Patients' Private Funds Accounts be approved by the NHS Board and that the attached Letter of Representation be signed by the authorised signatories and provided to the Auditors.

8. Delivery of Annual Workplan 2023/24

The Board Secretary highlighted that the Annual Risk Management Report 2023/24 and Risk Management Strategic Framework have been deferred to the next meeting, until the Board risk appetite work has been complete. Also deferred is the Internal Audit Annual Plan 2024/25, which will come to the September Audit & Risk Committee for formal approval.

The Committee took **assurance** from the tracked workplan.

9. ESCALATION OF ISSUES TO NHS FIFE BOARD

It was agreed to escalate to NHS Fife Board that the Committee had requested further assurances from the IJB around their systems of financial control, to be considered at the Committee's next meeting in September.

10. ANY OTHER BUSINESS

There was no other business.

Date of Next Meeting: Thursday 12 September 2024 from 2pm - 4pm via MS Teams.

KEY:	Deadline passed / urgent
	In progress / on hold
	Closed

AUDIT & RISK COMMITTEE – ACTION LIST
Meeting Date: Thursday 12 September 2024



NO.	DATE OF MEETING	AGENDA ITEM / TOPIC	ACTION	LEAD	COMMENTS / PROGRESS	RAG
1.	31/08/23	National Risk Management System	Exploratory discussions are ongoing at a national level around procurement of risk management systems. Currently, the local preference is for Datix Cloud IQ. The outcome of national discussions is awaited.	SAS	04/09/24 - We now have the outcome from the National tendering process and the contract has been awarded to a system called Inphase. The system fits with NHS Fife's preference to procure a quality management system in which risk management, adverse events and other additional modules are part of the same system. Work is underway led by the Director of Digital and Information around procurement of the system for NHS Fife.	Closed

Meeting: Audit and Risk Committee
Meeting date: 12 September 2024
Title: Internal Audit Progress Report
Report Author: Barry Hudson, Regional Audit Manager /
Jocelyn Lyall, Chief Internal Auditor

Executive Summary:

Provide the Audit and Risk Committee with assurance on the completion of the 2023/24 Internal Audit Plan and progress on the 2024/25 Internal Audit Plan.

1 Purpose

This report is presented for:

- Assurance
- Discussion

This report relates to:

- Local policy

This report aligns to the following NHSScotland quality ambition(s):

- Safe
- Effective
- Person Centred

2 Report summary

2.1 Situation

The purpose of this report is to provide the Audit and Risk Committee with assurance on the completion of the 2023/24 Internal Audit Plan and progress on the 2024/25 Internal Audit Plan.

2.2 Background

The internal audit year runs from May to April. The Internal Audit team continues to progress the reviews from the 2024/25 Internal Audit Plan under the supervision of the Chief Internal Auditor. Audit work completed allows the Chief Internal Auditor to provide the necessary assurances prior to the signing of the 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 considered when the Chief Executive undertakes the annual review of internal controls, and form 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.

A large element of our year-end assurance work will be delivered through the Internal Control Evaluation (ICE) for 2024/25. Action to progress recommendations from the 2023/24 Annual Internal Audit Report will be reported within the 2024/25 ICE and monitored throughout the year via the Audit Follow Up system.

2.3 Assessment

Two vacancies within the FTF structure have now been filled. One internal candidate will commence immediately and the second will commence at the start of October 2024. Recruitment to a vacant auditor role has commenced.

The 2023/24 Internal Audit Plan has now been completed and all year end work for 2023/24 was prioritised and completed within the required timescales.

The Strategic Audit Plan 2024/25 to 2026/27 and the 2024/25 Operational Plan has now been considered by the Executive Directors Group, with specific input from the Director of Finance and Strategy and the Director of Reform and Transformation. The final plan is included at agenda item 5.3.

An External Quality Assessment is due for completion during 2024/25. The FTF Partnership Board have approved the format of the review, which is planned for November 2024, and will be undertaken by the Institute of Internal Auditors.

Progress on implementation by management of agreed internal audit actions is monitored by Internal Audit through the Audit Follow-Up System and is reported regularly to the Audit and Risk Committee and Executive Directors Group.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level	X			
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

	insignificant amount of residual risk or none at all.	applied. There remains a moderate amount of residual risk.	further action to be taken.	
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2.3.1 Quality, Patient and Value-Based Health & Care

The Institute of Healthcare Improvement Triple Aim (Better population health, better quality of patient care, financially sustainable services) is a framework that describes an approach to optimising health system performance and is a core consideration in planning all internal audit reviews.

2.3.2 Workforce

Management responsibilities, skill sets and structures are a core consideration in planning all internal audit reviews.

2.3.3 Financial

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.

2.3.4 Risk Assessment / Management

The process to produce the Annual Internal Audit Plan takes into account inherent and control risk for all aspects of the Internal 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. Legislative requirements are a core consideration in planning all internal audit reviews.

As detailed in the assessment section, the requirement to recruit to two vacant Principal Auditor posts is likely to impact on delivery of FTF Annual Internal Audit Plans.

The risk 'Compliance with Internal Audit Framework' is recorded on the FTF risk register and is described as:

'There is a risk that due to the cumulative effect of resource challenges and complexity of audits with generally higher risks and control issues, internal audit may not comply fully with the Internal Audit Framework, comprising the Audit Charter and the Specification for Internal Audit Services. This includes:

- Compliance with Public Sector Internal Audit Standards
- Compliance with the Service Specification, specifically:
 - Delivery of the agreed annual internal audit plan
 - Provision of assurance throughout the year
 - Achievement of quality and performance measures
 - Provision of an opinion to the Chief Executive as Accountable Officer for yearend assurance.

This risk is scored as Moderate and 12 controls have been identified to mitigate the risk.

To mitigate this risk, as noted in the assessment section of this report, audit work related to the delivery of the Annual Internal Audit Report to support the Chief Internal Auditor's annual opinion has been prioritised.

2.3.5 Equality and Human Rights, including children's rights, health inequalities and Anchor Institution ambitions

All internal audit reviews which involve review of policies and procedures examine the way in which equality and diversity is incorporated in Board documentation.

2.3.6 Climate Emergency & Sustainability Impact

N/A

2.3.7 Communication, involvement, engagement and consultation

All papers have been produced by Internal Audit and shared with the Director of Finance and Strategy.

2.3.8 Route to the Meeting

This paper has been produced by the Regional Audit Manager and reviewed by the Chief Internal Auditor.

2.4 Recommendation

This paper is provided to members for:

- **Assurance** – This report provides a “**significant**” level of assurance on progress with the 2024/25 Annual Internal Audit Plan.
- **Discussion** – note the completion of the 2023/24 and initial progress on the 2024/25 Annual Internal Audit Plans.

3 List of appendices

The following appendices are included with this report:

Appendix 1 – Internal Audit Progress Report highlighting:

- Finalised Internal Audit reports
- Internal Audit reports issued in draft at the time of submission of papers for the Audit and Risk Committee
- Internal Audit Work in Progress and Planned
- A summary of Internal Audit Reports issued since the last Audit and Risk Committee.

Report Contact

Barry Hudson, Regional Audit Manager, Email barry.hudson@nhs.scot

FTF Internal Audit Service

Internal Audit Progress Report

Introduction

This report presents the progress of internal audit activity to 3 September 2024.

Internal Audit Activity

The following audit products, with the audit opinion shown, have been issued since the last progress report to the Audit and Risk Committee on 16 May 2024. Each review 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.

NHS Fife Completed Audit Work

Audit 2023/24 and 2024/25	Opinion on Assurance	Recommendations	Draft issued	Finalised
Corporate Governance				
B06/25 Internal Audit Annual Report 2023/24	N/A	2 Moderate and 1 Merits Attention	10 June 2024	14 June 2024
B09/25 Audit Follow Up	N/A	N/A	N/A	Throughout year at each ARC meeting
Financial Governance				
B23/24 Financial Process Compliance	N/A	2 Merits Attention	26 June 2024	22 July 2024

Fife IJB Completed Audit Work

Audit 2022/23 and 2023/24	Opinion on Assurance	Recommendations	Draft issued	Finalised
F04/23 Contract/Market Capacity	Reasonable Assurance	3 Moderate and 1 Merits Attention	10 June 2024	20 June 2024
¹ F05/24 Fife IJB Annual Report (incorporating F03/24 Internal Control Evaluation) – Section 1	N/A	N/A	21 June 2024	27 June 2024 (IJB Audit and Assurance Committee)

¹ The report to the June 2024 Fife IJB Audit and Risk Committee included the executive summary, audit opinion, key themes and key developments. Section 2 of the Annual Report was separately provided to management to consider the audit findings and collate management responses. The composite 2023/24 Annual Report will be reissued to members and presented to the 13 September 2024 Audit and Assurance Committee.

NHS Fife Work in Progress and Planned:

Audit 2024/25		Status	Target Audit and Risk Committee
TBC	Recruitment	Fieldwork	December 2024
TBC	Environmental Management	Fieldwork	December 2024

Summary of Audit Findings

This section provides a summary of the findings of internal audit reviews concluded since the May 2024 Audit and Risk Committee.

B06/25 Internal Audit Annual Report 2023/24	Level of assurance: N/A
Report was presented in full at the June 2024 Audit and Risk Committee meeting.	

B09/25 Audit Follow Up	Level of assurance: N/A
Audit Follow Report is presented as a separate agenda item.	

B23/24 Financial Process Compliance	Level of assurance: N/A
<p>This review provided assurance that for accounts receivable, travel expenses and banking arrangements, processes and procedures are established and meet the requirements of the Financial Operating Procedures (FOPs) and the relevant parts of the Standing Financial Instructions. This exercise tested outputs from, and certain procedures within, those financial systems.</p> <p>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 systems reviewed are failing to meet business objectives.</p> <p>Two Merits Attention recommendations were identified, with agreed management action as follows:</p> <p><u>Accounts Receivable</u></p> <ul style="list-style-type: none"> The reason for raising a credit note will be detailed on the documentation where appropriate, alongside the continuation of appropriate backup and authorisation from the Ledger and Treasury Manager. A brief narrative will be added to the register of accounts to be written off, providing an explanation of why the individual balances were written off. Detailed recovery actions are recorded on the Debtor records/monthly review reports. 	

F04/23 Contract/Market Capacity	Level of assurance: Reasonable
<p>This review assessed the ongoing management of Fife IJB Strategic Risk</p> <p><i>'There is a risk of significant partner failure in the third or independent sector leading to reduced ability to provide care services. This risk may be compounded by the impacts of Brexit, Covid 19 and winter pressures and cost of living and fuel cost pressures.'</i></p> <p>A review of assurances provided by officers on the management of specific risks associated with the sustainability of services commissioned by the Partnership from the independent and third sectors was undertaken.</p> <p>Overall, from the examples of evidence provided, we are content with the arrangements in place to mitigate the risk of third-party suppliers no longer being able to provide services leading to loss of service.</p>	

However, this opinion is limited to the examples provided within the self-assessment and is based on the evidence provided by management, acknowledging that some of the controls are evolving. Our opinion of reasonable assurance is caveated by the fact that the evidence provided to support the self-assessment conclusions was a representative sample across the care providers. Some evidence related to Care Home providers and some to Care at Home providers therefore our conclusion of 'Reasonable Assurance' is based on the evidence provided being representative of arrangements in place for all third-party providers.

Management have agreed the following action to address our four recommendations:

- The operational risks associated with the relationship with Care at Home service providers will be reported upwards through the Clinical and Care Governance framework – Moderate Risk.
- A process will be put in place to cross check contract performance monitoring information against external review results to assess whether the internal monitoring arrangements in place are effective and to identify improvements to these – Moderate Risk.
- The register of suppliers will be updated to include information on the preferred method of communication, frequency of meetings or outcomes and outputs – Merits Attention.
- A process will be introduced to set SMART objectives for providers and for regularly monitoring against these – Moderate Risk.

F05/24 Fife IJB Annual Report (incorporating F03/24 Internal Control Evaluation)

Level of assurance: N/A

The main conclusions made by Fife IJB's Chief Internal Auditor are as follows:

'As Chief Internal Auditor, this Annual Internal Audit Report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2023/24

Based on the work undertaken, I have concluded that:

Reliance can be placed on the IJB's governance arrangements and systems of internal controls for 2023/24 in the following areas:

- ***Corporate Governance***
- ***Clinical and Care Governance***
- ***Staff Governance***
- ***Information Governance***

There was an unexpected movement in the IJB financial position in the final quarter of the year and a Due Diligence exercise is to be carried out to provide assurance that internal controls were effective throughout the year. Therefore, I am unable to conclude on adequacy and effectiveness of financial governance due to uncertainty, and until I have had the opportunity to consider the outcome of the planned Due Diligence exercise.

In addition, based on my review of the draft 2023/24 Governance Statement, provided to me on 19 June 2024, I have not advised management of any concerns around the following in relation to corporate, clinical and care, staff, and information governance:

- ***Consistency of the Governance Statement with information that we are aware of from our work***
- ***The format and content of the draft Governance Statement in relation to the relevant guidance***
- ***The disclosure of all relevant issues.***

I cannot conclude on the content or consistency of the Governance Statement, nor on the disclosure of all relevant issues relating to financial governance.'

The Audited accounts are scheduled for sign off at the September 2024 IJB, providing the opportunity for the Chief Internal Auditor to consider the outcome of the Due Diligence exercise and any resulting updates in the 2023/24 Governance Statement.

Meeting: Audit and Risk Committee
Meeting date: 12 September 2024
Title: Internal Audit – Follow Up Report on Audit Recommendations 2023/24
Report Author: Barry Hudson, Regional Audit Manager/
Andy Brown, Principal Auditor

Executive Summary:

- Progress continues to be made by management in implementing actions to address recommendations made in internal audit reports.
- Overall there are just four recommendations remaining from reports published more than 12 months ago and we are content that actions to address these will be implemented by the approved revised target implementation dates.
- This paper is provided to members for:
 - **Assurance** – This report provides a **SIGNIFICANT** Level of Assurance on the progress being made in implementing actions to address recommendations made in internal audit reports.
 - **Discussion** – Consider the status of Internal Audit recommendations recorded within the AFU system.

1 Purpose

This report is presented for:

- Assurance
- Discussion

This report relates to:

- Legal requirement

This report aligns to the following NHSScotland quality ambition(s):

- Safe
- Effective
- Person Centred

2 Report summary

2.1 Situation

Good practice guidance, as laid out in the Audit and Assurance 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.

The Blueprint for Good Governance in NHS Scotland (second edition) includes the following guidance regarding the follow-up of actions to address internal audit recommendations:

'It is important that the Audit and Risk Committee adopt a robust approach to the oversight of the completion of actions identified in the audit reports. Where possible, actions should be dealt with in the current financial year rather than being carried forward from one financial year to the next. Any exceptions to this should be closely scrutinised by the Audit and Risk Committee who should seek assurance that the timeline proposed for addressing the risks or issues identified by the auditors is both reasonable and achievable.' [Section D13 – page 59]

2.2 Background

The EDG consider the progress on internal audit actions in line with the Audit Follow Up (AFU) protocol with Directors being reminded of the need to ensure good progress is made in clearing outstanding issues.

External Audit recommendations are followed up by the NHS Fife Finance Directorate and Internal Audit continue to review progress against External Audit recommendations where relevant to internal audit fieldwork.

Internal Audit validate the evidence supplied by responding officers for actions they are confirming as complete, to confirm that those actions address the recommendations made.

Where an action is reported by the Responsible Officer as delayed, the AFU Protocol dictates that a reason for the delay must be provided and the proposed extension is subject to approval as follows:

Finding/Recommendation Assessment of Risk	1 st Extension Approval	2 nd Extension Approval	Subsequent Extension Approvals
Merits Attention	Internal Audit	Executive Director	Director of Finance or CEO
Moderate	Executive Director	Director of Finance or CEO	
Significant	Director of Finance or CEO		
Fundamental	Director of Finance or CEO		

The tables and graphs included clearly show the actions related to recommendations that were reported more than one year ago, so that particular attention can be focussed on clearing these.

2.3 Assessment

We include reports which have actions with a status of Extended, Outstanding or Not Yet Due. Reports with all actions either completed and validated or superseded are not included. This is to promote focus on addressing the remaining recommendations.

The table below shows the status of all remaining internal audit recommendations, other than ICE and Annual Report recommendations, at 31 August 2024, with comparable figures from the last Audit Follow-Up (AFU) report at 30 April 2024 (Ext = Extended, O/S = Outstanding & NYD = Not Yet Due).

	Aug 2024			Apr 2024		
Remaining Actions	20			5		
	Ext	O/S	NYD	Ext	O/S	NYD
Recommendations more than 1 year (<i>Appendix C</i>)	1	0	0	1	0	0
Recommendations less than 1 year	1	2	16	1	0	3

The table below shows the status of all remaining ICE and Annual Report recommendations at 31 August 2024, with comparable figures from the last Audit Follow-Up (AFU) report at 30 April 2024.

	Aug 2024			Apr 2024		
Remaining Actions	9			9		
	Ext	O/S	NYD	Ext	O/S	NYD
Recommendations more than 1 year (<i>Appendix C</i>)	3	0	0	0	0	0
Recommendations less than 1 year	5	0	1	9	0	0

Progress summary

The role of Internal Audit in the follow-up process is to maintain a record of responses received by management and to assess and validate responses. Appendix E records actions where we have concluded that evidence provided was insufficient to allow us to validate that action as complete, and where further information has been requested.

We have assessed progress to date for responses in relation to those remaining recommendations with extended target implementation dates and a RAG status is included to aid prioritisation.

Where no appropriate or sufficient response is received from the responsible officer we liaise with the Director of Finance and Strategy and the Board Secretary to escalate.

AFU Report Content

Appendices C and D provide detailed information on progress with all remaining recommendations that have had their target implementation date extended. Appendix C includes those that are **more** than a year old and Appendix D includes those that have a fundamental or significant priority and are **less** than a year old.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level	X			
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

The Institute of Healthcare Improvement Triple Aim (Better population health, better quality of patient care, financially sustainable services) is a framework that describes an approach to optimising health system performance and is a core consideration in planning all internal audit reviews.

2.3.2 Workforce

Management responsibilities, skill sets and structures are a core consideration in planning all internal audit reviews.

2.3.3 Financial

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.

2.3.4 Risk Assessment / Management

The Internal Audit follow-up process mitigates against the risk of control weaknesses remaining because appropriate action hasn't been taken to address Internal Audit recommendations.

Risk 2928 – Compliance with Internal Audit Framework recorded on DATIX is relevant as if it materialised it would impact on the Internal Audit service’s ability to maintain the follow-up system. The risk is currently rated as 9 – Moderate with a target of 6 – Low.

2.3.5 Equality and Human Rights, including children’s rights, health inequalities and Anchor Institution ambitions

All internal audit reviews which involve review of policies and procedures examine the way in which equality and diversity is incorporated in Board documentation.

2.3.6 Climate Emergency & Sustainability Impact

Not applicable

2.3.7 Communication, involvement, engagement and consultation

The content of the report was discussed with the Chief Internal Auditor and the Director of Finance and Strategy ahead of submission to the Audit and Risk Committee

2.3.8 Route to the Meeting

Not applicable

2.4 Recommendation

This paper is provided to members for:

- **Assurance** – This report provides a “**significant**” level of assurance on the progress being made in implementing actions to address recommendations made in internal audit reports.
- **Discussion** – Consider the status of Internal Audit recommendations recorded within the AFU system.

3 List of appendices

The following appendices are included with this report:

Appendix A:	Extended and Outstanding Graphs	Page 6
Appendix B:	Table - Detailed Action Status by Report	Page 10
Appendix C:	Recommendations More Than 1 Year – Action Status	Page 11
Appendix D:	Recommendations Less Than 1 Year – Action Status	Page 13
Appendix E:	Internal Audit Validation	Page 15
Appendix F:	Definitions	Page 16

Report Contact

Barry Hudson
Regional Audit Manager
Email: barry.hudson@nhs.scot

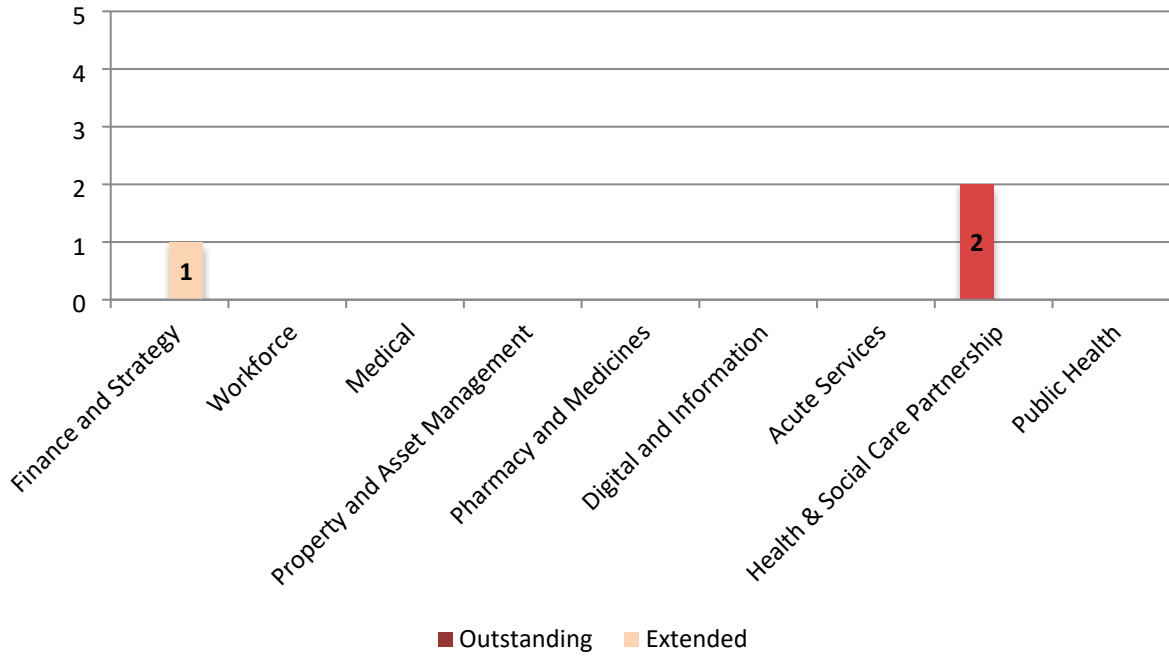
Recommendations More Than 1 Year

As there was only one action remaining to address recommendations made in reports published more than a year ago graphs are not necessary.

The single action falling into this category was to address a recommendation made in report B13/21 Risk Management Strategy, Standards and Operations. This was assigned to the Health and Social Care Partnership and relates to the revision of the NHS Fife risk appetite and for this to take cognisance of the risk appetite of the Integrated Joint Board. This was rated as 'Significant' and we have graded the action required to complete this as 'Green' meaning that *'Good progress is being made and completion of updated actions will achieve objectives and mitigate identified risks'*. The revised target implementation date for this action is 30 September 2024.

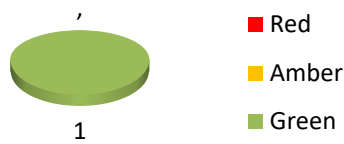
Recommendations Less Than 1 Year

Outstanding and Extended by Directorate

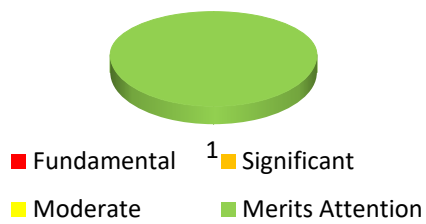


Extended Recommendations RAG Status and Priority

RAG Status

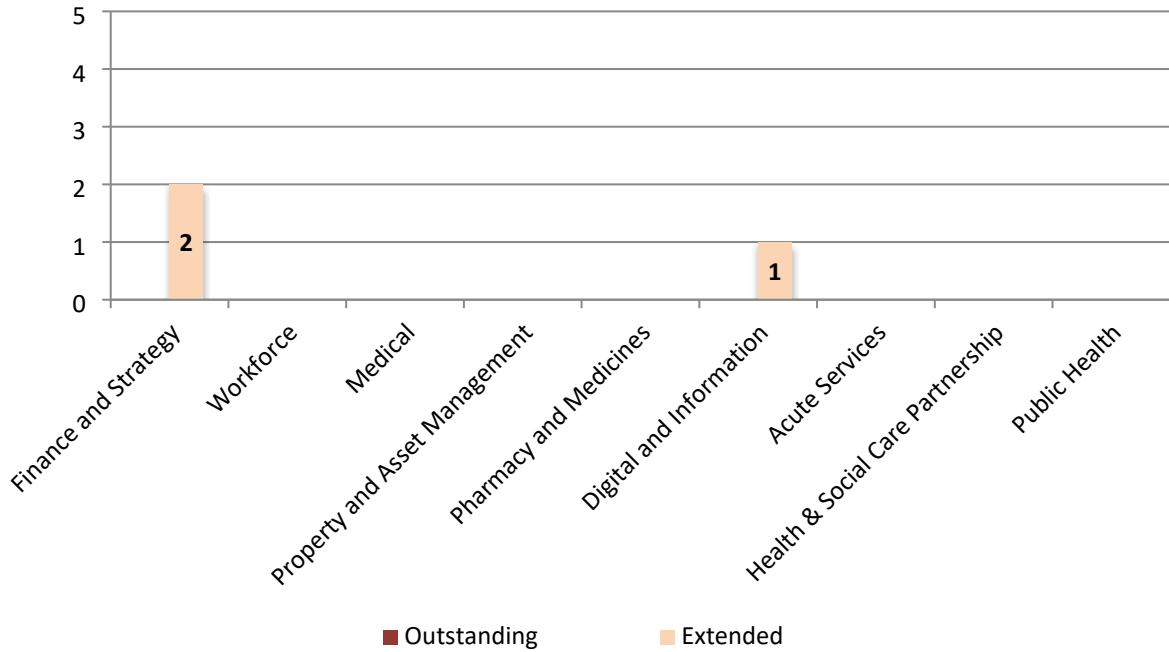


Priority



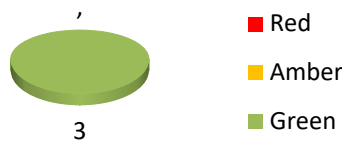
ICE/IAAR Recommendations More Than 1 Year

Outstanding and Extended by Directorate

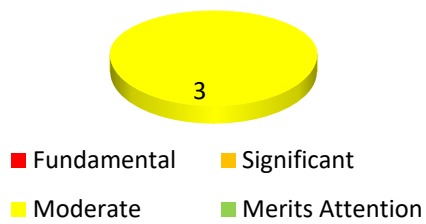


ICE/IAAR Extended Recommendations RAG Status and Priority

RAG Status

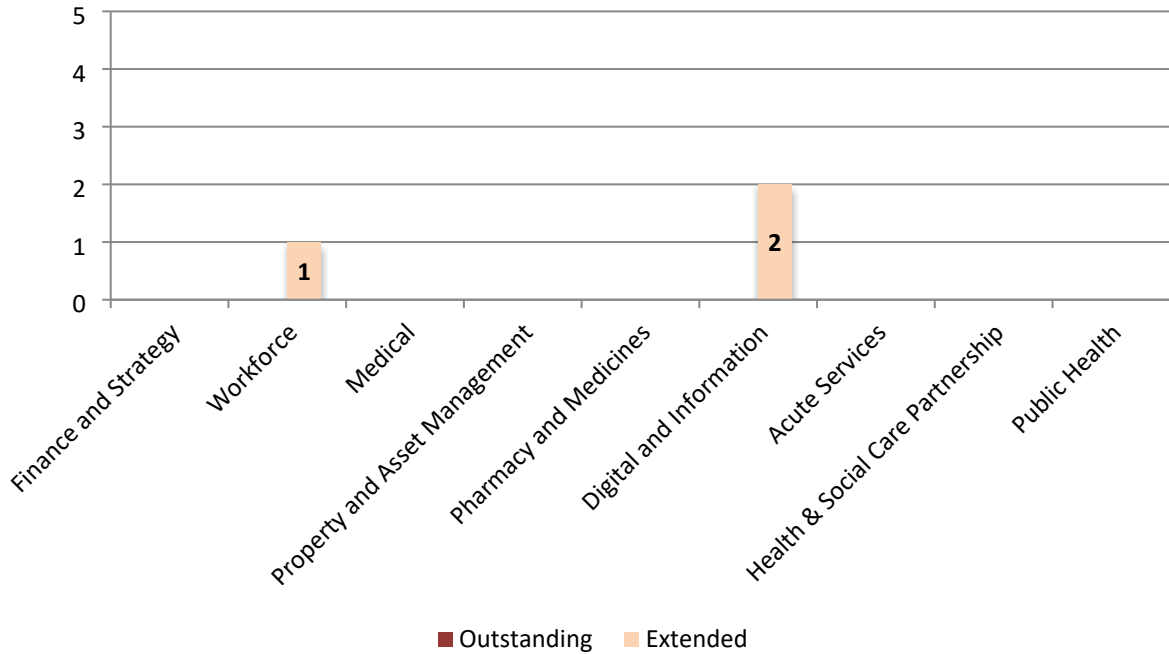


Priority



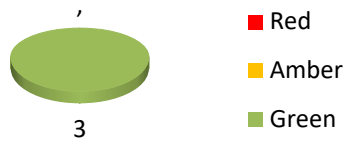
ICE/IAR Recommendations Less Than 1 Year

Outstanding and Extended by Directorate

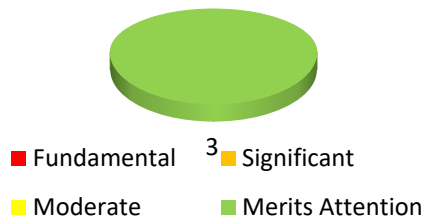


ICE/IAAR Extended Recommendations RAG Status and Priority

RAG Status



Priority



Detailed Action Status by Report


Audit Follow Up Report – September 2024




Internal Audit Reports with Remaining Actions	Date of Issue	Total Recs.	Complete	Superseded	Remaining	Extended	Outstanding	Not Yet Due	Not Validated
2020/21									
B13/21 Risk Management Strategy	Sep 21	5	4	0	1	1	0	0	-
2020/21 Totals		5	4	0	1	1	0	0	0
2022/23									
B13/23 Business Continuity Arrangements	Feb-24	5	2	0	3	0	0	3	-
B14/23 Strategic Planning - Development	Jan-24	1	0	0	1	1	0	0	-
B17/23 Workforce Planning	May-24	8	2	0	6	0	0	6	-
2022/23 Totals		14	4	0	10	1	0	9	0
2023/24									
B20A/24 Follow-up of B21/20 Transport of Medicines	May-24	6	1	0	5	0	0	5	-
B23/24 Financial Process Compliance	Jul-24	2	1	0	1	0	0	1	-
B24/24 Patients' Funds	May-24	10	7	0	3	0	2	1	-
2023/24 Totals		18	9	0	9	0	2	7	0
Overall Totals (Actions from reports where recommendations remain unaddressed)		37	17	0	20	2	2	16	0

Previous ICE and Annual Reports with Remaining Actions	Date of Issue	Total Recs.	Complete	Superseded	Remaining	Extended	Outstanding	Not Yet Due	Not Validated
2023/24									
B06/24 Annual Report – 2022-23	Jun-23	11	8	0	3	3	0	0	-
B08/24 ICE – 2023-24	Dec-23	6	3	0	3	3	0	0	-
2023/24 Totals		17	11	0	6	6	0	0	-
2024/25									
B06/25 Annual Report – 2023-24	Jun-24	3	0	0	3	2	0	1	-
2024/25 Totals		3	0	0	3	2	0	1	-
Overall Totals (Actions from reports where recommendations remain unaddressed)		20	11	0	9	8	0	1	-

Recommendations More than 1 Year at 31 August 2024

Audit Follow Up Report – September 2024

Report	Rec Number	Priority	Brief Description	Responsible Officer & Executive Director	Original and Extended Due Dates	RAG Status	Reason for Extension from Responsible Officer
2020/21 - Extended							
B13/21 Risk Management Strategy	3	S	Now that there is clarity around responsibility for operations, an Integration Joint Board (IJB) Risk Management Strategy should be produced and formally agreed with the parties as soon as possible and incorporated into the NHS Fife Framework. More detailed aspects of the risk management arrangements between NHS Fife and Fife IJB should be included in GP/R7 - Risk Register and Risk Assessment policy.	Director of Health & Social Care	31-Mar-22 30-Sep-22 31-Dec-22 31-Aug-23 31-Dec-23 30 Sep 24		The remaining part of this action is for the NHS Fife Risk Appetite to be reviewed taking into account the risk appetite of the IJB and this will be undertaken by 30 September 2024 as part of the overall review of NHS Fife’s Risk Appetite. A Fife NHS Board development session focussed on risk appetite was held on the 8th April 2024. The session included consideration of the IJB risk appetite statement and levels and these are to be considered when finalising NHS Fife’s Risk Appetite.
20/21 Extended	1						
Total > 1 Year	1						

ANNUAL and ICE REPORTS Report	Rec Number	Priority	Brief Description	Responsible Executive Director	Original and Extended Due Dates	RAG Status	Reason for Extension from Responsible Officer
B06/24 Internal Audit Annual Report 2022/23	1a	M	Greater use of risk appetite in decision making at standing committees.	Director of Finance and Strategy	31-Mar-24 30 Sep 24		Extension to allow evidence of risk appetite being used in decision making at standing committee level to be evidenced by reviewing standing committee papers for the 6 months to 30 September 2024.
	1b	M	Risk Management Deep Dive reports to include further analysis including: <ul style="list-style-type: none"> • further assessment as to which key management actions will impact on the target score with success criteria stated. • focusing only on key controls and providing overt assurance and an overt conclusion on the effectiveness of implemented controls. • assessing the proportionality of proposed actions and whether they should be sufficient to achieve the target score. 	Director of Finance and Strategy	31-Mar-24 30 Sep 24		Extension to allow further development of the deep dive format.
	6b	M	Resource & financial assessment regarding the likelihood of the revised D&I Strategy being delivered within the stated timescale and the risks associated with non-delivery.	Director Digital & Information	31-Jul-24 31 Jan 25		The timescale for the development of the D&I Strategy (now D&I Framework) has been changed due to the changing national and local environment therefore an extension is required.

Report	Rec Number	Priority	Brief Description	Responsible Officer & Executive Director	Original and Extended Due Dates	RAG Status	Reason for Extension from Responsible Officer
Year- Extended							
Only extended actions associated with recommendations that are considered Fundamental or Significant will be included in this section (ie actions that have extended implementation dates within 12 months from their publication). For this reporting cycle there are no such actions to report.							
Year Extended							
Total < 1 Year	0						

Recommendations Less than 1 Year at 31 August 2024




Audit Follow Up Report – September 2024

ANNUAL and ICE REPORTS Report	Rec Number	Priority	Brief Description	Responsible Executive Director	Original and Extended Due Dates	RAG Status	Reason for Extension from Responsible Officer
<p>Only extended actions associated with recommendations that are considered Fundamental or Significant will be included in this section (ie actions that have extended implementation dates within 12 months from their publication). For this reporting cycle there are no such actions to report.</p>							
<p>-</p>							

Audit Year/Report	Rec. Ref.	Finding & Recommendation	Priority	Responsible Officer, Executive Director & Action by Date	Follow-up Response	Internal Audit Opinion on Further Evidence Required to Allow Action to be Recorded as Complete <i>[This further evidence will be requested from the Responsible Officers through the Follow-up Process]</i>
N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total						

Action Status	
Term	Definition
Complete	Client has informed Internal Audit that the action has been implemented
Superseded	Action has been updated within a further audit report
Extended	Client has requested further time to implement the action (see Appendix C)
Outstanding	The original, or extended, due date has passed, and the client has not provided an update or requested an extension to the due date
Not Yet Due	Original action by date has not yet occurred
Not Validated	Client has informed Internal Audit that the action has been implemented but our validation process found that further evidence is required to support this conclusion (see Appendix E)

Recommendation Priority	
Term	Definition
Fundamental (F)	Non-Compliance with key controls or evidence of material loss or error. Action is imperative to ensure that the objectives for the area under review are met.
Significant (S)	Weaknesses in control or design in some areas of established controls. Requires action to avoid exposure to significant risks in achieving the objectives for area under review.
Moderate (M)	Weaknesses in design or implementation of controls which contribute to risk mitigation. Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.
Merits Attention (MA)	There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.

RAG Status Definitions for Importance of Extended and Outstanding Recommendations		
RAG Status		Definition
Red		Action is imperative to ensure that the objectives for the area under review are met and risks are mitigated.
Amber		Stated actions have not been progressed sufficiently to mitigate the identified risk. Completion of updated actions should ensure objectives are achieved.
Green		Good progress is being made and completion of updated actions will achieve objectives and mitigate identified risks.

Meeting: Audit and Risk Committee

Meeting date: 12 September 2024

Title: Draft Strategic Plan 2024-27 and Draft Operational Internal Audit Annual Plan 2024/25

Report Author: Jocelyn Lyall, Chief Internal Auditor

Executive Summary:

At the June 2024 Audit and Risk Committee the Chief Internal Auditor updated members on the development of the Operational Internal Audit Plan for 2024/25 and the three-year Strategic Plan 2024-2027. The Director of Finance and Strategy and other key Directors have considered the initial risk scoring and the findings from the 2023/24 Internal Audit Annual Report have been considered within the development of the Plan, as well as other sources of assurance.

Audits scheduled in year 1 make up the 2024/25 Operational Plan. Internal Audit have mapped the Strategic Audit Plan to both the Strategic Risk Register and the Reform, Transform and Perform (RTP) Programme and these links are shown in both the Strategic and Operational Plans.

This plan was considered by the Executive Directors Group on 15 August 2024, with members requesting a standalone review in year 1, focussing on RTP governance arrangements and framework, including workstreams, grip and control.

1 Purpose

This report is presented for:

- Discussion
- Decision

This report relates to:

- Legal requirement

This report aligns to the following NHSScotland quality ambition(s):

- Safe
- Effective
- Person Centred

2 Report summary

2.1 Situation

The Audit and Risk Committee (ARC) is asked to consider and approve the Draft Strategic Plan 2024/25 – 2026/27 and draft Operational Internal Audit Plan 2024/25 as required by the ARC Terms of Reference and workplan.

2.2 Background

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.”

Public Sector Internal Audit Standards (PSIAS) – Section 3, Definition of Internal Auditing

The Draft Strategic and Operational Plans have been developed in accordance with *Public Sector Internal Audit Standard 2010 – Planning*, to enable the Chief Internal Auditor to meet the following key objectives:

- The need to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.
- Provision to the Accountable Officer of an overall independent and objective annual opinion on the organisation’s governance, risk management, and control, which will in turn support the preparation of the Annual Governance Statement.
- Audits of the organisation’s governance, risk management, and control arrangements which afford suitable priority to the organisation’s objectives and risks.
- Improvement of the organisation’s governance, risk management, and control arrangements by providing line management with recommendations arising from audit work.
- Effective co-operation with external auditors and other review bodies functioning in the organisation.

The internal audit service will be delivered in accordance with the Internal Audit Charter.

Our Strategic Internal Audit Plan is designed to provide NHS Fife, through the Audit and Risk Committee, with the assurance it needs to prepare an Annual Governance Statement that complies with best practice in corporate governance. We also support the continuous improvement of governance, risk management and internal control processes by using a systematic and disciplined evaluation approach.

The objective of audit planning is to direct audit resources in the most efficient manner to provide sufficient assurance that key risks are being managed effectively.

2.3 Assessment

Prior to Covid, the Strategic Internal Audit Plan was based on a 5-year cycle. Due to the significant impact of Covid on the risk profile of the organisation, a planning process which relied on a relatively static risk environment and change generally occurring in the medium to long term was no longer viable. Internal Audit temporarily moved to an annual planning cycle with greater emphasis on the organisation's current rather than cyclical needs, focusing on emergent risks and those with most immediacy.

Post pandemic, our Strategic Internal Audit Plan 2024/25 – 2026/27 is structured around an updated audit universe based on a 3-year cycle (Appendix 1) which contains overt links to the Corporate Risk Register and RTP. The Three-Year cycle allows Internal Audit to respond to emerging risks, changes within the organisation, its structure, and how its services are delivered, whilst also ensuring that key controls are effective.

This Three-Year strategic planning cycle is aligned with the Scottish Government requirement for Three Year Delivery Plans and Three Year Financial Plans.

The FTF Internal Audit Consortium has two vacancies which are in the process of appointing after a successful recruitment campaign. Reflecting the impact of these vacancies on the deliverable audit days has resulted in a 48-day reduction in the NHS Fife 2024/25 Plan, when compared to 2023/24. 473 days are available for 2024/25.

Environmental and change risks

We actively consider ongoing projects, forthcoming changes and our wider knowledge of the NHS to ensure we provide an appropriate level of audit coverage across all key areas and risks. This includes consideration of the following key sources of information:

- Public Health and Wellbeing Strategy / Annual Delivery Plans / Financial Sustainability Plans
- Themes / risks emerging from our Internal Control Evaluation
- Previous internal audit reports
- External Audit reports and plans
- Board website, internal policies, and procedures
- Our NHS knowledge and experience
- Discussions with the EDG and the Audit and Risk Committee
- NHS Fife's Corporate risk profile

Other stakeholders

There is congruence between Health Board internal audit plans and those of the Integrated Joint Board (IJB) Partner. The NHS Fife Internal Audit Plan currently includes days for Internal Audit of the IJB, with IJB Plan agreed with the IJB Chief Officer and Chief

Finance Officer and approved by the IJB Audit and Assurance Committee. The IJB Chief Officer had the opportunity to consider the Health Board Plan as a member of the EDG and there is a sharing protocol that allows for Health Board and Council Internal Audit Plans to be shared with the IJB and vice-versa.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level	X			
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

The Institute of Healthcare Improvement Triple Aim (Better population health, better quality of patient care, financially sustainable services) is a framework that describes an approach to optimising health system performance and is a core consideration in planning all internal audit reviews.

2.3.2 Workforce

Management responsibilities, skill sets, and structures are a core consideration in planning all internal audit reviews.

The Internal Audit Plan for 2024/25 has been reduced by 48 days to reflect vacant posts, which have recently been filled and starting dates to be confirmed.

2.3.3 Financial

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.

The FTF budget is managed by the Chief Internal Auditor with the FTF Partnership Board overseeing and approving the overall FTF budget and any financial considerations.

2.3.4 Risk Assessment / Management

The process to produce the Strategic and Operational Plan considers inherent and control risk for all aspects of the Internal Audit Universe. Individual internal audit assignments identify the key risks at the planning stage and the work is designed to evaluate whether appropriate systems are in place and operating effectively to mitigate the risks identified. Legislative requirements are a core consideration in planning all internal audit reviews.

2.3.5 Equality and Human Rights, including children’s rights, health inequalities and Anchor Institution ambitions

All internal audit reviews which involve review of policies and procedures examine the way in which equality and diversity is incorporated in Board documentation. The author can confirm that due regard has been given to the Equality Act 2010 and compliance with the three aims of the Equality Duty as part of the decision-making process.

2.3.6 Climate Emergency & Sustainability Impact

N/A

2.3.7 Communication, involvement, engagement and consultation

This paper has been produced by the Regional Audit Manager, reviewed by the Chief Internal Auditor and Director of Finance and Strategy and considered by the EDG.

2.3.8 Route to the Meeting

This paper has been previously considered by the following groups as part of its development. The groups have either supported the content, or their feedback has informed the development of the content presented in this report.

- Executive Directors Group, 15 August 2024

2.4 Recommendation

This paper is provided to members for:

- **Assurance** – This report provides a “**significant**” level of assurance that the Draft Strategic and Operational Plans preparation and assessment process is conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) and the strategic and operational plans provide sufficient coverage to allow the Chief Internal Auditor to provide required year end assurances.
- **Discussion** – Members are asked to consider the Strategic and Operational Plan.
- **Decision** – Approve the Strategic and Operational Plans.

3 List of appendices

The following appendices are included with this report:

- Appendix A Internal Audit Annual Plan 2024/25
- Appendix B Internal Audit 3-year Strategic Plan

Report Contact

Jocelyn Lyall

Chief Internal Auditor

Email jocelyn.lyall2@nhs.scot

Sub-Headline	Scope	Rank	425	473	473	Relevance	Strategic Risk	Reform Perform Transform
			2024/25	2025/26	2026/27			
			Days	Days	Days			
A ASSURANCE			79	74	74			
Audit Risk Assessment & Operational Planning	Risk Assessment, Strategic and Operational Planning	7	7	7	7	Internal Audit Requirement		
Audit Management & Liaison with Directors	Audit Management, liaison with Director of Finance and Strategy and other officers	15	15	15	15	Internal Audit Requirement		
Liaison with External Auditors and other review bodies	Liaison with External Audit	4	4	4	4	Internal Audit Requirement		
Audit and Risk Committee	Preparation of papers, presentation and action points	18	18	18	18	Internal Audit Requirement		
Board, Operational Committees and Accountable Officer	Attendance and input / provision of advice at Standing Committees and other Groups.	10	10	10	10	Internal Audit Requirement		
Self-Assessment / External Quality Assessment	Preparation and engagement in EQA process, in compliance with Public Sector Internal Audit Standards	10	5	5	5	Internal Audit Requirement		
Clearance of Prior Year	Provision for clearance and reporting of 2023/24 audit reports	15	15	15	15	Internal Audit Requirement		
B HEALTH & SOCIAL CARE INTEGRATION			38	30	15			
Delivery of Integrated Joint Board internal audit plans	File UB Internal Audit Plan	38	30	15	15	2024/25 is the 4th year of a five year rotation with FTE Council		
C CORPORATE GOVERNANCE			154	223	138			
Annual Internal Audit Report & Governance Statement	CA annual assurance, review of Governance Statement and supporting evidence	30	30	30	30	Legislation		
Internal Control Evaluation	Mid-year assurance on governance and operation of controls	40	40	40	40	Internal Audit Requirement		
Audit Follow-up	Follow up of action points and validation of evidence, provision of reports to the Audit and Risk Committee	40	40	40	40	Provide AFU Service		
Code of Corporate Governance	To include assistance with development where requested by client e.g. compliance with Scheme of Delegation, Standards of Business Conduct.	42						
Governance Blueprint	Review of implementation of the Governance Blueprint and the complementary Committee Assurance Provision	50						
Structures of assurance	Review of assurance structures. Development of assurance mapping.	39	4	3	3	As required by Audit & Risk Committee Handbook, specifically assurance mapping		
Compliance with laws & regulations	Review of process to ensure compliance with Laws and Regulations.	42						
Best Value	SPFM requirements. Application of BV framework and demonstration of BV characteristics.	42						
Policies and Procedures	Review of the process to ensure that the update of policies is risk-assessed, delivered and monitored appropriately and that updated policies are published effectively and superseded versions removed from circulation.	50						
Risk Management Strategy, Standards and Operations	Attendance and contribution to the Risk Opportunities Group. Provision of advice as required	10	15	10	10	To be completed every year as required by PSIAS		
Staff and Patient Environment	Including Health and Safety, Fire and Security, 15 Steps toolkit for patient experience.	21			15			
NHS Resilience: Business Continuity and Emergency Planning	Compliance with NHS Scotland Resilience: Preparing for Emergencies guidance, including IT resilience.	21	15		15			
Environmental management	Structures of assurance, operational and financial planning to comply with environmental legislation, including the net zero target.	21	15		15	CRR 1 Policy obligations in relation to environmental management and climate change - Score Moderate 12, Below RA		
Strategic planning	Ongoing review of governance aspects of Strategy development, including project management arrangements, review of implementation plan, Healthcare Sustainability, transformation and service redesign.	32	15		15	CRR 1 Population Health and Wellbeing Strategy - Score Moderate 12, Below RA		
Operational planning	Focus on RTP governance arrangements and framework, including workstreams, grip and control.	18	15	20	20	CRR 2 Health Inequalities - Score High 20, Within RA; CRR 5 Optimal Clinical Outcomes - Score High 15, Within RA; CRR 6 Whole System Capacity - Score High 20, Above RA; CRR 10 Primary Care Services - Score High 16, Above RA.	RTP Scheme 2 - Unscheduled Care Bundle; RTP Scheme - Surge Reduction; RTP Scheme 12 - Planned Care	
Project Management	Review of RTP project management - focus on transformation, Programme Board structures and decision making, controls, pace of change.	42				RTP Governance		
Organisational Performance Reporting	Accurate, relevant and reliable reporting to the Board, staff, the SGHSCD and the public	15		10	15			
Organisational Performance Management	Review of the revision of Performance Management targets and arrangements to ensure that they provide meaningful information on delivery of strategy and risks to deliver.	3			20	Waiting times Audit (every 2 years)	CRR 7 Access to outpatient, diagnostic and treatment services - Score High 20, Above RA	
D CLINICAL GOVERNANCE			40	40	115			
Clinical Governance Framework	Review of clinical and care governance, risk and assurance. Review of management identification, triangulation and resolution of major clinical issues. Learning from external reviews.	7			20		CRR 8 Cancer Waiting Times - Score High 15, Above RA; CRR Quality and Safety 9 - Score Moderate 12, Within RA	
Patient safety programme	Reporting accuracy and using SPSP data to improve patient safety.	32			20			
Complaints	Review of risks and actions to drive improvement and triangulation of data with other assurance sources.	21			15			
Clinical Effectiveness and Improvement	Systems to eliminate waste, variation and harm, including clinical audit.	17			20			
Adverse Event Management	Recording and learning from incidents, triangulation and implementation of remedial action. Reporting of KPIs.	13			15			
Mortality & Morbidity	Application of Duty of Candour; Mortality and Morbidity (M&M) - Review of system to ensure timely completion of outcomes from M&M reviews and to develop shared learning	12			20			
Infection Control	HAI, cleaning and decontamination, food hygiene.	18			20		CRR 16 Off Site Sterilisation and Disinfection Unit Service - Score Moderate 12, Within RA	
Medical Equipment and Devices	Maintenance, control and acquisition of medical devices.	28			20			
Food, Fluid and Nutritional Standards	Review of processes to ensure compliance with National standards for nutrition and governance in this area.	37			15			

Population Health	Review of governance for population health and well being, including implementation of Strategy	7	20			CRR 1 Population Health and Wellbeing Strategy - Score Moderate 12, Below RA	
Medicines Management	Annual audit of one review from the Medicines Assurance Audit Plan	7	20	10			RTP Scheme 1 - Medicine Optimisation
E STAFF GOVERNANCE			58	33	64		
Staff Governance Committee	Assurances to committees, inc. risk management, Staff Governance Standard monitoring, culture.	21				Remuneration Self-Assessment (every 2 years)	
Workforce planning, including capable and effective workforce	Review of development and implementation of Workforce Strategy and Workforce Plan, Management of workforce risks.	15		15	20	CRR 11 workforce Planning and Delivery - Score High 16, Above RA	RTP Scheme 2 - Unscheduled Care Bundle; RTP Scheme 5 - Non Compliant Rotas
Culture and Leadership	Compliance with Blueprint for Good Governance.	28		15			
Health & Care (Staffing) (Scotland) Act 2019	Compliance with legislation.	21		18		CRR 19 Implementation of Health and Care (Staffing) (Scotland) Act 2019 (HCIA) - Score Moderate 12, Within RA	
Recruitment and Retention	Efficiency, effectiveness and timeliness of recruitment processes. Implementation and effectiveness of recruitment and retention activities.	13		20			
Supplementary staffing	Review of controls over the employment of bank and agency staff and controls to monitor demand, acquisition and use of supplementary staffing, focusing on value for money	2		20			RTP Scheme 7 - Supplementary Staffing
Whistleblowing	Effectiveness of Whistleblowing governance, systems and processes.	18		15			
Management of performance and development (inc Remuneration Committee)	Review of arrangements for personal development plans and appraisal - Executive, medical and dental, GPs, awards for above	32		14			
Management of sickness absence	Review of controls to management sickness absence. Action to address areas of poor performance and adequacy of monitoring and reporting on implementation and effectiveness. Review of support for staff wellbeing arrangements	7		18		CRR 12 Staff and Wellbeing - Score High 16, Above RA	
F FINANCIAL GOVERNANCE			38	43	47		
Fraud & Probity Arrangements	Fraud liaison responsibilities. Responding to fraud risk assessment, including staff fraud.	50					
Losses and Compensations	Arrangements for investigating losses and preventing unnecessary recurrence.	53					
Financial Sustainability	Effective, efficient and economic use of resources to ensure financial sustainability. Focus on strategic and operational approach to delivering long-term financial sustainability. Achievement of initial 3% RTP saving from Reform and planning for Transformation.	3		18		CRR 13 Delivery of Balanced In Year Financial Position - Score High 16, Above RA; CRR 14 Delivery of Recurring financial Balance over the Medium Term - Score High 16, Above RA	RTP Scheme 6 - Legacy Covid Costs
Financial Planning	Strategic and medium term financial planning and prioritisation to support corporate strategies and priorities.	3				CRR 13 Delivery of Balanced In Year Financial Position - Score High 16, Above RA; CRR 14 Delivery of Recurring financial Balance over the Medium Term - Score High 16, Above RA	
Financial Management	Budgetary control, reporting, remediation and data accuracy.	3		18		CRR 13 Delivery of Balanced In Year Financial Position - Score High 16, Above RA; CRR 14 Delivery of Recurring financial Balance over the Medium Term - Score High 16, Above RA	
Savings	Strategic and medium term financial planning and prioritisation to support corporate strategies and priorities.	1		20	20	CRR 13 Delivery of Balanced In Year Financial Position - Score High 16, Above RA; CRR 14 Delivery of Recurring financial Balance over the Medium Term - Score High 16, Above RA	RTP Scheme 9 - Corporate Directorate; RTP Scheme 13 - SLA and External Activity
Compliance with core financial procedures	Review of compliance with key financial controls e.o. delegation, authorisation.	39					
Whole System Plan for asset investment	Assessment of progress towards development of Whole System Plan which will set out proposals on a system-side basis for asset investment to facilitate the achievement of strategic plans. Review of governance arrangements.	11		13		CRR 15 Prioritisation and Management of Capital Funding - Score Moderate 12, Within RA	RTP Scheme 4 - Estates Rationalisation
Property Transaction Monitoring and Property disposals	Post Transaction Monitoring compliance. Efficient effective planning for property disposal.	1		12	12		
Asset control	Control over the Acquisition, Use, Disposal and Safeguarding of Assets.	32					RTP Scheme 3 - PFI Contract
Procurement inc. service contract expenditure	Adherence to the procurement control framework (inc. use of Management Consultants).	32		15			RTP Scheme 8 - Procurement
Service Contract Income	Contracts for services provided e.g. Out of Area Treatment, overseas visitors, private patients.	42					
G ENDOWMENT FUNDS/PATIENT FUNDS					15		
Charitable Funds (endowment funds)	Programme of work agreed with Trustees.	37		15			
Patients' funds and property	Compliance with patients fund and property control framework	21					
H INFORMATION GOVERNANCE			18	15	20		
Information Assurance/Information Security Framework	Information assurances to relevant committees and groups including risks, incidents and external reports.	30		15		CRR 17 Cyber Assurance - Score High 16, Above RA	
GDPR, Freedom of Information & Information Commissioner's Office	Provision of relevant, reliable and sufficient evidence of compliance with legislation and identification of cases	49					
Records Management	Review of compliance with Records Management Policy	41					
eHealth Strategy and Governance	Alignment of local eHealth strategic plans with the Board's overall strategy, the National eHealth Strategy and review of supportive governance processes	47		18		CRR 18 Digital and Information - Score High 15, Above RA	RTP Scheme 10 - Business Transformation
eHealth Project Governance and Benefits Realisation	eHealth Project Governance and Benefits Realisation.	47				CRR 18 Digital and Information - Score High 15, Above RA	
Cyber Resilience	Implementation of revised Public Sector Cyber Resilience Framework Consideration of cyber resilience arrangements, risk assessment, and reporting.	30		20		CRR 17 Cyber Assurance - Score High 16, Above RA	
TOTAL			425	473	473		
			150	145	145		
			TRUE	TRUE	TRUE		

Audit	Audit Process	Scope	Rationale	Reform, Transform, Perform (RTP)	Corporate Risk	Days
Governance and Assurance						271
B01/25	Audit Risk Assessment & Planning	Risk Assessment, Strategic and Operational Planning	Mandatory requirement	Full RTP	Full corporate risk register	7
B02/25	Audit Management & Liaison with Directors	Audit Management, liaison with Director of Finance and Strategy and other officers	Added value			15
B03/25	Liaison with External Auditors	Liaison with External Audit	Mandatory requirement			4
B04/25	Audit and Risk Committee	Preparation of papers, presentation and action points	Mandatory requirement			18
B05/25	Clearance of Prior Year	Provision for clearance and reporting of 2023/24 audit reports	Internal Audit requirement			15
B06/25	Annual Internal Audit Report & Governance Statement	CIA annual assurance, review of Governance Statement and supporting evidence	Legislation		Full corporate risk register	30
B07/25	Internal Control Evaluation (ICE)	Mid-year assurance on governance and operation of controls	Internal Audit requirement		Full corporate risk register	40
B08/25	Board, Operational Committees and Accountable Officer	Attendance and input / provision of advice at Standing Committees and other Groups	Added value			10
B09/25	Audit Follow Up	Follow up of action points and validation of evidence, provision of reports to the Audit and Risk Committee	Legislation			40
B10/25	Self-Assessment / External Quality Assessment	Preparation and engagement in EQA process, in compliance with Public Sector Internal Audit Standards	Mandatory requirement			10
B11/25	Structures of Assurance	Review of assurance structures. Development of assurance mapping	Added value			4
B12/25	Risk Management Strategy, Standards and Operations	Attendance and contribution to the Risk Opportunities Group. Provision of advice as required	Internal Audit requirement and Executive Request	Full RTP	Full corporate risk register	10
B13/25	Environmental Management	Structures of assurance, operational and financial planning to comply with environmental legislation, including the net zero target	Risk Assessed from 2023-24 Plan		CRR4 - Policy obligations in relation to environmental management and climate change	15
B14/25	Health & Social Care Integration	Fife IJB Internal Audit Plan	Mandatory Requirement		CRR1 - Population Health and Wellbeing	38
B15/25	Operational Planning	Focus on RTP governance arrangements and framework, including workstreams, grip and control.	Added value	Full RTP		15
Clinical Governance						40
B16/25	Population Health	Review of governance for population health and well being, including implementation of Strategy	Added value		CRR1 - Population Health and Wellbeing Strategy, CRR 2 - Health Inequalities, CRR 5 - Optimal Clinical Outcomes	20
B17/25	Medicines Management	Annual audit of one review from the Medicines Assurance Audit Plan	Executive Request	RTP Scheme 1 - Medicine Optimisation		20
Staff Governance						58
B18/25	Recruitment and Retention	Efficiency, effectiveness and timeliness of recruitment processes. Implementation and effectiveness of recruitment and retention actions	Added value	RTP Scheme 7 - Supplementary Staffing	CRR11 - Workforce Planning and Delivery, CRR19 - Implementation of Health and Care (Staffing) (Scotland) Act 2019 [HCSA]	20
B19/25	Supplementary Staffing	Review of controls over the employment of bank and agency staff and controls to monitor demand, acquisition and use of supplementary staffing, focusing on value for money	Added value	RTP Scheme 7 - Supplementary Staffing	CRR11 - Workforce Planning and Delivery	20
B20/25	Management of Sickness Absence	Review of controls to management sickness absence. Action to address areas of poor performance and adequacy of monitoring and reporting on implementation and effectiveness. Review of support for staff wellbeing arrangements	Added value	RTP Scheme 7 - Supplementary Staffing	CRR12 - Staff Health and Wellbeing	18
Financial Governance						38

B21/25	Financial Sustainability	Effective, efficient and economic use of resources to ensure financial sustainability. Focus on strategic and operational approach to delivering long-term financial sustainability. Achievement of initial 3% RTP saving from Reform and planning for Transformation.	Added value	RTP Scheme 6 - Legacy Covid Costs	CRR13 - Delivery of a balanced in-year financial position, CRR 14- Delivery of recurring financial balance over the medium-term financial position	20
B22/25	Savings	Strategic and medium term financial planning and prioritisation to support corporate strategies and priorities	Added value	RTP Scheme 9 - Corporate Directorate; RTP Scheme 13 - SLA and External Activity	CRR13 - Delivery of a balanced in-year financial position, CRR 14- Delivery of recurring financial balance over the medium-term financial position	18
Information Governance						18
B23/25	eHealth Strategy and Governance	Alignment of local eHealth strategic plans with the Board's overall strategy, the National eHealth Strategy and review of supporting governance processes	Added value	RTP Scheme 10 - Business Transformation	CRR 18 - Digital & Information	18
Total Days for 2024/25 Internal Audit Plan						425

Meeting:	Audit and Risk Committee
Meeting date:	12 September 2024
Title:	Corporate Risk Register
Responsible Executive:	Margo McGurk, Director of Finance & Strategy, NHS Fife
Report Author:	Dr Shirley-Anne Savage, associate Director for Risk and Professional Standards, NHS Fife

Executive Summary

- The report highlights a number of updates to existing risks where a combination of service demand/capacity and the financial context are increasing the overall risk levels in a number of areas.
- The report also reflects potential risks emerging in the system,

1 Purpose

This report is presented for:

- Assurance

This report relates to:

- Annual Delivery Plan
- Emerging issue
- Local policy
- NHS Board / IJB Strategy or Direction / Plan for Fife
- NHS Fife Board Strategic Priorities
 - To Improve Quality of Health & Care Services
 - To Deliver Value and Sustainability
 - To Improve Health & Wellbeing
 - To Improve Staff Experience and Wellbeing

This report aligns to the following NHSScotland quality ambition(s):

- Safe
- Effective
- Person Centred

2 Report summary

2.1 Situation

This paper provides an update on the Corporate Risk Register since the last report to the Committee on 12 May 2024. The information reflects the risks being reported through the September 2024 round of governance committee meetings.

Members are invited to:

- review the corporate risks as at 20 August 2024 set out at Appendix 1;
- consider the information against the Assurance Principles and Risk Matrix at Appendix 2 and 3 respectively;
- conclude and comment on the assurance derived from the report.

2.2 Background

The Corporate Risk Register aligns to the 4 strategic priorities. The format is intended to prompt scrutiny and discussion around the level of assurance provided on the risks and their management, including the effectiveness of mitigations in terms of:

- relevance
- proportionality
- reliability
- sufficiency

2.3 Assessment

NHS Fife Strategic Risk Profile

The Strategic Risk Profile as at 31/03/24 is provided at Table 1 below.

Table 1: Strategic Risk Profile

Strategic Priority	Total Risks	Current Strategic Risk Profile				Risk Movement	Risk Appetite
To improve health and wellbeing	4	2	2	-	-	◀▶	High
To improve the quality of health and care services	6	4	2	-	-	◀▶	Moderate
To improve staff experience and wellbeing	2	2	-	-	-	◀▶	Moderate
To deliver value and sustainability	7	5	2	-	-	◀▶	Moderate
Total	19	13	6	0	0		
Summary Statement on Risk Profile							

The current assessment indicates that delivery against 3 of the 4 strategic priorities continues to face a risk profile in excess of risk appetite.

Mitigations are in place to support management of risk over time with some risks requiring daily assessment.

Assessment of corporate risk performance and improvement trajectory remains in place.

Risk Key		Movement Key	
High Risk	15 - 25	▲	Improved - Risk Decreased
Moderate Risk	8 - 12	◀▶	No Change
Low Risk	4 - 6	▼	Deteriorated - Risk Increased
Very Low Risk	1 - 3		

- The risk level breakdown is as previously reported - 13 high and 6 moderate.

Key Updates

Risk 1- Population Health & Wellbeing Strategy

The transformation agenda taken forward through RTP will inform opportunities to work towards the delivery of the strategic ambitions although the service, workforce and financial challenge may have an impact on the scope and pace of the delivery of the ambitions within the Strategy. The current risk level is moderate 12 and the aim is to maintain this level by end of March 2025.

Risk 2 – Health Inequalities

Fife Partnership have agreed to submit an application to work with the Institute of Health Equity and become a Marmot place. One of the ambitions is to identify which interventions are most impactful in closing the health inequalities gap. This will also provide an opportunity to learn from other areas.

Prevention and early intervention strategy will be ratified in September and the establishment of the ‘fair financial decision making’ checklist.

Unfortunately, there remains significant funding uncertainty for the income maximisation worker to support maternity services. This is currently scheduled to conclude in October. These budgetary pressures at UK and Scotland-level will restrict flexibility and in particular impact on discretionary areas of spend.

Risk 5 - Optimal Clinical Outcomes

Following consideration of the updated Deep Dive review at the Committee’s meeting on 1 March 2024, there was further discussion through the Risks and Opportunities Group (ROG) on whether it is appropriate to close the risk and develop a revised risk or risks. Following this and further discussion at Clinical Governance Oversight Group (CGOG), the recommendation was made to EDG on the 5th September 2024 to close the risk and reframe as suggested.

There is a risk that delivery of care that results in the best measurable changes in health and quality of life for patients will be impacted by a mismatch between

demand and available capacity resulting in increased unscheduled care, diagnostic and outpatient waiting times.

Risk 6 - Whole System Capacity

The target level for this risk has been changed from moderate 9 to high 16 reflecting the current challenges in the system. The target date has been set at end of March 2025. The Director of Acute Services advises that this risk is to be discussed at EDG, where consideration will be given as to whether it remains a risk or has materialised into an issue. The Committee will be advised on the outcome.

Risk 7 – Access to Outpatients, Diagnostics and Treatment services

We were previously unable to determine the target level for this risk due to the uncertainty of funding. Now that the funding has been agreed this has now been determined as high 16 and a target date given as end of March 2025.

Risk 9 - Quality and Safety

The Associate Director of Quality and Clinical Governance advises that one of the root causes of this risk is that there is a requirement to further develop the approach to organisational learning. A paper setting out a proposed approach to refreshing the work of the Organisational Learning Group was shared with the Clinical Governance Oversight Group in April 2024 with a formal update scheduled to the Executive Directors in August 2024. The approach is also being shared at the Board development session in August 2024.

Risk 10 - Primary Care Services

The Annual Report for year one of delivery of the Primary Care Strategy was presented and approved at the Primary Care Governance and Strategy Oversight Group (PCGSOG) on 16 August 2024 and will now progress through committees to the IJB and NHS Fife Board. Of 41 actions, 25 are complete and the remaining 16 are on track as we move into year two of the plan. A report describing progress of the Primary Care Improvement Plan (PCIP) 23/24 was also presented and supported at PCGSOG.

Risk 11 - Workforce Planning and Delivery

The revised National Workforce Planning Guidance and timetable due in Autumn 2024 is awaited to inform the publication of the Workforce Plan for 2025 onwards. The new EMERGE programme in conjunction with Levenmouth Academy, Fife College and NES, now offering up to 22 places for pupils interested in health-related careers, commenced in August 2024.

Risk 13 - Delivery of a balanced in-year financial position

Risk 14 - Delivery of recurring financial balance over the medium term

Both the finance risks have been refreshed to reflect the level of financial challenge across the NHS Fife system, this includes rescoring of both as now very high risks. The corporate risk register at Appendix 1 of the new risk descriptors and scoring was proposed and approved by EDG and presented to FP&R at the July Committee.

Risk 16 - Off-Site Area Sterilisation and Disinfection Unit Service

Recommendation made to CGC (and on to the NHS Fife Board as appropriate), to move the 'Off-Site Area Sterilisation and Disinfection Unit Service' risk from the Corporate Risk Register to an operational risk held by Acute Services and the Director of Property & Asset Management.

Risk 19 - Implementation of Health and Care (Staffing) (Scotland) Act 2019 (HCSA)

Work continues on HCSA implementation. This first formal quarterly report on progress has been submitted to the Scottish Government and will be considered at this meeting.

Risk 20 - New Corporate Risk - Capital Funding - Service Sustainability

The Head of Capital Planning & Project Director presented the case for the addition of a new risk outline below at EDG on 2 May 2024. EDG supported the addition of the new risk being included on the Corporate Risk Register aligned to FP&R committee.

Reduced capital funding will affect our ability (scale and pace) to deliver against the priorities set out in our Population Health and Wellbeing Strategy. It may also lead to a deterioration of our asset base including our built estate, digital infrastructure, and medical equipment. There will be less opportunity to undertake change projects/programmes.

Initial Risk Status: Likelihood 5, Consequence 4, Risk Level 20 (High Risk)

Mitigations

We can still deliver against our Population Health and Wellbeing Strategy; however, our approach requires to be flexible to reflect the resource available to us. It will be important to use the capital funding we do receive wisely with requirements being prioritised in a logical manner (there is a separate corporate risk which deals with this). It will also be important to maintain open communication channels with Scottish Government to facilitate alignment around planning.

Target Risk Status

Likelihood 3, Consequence 4, Risk Level 12 (Moderate Risk),
Target Timescale 31/03/26

It is important to recognise that this risk is difficult for NHS Fife to manage and mitigate given that we have no control over Scottish Government's capital budget.

Potential New Corporate Risks

Pandemic Preparedness/Biological Threat

Preparation of the above risk continues, with EDG agreeing a Deep Dive review in preparation for it being included on the Corporate Risk Register. EDG were also asked to support the further development of the Emerging Infectious Disease risk. Given the uncertainty associated with the Emerging Disease Risk, it was agreed to monitor this through the Public Health Assurance Group and bring back for escalation once a new threat becomes apparent.

It has been agreed by Executive Leads that this new risk is best aligned to the PHWB Committee.

Details of all risks are contained within Appendix No. 1.

Next Steps

The Corporate Risk Register will continue to evolve in response to feedback from this Committee and other stakeholders, including via Internal Audit recommendations. The Register will require to adapt to reflect the current operating landscape, and our risk appetite in relation to changes in the internal and external environment including developments associated with the Reform, Transform, Perform Programme.

A Board Development session on risk appetite was held on the 8 April 2024 with a further session on 25 June 2024. The session included consideration of the Integration Joint Board (IJB) risk appetite statement which has 4 levels of risk appetite against NHS Fife’s current 3 level model. The Associate Director for Risk & Professional Standards and the Director of Digital & Information who facilitated the session, are in the process of pulling together themes from the meeting to inform recommendations for consideration by the Board.

The Risks and Opportunities Group will seek to enhance its role in the identification and assessment of emergent risks and opportunities and make recommendations on the potential impact to the Board’s Risk Appetite position. The Group will also contribute to the development of the process and content of Deep Dive Reviews.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level		x		
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

Effective management of risks to quality and patient care will support delivery of our strategic priorities. It is expected that the application of realistic medicine principles will ensure a more co - ordinated and holistic focus on patients’ needs, and the outcomes and experiences that matter to them, and their families and carers.

2.3.2 Workforce

Effective management of workforce risks will support delivery of our strategic priorities, to support staff health and wellbeing, and the quality of health and care services.

2.3.3 Financial

This paper does not raise, directly, financial impacts, but these do present significant elements of risk for NHS Fife to consider and manage in pursuit of our strategic priorities.

2.3.4 Risk Assessment / Management

Management and oversight of the corporate risks continue to be maintained, with risk reporting provided regularly to the relevant groups and committees.

The majority of risks remain above risk appetite, reflecting the ongoing the ongoing level of demand across all services within an increasingly challenging financial environment. The appetite status is as follows:

Above - 11

Within - 6

Below - 2

2.3.5 Equality and Diversity, including health inequalities and Anchor Institution ambitions

An Equality Impact Assessment (Stage 1) was carried out to identify if any items of significance need to be highlighted to EDG. The outcome of that assessment concluded that no further action was required.

2.3.6 Climate Emergency & Sustainability Impact

This paper does not raise, directly, issues relating to climate emergency and sustainability. These items do form elements of risk for NHS Fife to manage.

2.3.7 Communication, involvement, engagement and consultation

This paper reflects engagement with Executive and Non-Executive Directors, the Director of Digital & Information, the Associate Director for Risk & Professional Standards and discussions within the Risks and Opportunities Group.

2.3.8 Route to the Meeting

- Margo McGurk, Director of Finance & Strategy on 23 August 2024

2.4 Recommendation

This report provides the latest position in relation to the management of corporate risks. Members are asked to take a “**moderate**” **level of assurance** that, all actions, within the control of the organisation, are being taken to mitigate the risks as far as is possible to do so.

3 List of appendices

Appendix 1 - NHS Fife Corporate Risk Register as at 20 August 2024

Appendix 2 - Assurance Principles

Appendix 3 - Risk Matrix



Report Contact

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Associate Director for Risk and Professional Standards


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NHS Fife Corporate Risk Register as at 20/07/24

No	Strategic Priority and Risk Appetite	Risk Title and Description	Mitigation	Risk Appetite Status	Current Risk Level/ Rating	Target Risk level & rating by dd/mm/yy	Current Risk Level Trend	Risk Owner	Primary Committee
1	 <p>HIGH</p>	<p>Population Health and Wellbeing Strategy</p> <p>There is a risk that the ambitions and delivery of the new organisational Strategy do not deliver the most effective health and wellbeing and clinical services for the population of Fife.</p>	<p>The strategy was approved by the NHS Fife Board in March 2023. This is in the context that the management of this specific risk will span a number of financial years.</p> <p>NHS Fife's 3-year Medium Term Plan 2024/25 is yet to be agreed by Scottish Government and the Annual Delivery Plan 2024/25 was agreed by Scottish Government. The service, workforce and financial challenge may have an impact on the scope and pace of the delivery of the ambitions within the Strategy.</p> <p>The transformation agenda taken forward through RTP will inform opportunities to work towards the delivery of the strategic ambitions.</p> <p>For 2024/25, the PHW Strategy Mid Year Report and Annual Report was approved in January and May 2024 respectively by NHS Fife Board. The Annual Report included an update on the risks in delivery of the PHW Strategy.</p>	Below	Mod 12	Mod 12 by 31/03/25	↔	Chief Executive	Public Health & Wellbeing (PHWC)
2	 <p>HIGH</p>	<p>Health Inequalities</p> <p>There is a risk that if NHS Fife does not develop and implement an effective strategic approach to contribute to reducing health inequalities and their causes, health and wellbeing outcomes will continue to be poorer, and lives cut short in the most deprived areas of Fife compared to the least deprived areas,</p>	<p>Public Health and Wellbeing Committee established, with the aim of providing assurance that NHS Fife is fully engaged in supporting wider population health and wellbeing for the local population.</p> <p>The Population Health and Wellbeing Strategy is monitoring actions which will</p>	Within	High 20	High 15 by 31/10/24	↔	Director of Public Health	Public Health & Wellbeing (PHWC)

		<p>representing huge disparities in health and wellbeing between Fife communities.</p>	<p>contribute to reducing health inequalities.</p> <p>Consideration of Health Inequalities within all Board and Committee papers.</p> <p>Leadership and partnership working to influence policies to 'undo' the causes of health inequalities in Fife.</p> <p>Public Health working on approach to ensure that financial decisions under RTP take into account impacts on protected characteristics and inequalities.</p> <p>Development of Anchors strategic plan. Key achievements to date:</p> <ul style="list-style-type: none"> - Real Living Wage accreditation achieved - 100% of newly awarded contracts of 50K and over are with Real Living Wage accredited businesses - Eight employability programmes in place and engaging with Local Employability partnership - Baseline reporting in place to track spend on local businesses within Fife <p>Fife Partnership have agreed to submit an application to work with the Institute of Health Equity and become a Marmot place. One of the ambitions is to identify which interventions are most impactful in closing the health inequalities gap. This will also provide an opportunity to learn from other areas.</p> <p>Prevention and early intervention strategy will be ratified in September</p>						
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			<p>and the establishment of the 'fair financial decision making' checklist</p> <p>Unfortunately, there remains significant funding uncertainty for the income maximisation worker to support maternity services. This is currently scheduled to conclude in October. These budgetary pressures at UK and Scotland-level will restrict flexibility and in particular impact on discretionary areas of spend.</p>						
4	 <p>HIGH</p>	<p>Policy obligations in relation to environmental management and climate change</p> <p>There is a risk that if we do not put in place robust management arrangements and the necessary resources, we will not meet the requirements of the 'Policy for NHS Scotland on the Global Climate Emergency and Sustainable Development, Nov 2021.'</p>	<p>Robust governance arrangements remain in place including an Executive Lead and a Board Champion. Regional working group and representation on the National Board ongoing.</p> <p>Active participation in Plan 4 Fife continues.</p> <p>The NHS Fife Climate Emergency Report and Action Plan have been developed. These form part of the Annual Delivery Plan (ADP). The Action Plan includes mechanics and timescales.</p> <p>Our objectives are set out and monitored through Section 10 of the ADP</p> <p>11 Deliverables in the ADP – 10 are Green (on track) and 1 at risk at Q1</p> <p>Work is ongoing with SG, Fife Council and East Region to include innovation in energy generation etc.</p> <p>The Board's Climate Change Annual Report was prepared for submission to PHWC in January 2024 and thereafter to Scottish Government (SG) and has</p>	Below	Mod 12	Mod 10 by 01/04/25	◀▶	Director of Property & Asset Management	Public Health & Wellbeing (PHWC)

			<p>been published as per the requirements of the policy DL38.</p> <p>Resource in the sustainability team has increased to 4 FTE's in total including an energy manager who will be key in supporting the requirements of the strategy and policy.</p> <p>The Head of Sustainability has been seconded from the Estates initially for 18 months to drive delivery of the Climate Emergency Action Plan.</p> <p>A partnership plan for Fife Council, Fife College and University of St Andrews was prepared for submission to the Fife Partnership board in May 2024. This set out the agreed actions discussed in the 'addressing the climate emergency working group' and formally create joint actions we will work on as part of the climate emergency in Fife.</p>						
5	 <p>Optimal Clinical Outcomes</p> <p>There is a risk that recovering from the legacy impact of the ongoing pandemic, combined with the impact of the cost-of-living crisis on citizens, will increase the level of challenge in meeting the health and care needs of the population both in the immediate and medium-term.</p>	<p>Following consideration of the updated Deep Dive review at the Committee's meeting on 1 March 2024, there was further discussion through the Risks and Opportunities Group (ROG) on whether it is appropriate to close the risk and develop a revised risk or risks. Following this and further discussion at Clinical Governance Oversight Group (CGOG), the recommendation was made to EDG on the 5 September 2024 to close the risk and reframe.</p> <p>The Board has agreed a suite of local improvement programmes, as detailed in the diagram below and related activities, to frame and plan our approach to meeting the challenges associated with this risk.</p>	Within	High 15	Mod 10 by 31/09/24	◀▶	Medical Director	Clinical Governance (CGC)	



The governance arrangements supporting this work will inform the level of risk associated with delivering against these key programmes and reduce the level of risk over time:

Delivery of the Population Health & Well-being Strategy

Delivery of the Recovery and Renewal Priorities Plan4Fife 2021-2024 Update


Embedding of Anchor Institution Principles

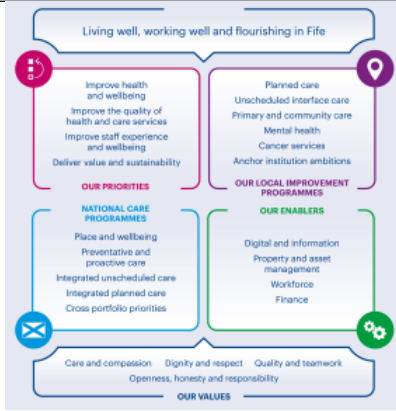


Continue the work of the Integrated Planned Care Programme Board (Chaired by the Director of Acute Services).


Continue the work of Integrated Unscheduled Care Project Board (chaired by the Medical Director) reporting to the Clinical Governance Committee three times per year.

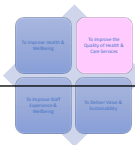
Continue the work of the Acute Cancer Services Delivery Group (chaired by the Director of Acute Services) reporting to the Cancer Governance and Strategy


			<p>Group (chaired by the Medical Director).</p> <p>Continue to develop and implement Annual Delivery Plans for the Cancer Framework.</p> <p>Continue the work of the Primary Care Strategy Group</p> <p>Continue work on the Mental Health Redesign Programme</p> <p>Continue the work of the Scheduled Care Group</p> <p>Review the Scottish Government (SG) Value Based Health & Care. A Vision for Scotland, December 2022 document against our local plans.</p> <p>Continue escalation of issues through Senior Leadership Teams to Executive Director's Group then through to Clinical Governance Committee and other committees as appropriate</p> <p>Implement the Fife H&SCP Strategic Plan for Fife 2023-26</p> <p>Implement the Cancer Framework Delivery Plan 2024/25</p> <p>Ensure the NHS Fife Realistic Medicine/Value Based Health Care Delivery Plan aligns with the Scottish Government (SG) Value Based Health & Care. Action Plan 2023.</p>						
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6	 <p>MODERATE</p>	<p>Whole System Capacity</p> <p>There is a risk that significant and sustained admission activity to acute services, combined with challenges in achieving timely discharge to downstream wards and/or provision of social care packages, that the management of Acute hospital capacity and flow will be severely compromised.</p>	<p>Work on bed modelling and redesign of the front door is underway.</p> <p>The combination of application of our OPEL process on a daily basis and the improvement work through our Integrated Unscheduled Care and Planned Care programmes provides the operational and strategic response to the challenges posed through this risk.</p> <p>A Whole System Winter Plan will be reviewed for 24/25. This will include a response to surge and demand for an increase in capacity and flow through Acute, Community and Social Care.</p> <p>The System Flow Operational Group meets weekly with senior operational managers to review and plan capacity and flow across the Fife health and care system with escalation to the Integrated Unscheduled Care Board.</p> <p>Whole System Essential Flow Verification provides assurance that all patients identified as clinically fit or with a Planned Date of Discharge are reviewed daily.</p> <p>Weekly ASD Long Length of Stay (LoS) verification group to review and action LoS. Weekend verification group reviews the number of discharges and staffing ahead of weekend.</p>	Above	High 20	Mod 16 by 31/03/25	◀▶	Director of Acute Services	Finance, Performance & Resources (F,P&RC)
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7	 MODERATE	<p>Access to outpatient, diagnostic and treatment services</p> <p>There is a risk that due to demand exceeding capacity, compounded by unscheduled care pressures, NHS Fife will see deterioration in achieving waiting time standards. This time delay will impact clinical outcomes for the population of Fife.</p>	<p>A paper is being presented to the July FP&R meeting outlining the Planned Care Plan and the utilisation of funding.</p> <p>Planning for 2024/25 has been completed in line with planning guidance letter received on 24/01/24.</p> <p>The issue of the confirmed funding being 1M less than the committed staff costs has now been resolved as the Scottish Government have confirmed a further 3.4M to maintain 2023/24 activity levels. The Board has also successfully secured non-recurring funding from the 30M available nationally to support elective waiting times.</p> <p>The Planned Care Plan was approved by the FP&R Committee at the July meeting. This includes additional clinics, enhanced vetting and increased theatre capacity as well as funding additional medical posts (urology, neurology, gynaecology and ENT).</p> <p>The Integrated Planned Care Programme Board continues to</p>	Above	High 20	High 16 by 31/03/25		Director of Acute Services	Finance, Performance & Resources (F,P&RC)


			<p>oversee the productive opportunities work and this along with ongoing waiting list validation seeks to maximise available capacity.</p> <p>Speciality level plans in place outlining local actions to mitigate the most significant areas of risk. Focus remains on urgent and urgent suspicious of cancer patients however routine long waiting times will increase.</p> <p>Weekly waiting times meetings to review and action long waits. Monthly meeting to review and develop longer term plans to improve waiting times.</p> <p>Monthly meetings with Scottish Government to monitor delivery against the annual plan.</p> <p>The governance arrangements supporting this work continue to inform the level of risk associated with delivering against these key programmes and mitigate the level of risk over time.</p> <p>Discussions continue with Scottish Government around the need for additional funding to help reduce the waiting times for long waiting routine patients.</p>						
8	 <p>MODERATE</p>	<p>Cancer Waiting Times (CWT)</p> <p>There is a risk that due to increasing patient referrals and complex cancer pathways, NHS Fife will see further deterioration of Cancer Waiting Times 62-day performance, and 31 day performance, resulting in poor patient experience, impact on clinical outcomes and failure to achieve the Cancer Waiting Times Standards.</p>	<p>A paper is being presented to the July FP&R meeting outlining the Planned Care Plan and the utilisation of funding.</p> <p>The prostate project group continues with actions identified to improve steps in the pathway. The nurse-led model went live in August 23. 240 patients have been seen in this clinic to date. There will be a focus to look at the waits to TP biopsy, post MDT part of</p>	Above	High 15	Mod 12 by 31/03/25	◀▶	Director of Acute Services	Finance, Performance & Resources (F,P&RC)


			<p>the pathway and review robotic surgery capacity.</p> <p>Fortnightly meetings with Scottish Government (SG) and quarterly monitoring of the Effective Cancer Management Framework continue.</p> <p>Single Point of Contact Hub (SPOCH) continues to effectively support initiation of the Optimal Lung Cancer support the negative qFIT pathway. To remove patients from the lung pathway in a timely manner the Hub advises patients of 'good news'.</p> <p>The Cancer Framework and delivery plan has been launched and priorities for 2023 -24 are being reconciled. Work is underway to develop actions for 2024-25.</p> <p>The governance arrangements supporting this work will inform the level of risk associated with delivering against these key programmes and reduce the level of risk over time.</p> <p>Cancer Waiting Times funding will be provided on a recurring basis from 2024-25. Bids have been prioritised to support improvement.</p> <p>Funding for the RCDS Service has been secured for the rest of this year.</p> <p>Submitted bids against the 30M non-recurring funding have been successful.</p> <p>ADP Actions for 2024/25 have been reviewed.</p>						
9		Quality & Safety	Effective governance is in place and operating through the Clinical Governance Oversight Group (CGOG)	Within	Moderate 12	Low 6 by	◀▶	Medical Director	Clinical Governance (CGC)

		<p>There is a risk that if our governance, arrangements are ineffective, we may be unable to recognise a risk to the quality of services provided, thereby being unable to provide adequate assurance and possible impact to the quality of care delivered to the population of Fife.</p>	<p>providing the mechanism for assurance and escalation of clinical governance (CG) issues to Clinical Governance Committee (CGC).</p> <p>There are also effective systems & processes to ensure oversight and monitoring of national & local strategy / framework / policy /audit implementation and impact.</p> <p>One of the root causes of this risk is that there are “no effective system of supporting effective organisational learning”. A paper setting out a proposed approach to refreshing the work of the Organisational Learning Group has been shared with the Clinical Governance Oversight Group in April 24 with a formal update scheduled to the Executive Directors in August 24. The approach is also being shared at the Board Development Session in August 24. The paper includes a workplan for 2024/2025 and outlines a number of activities the group will progress. Organisation Learning Group meetings have now been reestablished to continue this work.</p>			31/03/25			
10	 <p>MODERATE</p>	<p>Primary Care Services</p> <p>There is a risk that due to a combination of unmet need across health and social care as a result of the pandemic, increasing demand on services, workforce availability, funding challenges, adequate sufficient premises and overall resourcing of Primary Care services, it may not be possible to deliver sustainable quality services to the population of Fife for the short, medium and longer term.</p>	<p>A Primary Care Governance and Strategy Oversight Group (PCGSOG) is in place.</p> <p>A Primary Care Strategy was developed following a strategic needs analysis and wide stakeholder engagement. This was approved at IJB in July 2023 and is now moving to implementation. This is a 3-year strategy focused on recovery, quality and sustainability. The Annual Report for year one of delivery of the strategy was presented and approved at the PCGSOG on 16 August 2024 and will now progress through committees to</p>	Above	High 16	Mod 12 by 31/03/25	◀▶	Director of Health & Social Care	Public Health & Wellbeing (PHWC)


			<p>the IJB and NHS Fife Board. Of 41 actions, 25 are complete and the remaining 16 are on track as we move into year two of the plan.</p> <p>Development of a Performance and Assurance Framework covering qualitative and quantitative performance will provide robust reporting, monitoring and oversight of implementation and impact of the Primary Care Strategy to committees quarterly. This is due by end of January 2024. Completed – this will go to the Primary Care Governance and Strategic Oversight Group for ratification. Complete</p> <p>Following approval of the Performance and Assurance Framework an annual report will be presented to Committee / IJB.– Complete as above</p> <p>A Primary Care Improvement Plan (PCIP) is in place; subject to regular monitoring and reporting to General Medical Services (GMS) Board, Quality & Communities (Q&C) Committee, IJB and Scottish Government.</p> <p>A workshop took place in January 2023 to review and refresh the current PCIP to ensure it is contemporary and based on current position and known risks to ensure a realistic and feasible PCIP. A Primary Care Strategy Stakeholder workshop for year two is now being planned. A report describing progress of PCIP 23/24 was presented and supported at PCGSOG – 16 August 2024 and will now progress via Committees of IJB and NHS Fife.</p>						
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			<p>Local negotiations in relation to MOU2 transitionary payments are complete and agreement has been reached and implemented for 23/24. Awaiting further direction and/or guidance from Scottish Government for 24/25. Guidance now received and detailed within PCIP report above. Discussions continue locally.</p> <p>Memorandum of Understanding 2 (MOU2) - in line with the direction of MOU2, the focus for the PCIP remains to be delivery of a complete CTAC and Pharmacotherapy, This programme of work will be underpinned by the PCIP 2023-2024 with regular monitoring and oversight by the GMS groups and the governance structures of the IJB. This will be reviewed - April 2024. - Complete</p> <p>Pharmacotherapy and CTAC models for care continue to be developed and implemented throughout 2024/25. A General Practice Pharmacy Framework has been issued by the Directors of Pharmacy which outlines the vision to transform the pharmacy service in GP Practices. Pharmacotherapy, CTAC and In Hours Urgent Care have been accepted to HIS Primary Care Improvement Collaborative</p> <p>MOU2 remains the national direction regarding delivery of PCIP. Programme of work continues with regular monitoring and oversight by GMS groups and governance structures of the IJB. Awaiting further direction and/or guidance from</p>						
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			<p>Scottish Government for 24/25– see above re PCIP report.</p> <p>Pharmacotherapy and CTAC models for care continue to be shaped and developed. The anticipated date for completion is April 2024.– Complete. Level of 82% achieved for CTAC. All practices (52 across Fife) have access to Pharmacotherapy service.</p> <p>Primary Care Strategic Communication Plan has been developed and approved at PCGSOG and is now a key deliverable of the year two strategy.</p>						
19	 <p>MODERATE</p>	<p>Implementation of Health and Care (Staffing) (Scotland) Act 2019 [HCSA]</p> <p>Taking account of ongoing preparatory work, there is a risk that the current supply and availability of trained workforce nationally, will influence the level of compliance with HCSA requirements.</p> <p>While the consequences of not meeting full compliance have not been specified, this could result in additional Board monitoring / measures.</p>	<p>NHS Fife Local HCSA Reference Group, with Fife wide, multi-disciplinary and staff representation, is now well established with monthly meetings.</p> <p>Seven SWOT Analyses have been presented so far both at local and national level, to share knowledge and increase awareness, with one remaining SWOT to be shared and logged with national team.</p> <p>HCSA resources continue to be shared widely within NHS Fife. Active MS Teams Channel used to share information outwith meetings.</p> <p>Quarterly progress returns submitted to SG and June 2024 SG engagement meeting supported assessment of reasonable assurance. Enhanced local engagement and reporting achieved via introduction of MS Forms to capture latest activity in respect of Act requirements. Feedback continues to inform local action plan.</p> <p>First quarterly high cost agency return to 30/06/2024 submitted to SG and first quarterly internal report will be</p>	Within	Moderate 9	Mod 9 by 22/07/24	▲	Director of Workforce	Staff Governance (SGC)


			<p>considered at September 2024 SGC meeting.</p> <p>HIS/SG/NHS Fife engagement meeting scheduled for September 2024.</p> <p>Regular updates provided to APF, EDG and SGC and Fife NHS Board.</p> <p>This risk on the preparations for HCSA implementation is monitored via the NHS Fife HCSA Local Reference Group.</p>						
11	 <p>MODERATE</p>	<p>Workforce Planning and Delivery</p> <p>There is a risk that the current supply of a trained workforce is insufficient to meet the anticipated Whole System capacity challenges, or the aspirations set out within the Population Health & Wellbeing Strategy, which may impact on service delivery</p>	<p>Continued development of the workforce elements of the Annual Delivery Plan, Population Health & Wellbeing Strategy and Strategic Framework; alongside the Workforce Plan for 2022 to 2025 and aligned service-based workforce plans and now aligning to new RTP Programme And agreed workstreams. Awaiting revised national Workforce Planning guidance and timetable in Autumn 2024 to inform publication of Workforce Plan for 2025 onwards.</p> <p>Implementation of the Health & Social Care Workforce Strategy and Plan for 2022 to 2025 to support the Health & Social Care Strategic Plan for 2023 to 2026, the Plan for Fife and the integration agenda.</p> <p>Implementation of the NHS Fife Board Strategic and Corporate Objectives, particularly the “exemplar employer / employer of choice” and the associated values and behaviours and aligned to the ambitions of an Anchor Institution, e.g. Employability agenda / Modern Apprenticeships with a health focused Careers Event planned for later this year, in conjunction with the Developing the Young Workforce Fife Board.</p> <p>The new EMERGE programme in conjunction with Levenmouth Academy,</p>	Above	High 16	Mod 8 by 31/03/25	◀▶	Director of Workforce	Staff Governance (SGC)

			<p>Fife College and NES, now offering up to 22 places for pupils interested in health-related careers, commenced in August.</p> <p>ScotCom: widening participation. The partnership agreement is signed between NHS FIFE and University of St Andrews and a programme timetable launched starting with a briefing targeting high school influencers in late April and the application window for the summer school opening in June 2024. Further engagements events are in planning with DYW coordinators for September 2024 to support pupils who are not predicted to meet the entry grades for Medicine degree courses to explore other opportunities in healthcare.</p> <p>The HSCP Anchor group has formed with the first meeting held in April 2024. Integrated membership includes social care, nursing, business enabling and administrative services. Public Health Input and direction to support the group to start to map out workforce ambitions.</p> <p>Continued development of Service Level Workforce Plans, taking account of the 2024/2025 ADP submissions to establish the projected workforce gap between supply, demand, the financial envelope and identifying workforce and non-workforce solutions services are progressing to mitigate workforce risks and balance service delivery.</p> <p>Quarterly Workforce Planning updates have been built into the governance cycle for 2024/2025, now revised to updates at each SGC meeting.</p> <p>Consideration of impact of planned reduction in Agenda for Change staffs' full time working week from 37.5 hours to 36 hours per week on workforce</p>					
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			<p>numbers and service capacity, with modelling being undertaken in line with National implementation plans.</p> <p>Consideration and modelling of impact of non-pay elements of Agenda for Change staff pay award for 2023/2024 in respect of Band 5/6 nursing review.</p> <p>Consideration of impact of non-pay elements of Agenda for Change staff pay award for 2023/2024 in respect of protected learning time (PTL) has resulted in various approaches to support implementation of PLT.</p>						
12	 <p>MODERATE</p>	<p>Staff Health and Wellbeing</p> <p>There is a risk that if due to a limited workforce supply and system pressure, we are unable to maintain the health and wellbeing of our existing staff we will fail to retain and develop a skilled and sustainable workforce to deliver services now and in the future.</p>	<p>Working in partnership with staff side and professional organisations across all sectors of NHS Fife to ensure staff health and wellbeing opportunities are maximised, to support attraction, development and retention of staff.</p> <p>The Staff Health & Wellbeing Framework for 2022 to 2025, setting out NHS Fife's ambitions, approaches and commitments to staff health and wellbeing, are both in place in order to deliver these commitments.</p> <p>Consideration and review of staff support priorities for 2022-2025 being progressed via Staff Health & Wellbeing Group and other fora, aligned to Action Plan and new IWWC actions. Current focus on wellbeing support for Doctors and Dentists in Training, aligned to RTP programme.</p> <p>Work progressing on Promoting Attendance improvement actions to support reductions in staff absence and promote staff wellbeing. This includes commencing multifactorial reviews within targeted areas to develop bespoke support to both staff and managers in these areas as part of the</p>	Above	High 16	Mod 8 by 31/03/25	◀▶	Director of Workforce	Staff Governance (SGC)




			2024 / 2025 initiatives, overseen by a new Board wide assurance group.						
13	 <p>MODERATE</p>	<p>Delivery of a balanced in-year financial position</p> <p>There is a risk that due to the ongoing impact of the pandemic combined with the very challenging financial context both locally and nationally, the Board will not achieve its statutory financial revenue budget target in 2023/24 without further planned brokerage from Scottish Government.</p>	<p>Our approach to financial recovery will be delivered by our new Re-form, Transform and Perform Framework (RPT).</p> <p>Successful delivery of our programme of work and supporting actions to achieve a target of 3% recurring savings on baseline budgets £25m in 2024/25.</p> <p>Development and approval (Board & Scottish Government) and initial phase of delivery of transformation schemes “Choices” to commence delivery against the additional 4% cost reduction £30m in 2024/25.</p> <p>Prepare contingency options to mitigate any delay or issues with delivery against both the 3% and 4% schemes.</p> <p>Both phases will align with the ‘Choices’ programme and Sg/NHS Board CE15 box grid.</p> <p>Given the financial challenging environment the IJB is also working within there is the potential for risk share in 2024/25, this will require close monitoring and working across the system to quantify and prepare mitigating actions to reduce.</p>	Above	High 25	Mod 16 by 31/03/25	▼	Director of Finance & Strategy	Finance, Performance & Resources (F,P&RC)
14	 <p>MODERATE</p>	<p>Delivery of recurring financial balance over the medium-term</p> <p>There is a risk that NHS Fife will not deliver the financial improvement and sustainability programme actions required to ensure sustainable financial balance over the medium-term.</p>	<p>Our approach to financial recovery will be delivered by our new Re-form, Transform and Perform Framework (RPT).</p> <p>Recurring and sustained delivery of our programme of work and supporting actions to achieve a target of 3% recurring savings on baseline budgets £25m in 2024/25 into future years.</p>	Above	High 25	Mod 16 by 31/03/27	▼	Director of Finance & Strategy	Finance, Performance & Resources (F,P&RC)

			<p>Full delivery of transformation schemes “Choices” against the additional 4% cost reduction £30m required across all years of the plan.</p> <p>Trigger delivery in-year of contingency options to mitigate any delay or issues with delivery against both the 3% and 4% schemes.</p>						
15	 <p>MODERATE</p>	<p>Prioritisation & Management of Capital funding</p> <p>There is a risk that lack of prioritisation and control around the utilisation of limited capital and staffing resources will affect our ability to deliver the PAMS and to support the developing Population Health and Wellbeing Strategy.</p>	<p>Ongoing governance through FCIG with capital plan being submitted through FP&R and the Board.</p> <p>Annual Property and Asset Management Strategy (PAMS) updates to provide strategic direction now being replaced with the Whole System Initial Agreement development over the next 2 years.</p> <p>Rolling 5-year equipment programme and implementation of medical devices database.</p> <p>Implementation of medical devices database.</p> <p>Rolling 5-year Digital & Information programme linked to D&I strategy. Ongoing management of estate risks using the Estate Asset Management System (EAMS).</p> <p>Use of Business Case template to present new schemes for consideration. Future consideration/development of prioritisation investment tool.</p> <p>Fleet and sustainability requests will be linked to plans/strategy and presented through SBARs to Fife Capital Investment Group (FCIG).</p>	Within	Mod 12	Mod 8 (by 01/04/26 at next SG funding review)	◀▶	Director of Property & Asset Management	Finance, Performance & Resources (F,P&RC)




16	 <p>MODERATE</p>	<p>Off-Site Area Sterilisation and Disinfection Unit Service</p> <p>There is a risk that by continuing to use a single off-site service Area Sterilisation Disinfection Unit (ASDU), our ability to control the supply and standard of equipment required to deliver a safe and effective service will deteriorate.</p>	<p>Monitoring and review continues through the NHS Fife Decontamination Group.</p> <p>The National Decontamination Collaborative Programme Board is Chaired by the Director of Property & Asset Management (NHS Fife) and is developing a Initial agreement for submission to SG recognising that this is a National Problem.</p> <p>To recommend to the NHS Fife Board, to move the 'Off-Site Area Sterilisation and Disinfection Unit Service' risk from the Corporate Risk Register to an operational risk held by Acute Services and the Director of Property & Asset Management</p> <p>Establishment of local SSD for robotics is progressing with an indicative date of 31/12/23.</p> <p>Health Facilities Scotland (HFS) has agreed the design and the unit at St Andrews Community Hospital (SACH); the timescale to become operational has been revised from December 2023 to possibly June 2024. Work is underway to meet this target.</p> <p>An option appraisal for delivery of the service is being explored.</p> <p>Ensure that mitigations are in place to ensure that no trays are damaged while they are handled and stored in NHS Fife to include new racking and training</p> <p>Staff have received training in the safe handling of trays. Training is being repeated on a yearly basis.</p>	Within	Mod 12	Low 6 (by 01/04/2026 at next SG funding review)	◀▶	Director of Property & Asset Management	Clinical Governance (CGC)
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			<p>Staff must inspect each tray prior to loading on to storage system.</p> <p>New racking system installed early March 2022 costing £27,000 and prevents the stacking of trays.</p> <p>Tins purchased in early 2022 costing £29,000 in use to protect our heavy trauma and orthopaedic trays A trial of foam corners has been instigated by Tayside.</p> <p>Ensure that contingency stock has been procured to mitigate the effects of any down-time on the service to include: -</p> <ul style="list-style-type: none"> •At least 3 Days of Trauma trays •At least 3 days of obstetric trays <p>Consideration being given to increasing stock to 7 days for Trauma and Obstetric trays.</p> <p>Manage the SLA appropriately and consider changes to allow quality issues to be identified and treated seriously and in a timely manner.</p> <p>Regular Liaison meetings to discuss issues with the service have been taking place since 2021.</p> <p>Discussions are taking place about changing some of the terms in the SLA to allow defective trays to be identified at point of use rather than at point of delivery (July 2023).</p> <p>Consideration of alternative providers to determine whether value for money is being provided and whether increased resilience can be provided continues. Involvement and influencing the National group looking at capacity and resilience in CDU provision across Scotland. This group, facilitated by</p>						
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			<p>National Services Scotland (NSS) will make recommendations to the Scottish Government (SG) about how best to increase capacity and resilience within NHS Scotland. This Group was convened in 2021.</p> <p>The Decontamination Collaborative Programme Board (DCPB) is now chaired by the Director of Property & Asset Management and has been briefing SG through regular meetings. Work with Regional partners to identify synergies in service delivery including the developing business plan for re-provision of CDU capacity within NHS Lothian.</p> <p>Raise the profile of this issue at National Estates and Facilities Fora including National Strategic Facilities Group which includes key representatives from NSS and SG.</p>						
17	 <p>MODERATE</p>	<p>Cyber Resilience</p> <p>There is a risk that NHS Fife will be overcome by a targeted and sustained cyber attack that may impact the availability and / or integrity of digital and information required to operate a full health service.</p>	<p>The Network Information System Directive (NISD) and now Cyber Resilience Framework Audit has concluded. The compliance rate has increased to 87%, up from 76% from the previous year.</p> <p>The action plan for improvement has been presented to the Information Governance and Security Steering Group.</p> <p>The Deep Dive review for this risk was presented to Clinical Governance Committee in January 2024.</p> <p>Management actions detailed continue to be progressed.</p>	Above	High 16	Mod 12 by 30/09/24	◀▶	Medical Director	Clinical Governance (CGC)

18	 <p>MODERATE</p>	<p>Digital & Information</p> <p>There is a risk that the organisation maybe unable to sustain the financial investment necessary to deliver its D&I Strategy and as a result this will affect our ability to enable transformation across Health and Social Care and adversely impact on the availability of systems that support clinical services, in their treatment and management of patients.</p>	<p>Consistent alignment of the D&I Strategy with the NHS Five Corporate Objectives and the Population Health & Wellbeing Strategy.</p> <p>Active review of the current digital programmes against current strategic objectives is complete and has governed by the Digital and Information Board. The annual delivery plan for 2024/25 will demonstrate a reduced level of activity to match the resource availability and limited levels of finance. (Capital and revenue)</p> <p>The revised strategy will include, financial and workforce planning, to support the mitigation of this risk.</p> <p>D&I Board have established new prioritisation and authorisation processes with ongoing review.</p>	Above	High 15	Mod 12 30/04/25		Medical Director	Clinical Governance (CGC)
20	 <p>MODERATE</p>	<p>Reduced Capital Funding</p> <p>There is a risk that reduced capital funding will affect our ability (scale and pace) to deliver against the priorities set out in our Population Health and Wellbeing Strategy. It may also lead to a deterioration of our asset base including our built estate, digital infrastructure, and medical equipment. There will be less opportunity to undertake change projects/programmes.</p>	<p>Use the capital funding we do receive wisely with requirements being prioritised in a logical manner (see Risk 15).</p> <p>Maintain open communication channels with Scottish Government to facilitate alignment around planning.</p>	Within	High 20	Mod 12 by 30/03/26		Director of Property & Asset Management	Finance, Performance & Resources (F,P&RC)

Risk Movement Key

-  Improved - Risk Decreased
-  No Change
-  Deteriorated - Risk Increased

Assurance Principles

Risk Assurance Principles:

Board

- Ensuring efficient, effective and accountable governance

Standing Committees of the Board

- Detailed scrutiny
- Providing assurance to Board
- Escalating key issues to the Board


Committee Agenda

- Agenda Items should relate to risk (where relevant)

Seek Assurance of Effectiveness of Risk Mitigation

- Relevance
- Proportionality
- Reliable
- Sufficient

Chairs Assurance Report

- Consider issues for disclosure
- Emergent risks or  Escalation
- Scrutiny or risk delegated to Committee

Year End Report

- Highlight change in movement of risks aligned to the Committee, including areas where there is no change
- Conclude on assurance of mitigation of risks
- Consider relevant reports for the workplan in the year ahead related to risks and concerns





General Questions:

- Does the risk description fully explain the nature and impact of the risk?
- Do the current controls match the stated risk?
- How weak or strong are the controls? Are they both well-designed and effective i.e., implemented properly?
- Will further actions bring the risk down to the planned/target level?
- Does the assurance you receive tell you how controls are performing?
- Are we investing in areas of high risk instead of those that are already well-controlled?
- Do Committee papers identify risk clearly and explicitly link the strategic priorities and objectives/corporate risk?

Specific Questions when analysing a risk delegated to the committee in detail:

- History of the risk (when was it opened) – has it moved towards target at any point?
- Is there a valid reason given for the current score?
- Is the target score:
 - In line with the organisation's defined risk appetite?
 - Realistic/achievable or does the risk require to be tolerated at a higher level?
 - Sensible/worthwhile?
- Is there an appropriate split between:
 - Controls – processes already in place which take the score down from its initial/inherent position to where it is now?
 - Actions – planned initiatives which should take it from its current to target?
 - Assurances – which monitor the application of controls/actions?
- Assessing Controls
 - Are the controls "Key" i.e., are they what actually reduces the risk to its current level (not an extensive list of processes which happen but don't actually have any substantive impact)?
 - Overall, do the controls look as if they are applying the level of risk mitigation stated?
 - Is their adequacy assessed by the risk owner? If so, is it reasonable based on the evidence provided?
- Assessing Actions – as controls but accepting that there is necessarily more uncertainty
 - Are they on track to be delivered?
 - Are the actions achievable or does the necessary investment outweigh the benefit of reducing the risk?
 - Are they likely to be sufficient to bring the risk down to the target score?
- Assess Assurances:
 - Do they actually relate to the listed controls and actions (surprisingly often they don't)?
 - Do they provide relevant, reliable and sufficient evidence either individually or in composite?
 - Do the assurance sources listed actually provide a conclusion on whether:
 - the control is working
 - action is being implemented
 - the risk is being mitigated effectively overall (e.g. performance reports look at the overall objective which is separate from assurances over individual controls) and is on course to achieve the target level
 - What level of assurance can be given or can be concluded and how does this compare to the required level of defence (commensurate with the nature or scale of the risk):
 - 1st line – management/performance/data trends?
 - 2nd line – oversight / compliance / audits?
 - 3rd line – internal audit and/or external audit reports/external assessments?

Level of Assurance:

Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance
			

Risk Assessment Matrix

A risk is assessed as **Likelihood x Consequence**

Likelihood is assessed as Remote, Unlikely, Possible, Likely or Almost Certain

Figure 1 Likelihood Definitions

Descriptor	Remote	Unlikely	Possible	Likely	Almost Certain
Likelihood	Can't believe this event would happen – will only happen in exceptional circumstances (5-10 years)	Not expected to happen, but definite potential exists – unlikely to occur (2-5 years)	May occur occasionally, has happened before on occasions – reasonable chance of occurring (annually)	Strong possibility that this could occur – likely to occur (quarterly)	This is expected to occur frequently / in most circumstances – more likely to occur than not (daily / weekly / monthly)

Consequence is assessed as, Negligible, Minor, Moderate, Major or Extreme.

Risk Level is determined using the 5 x 5 matrix below based on the AUS/NZ Standard. The risk levels are:

- Very Low Risk (VLR)
- Low Risk (LR)
- Moderate Risk (MR)
- High Risk (HR)

Figure 2 Risk Matrix

<u>Likelihood</u>	<u>Consequence</u>				
	Negligible 1	Minor 2	Moderate 3	Major 4	Extreme 5
Almost certain 5	LR 5	MR 10	HR 15	HR 20	HR 25
Likely 4	LR 4	MR 8	MR 12	HR 16	HR 20
Possible 3	VLR 3	LR 6	MR 9	MR 12	HR 15
Unlikely 2	VLR 2	LR 4	LR 6	MR 8	MR 10
Remote 1	VLR 1	VLR 2	VLR 3	LR 4	LR 5

Risks once identified, must be categorised against the following consequence definitions

Figure 3 Consequence Definitions

Descriptor	Negligible	Minor	Moderate	Major	Extreme
Patient Experience	Reduced quality of patient experience / clinical outcome not directly related to delivery of clinical care.	Unsatisfactory patient experience / clinical outcome directly related to care provision – readily resolvable.	Unsatisfactory patient experience / clinical outcome, short term effects – expect recovery <1wk.	Unsatisfactory patient experience / clinical outcome, long term effects – expect recovery - >1wk.	Unsatisfactory patient experience / clinical outcome, continued ongoing long term effects.
Objectives / Project	Barely noticeable reduction in scope / quality / schedule.	Minor reduction in scope / quality / schedule.	Reduction in scope or quality, project objectives or schedule.	Significant project over-run.	Inability to meet project objectives, reputation of the organisation seriously damaged.
Injury (Physical and psychological) to patient / visitor / staff.	Adverse event leading to minor injury not requiring first aid.	Minor injury or illness, first aid treatment required.	Agency reportable, e.g. Police (violent and aggressive acts). Significant injury requiring medical treatment and/or counselling.	Major injuries/long term incapacity or disability (loss of limb) requiring medical treatment and/or counselling.	Incident leading to death or major permanent incapacity.
Complaints / Claims	Locally resolved verbal complaint.	Justified written complaint peripheral to clinical care.	Below excess claim. Justified complaint involving lack of appropriate care.	Claim above excess level. Multiple justified complaints.	Multiple claims or single major claim/. Complex justified complaint
Service / Business Interruption	Interruption in a service which does not impact on the delivery of patient care or the ability to continue to provide service.	Short term disruption to service with minor impact on patient care.	Some disruption in service with unacceptable impact on patient care. Temporary loss of ability to provide service.	Sustained loss of service which has serious impact on delivery of patient care resulting in major contingency plans being invoked.	Permanent loss of core service or facility. Disruption to facility leading to significant "knock on" effect
Staffing and Competence	Short term low staffing level temporarily reduces service quality (less than 1 day). Short term low staffing level (>1 day), where there is no disruption to patient care.	Ongoing low staffing level reduces service quality. Minor error due to ineffective training / implementation of training.	Late delivery of key objective / service due to lack of staff. Moderate error due to ineffective training / implementation of training. Ongoing problems with staffing levels.	Uncertain delivery of key objective / service due to lack of staff. Major error due to ineffective training / implementation of training.	Non-delivery of key objective / service due to lack of staff. Loss of key staff. Critical error due to ineffective training / implementation of training.
Financial (including damage / loss / fraud)	Negligible organisational / personal financial loss (£<10k)	Minor organisational / personal financial loss (£10k-100k)	Significant organisational / personal financial loss (£100k-250k)	Major organisational / personal financial loss (£250 k-1m)	Severe organisational / personal financial loss (£>1m)
Inspection / Audit	Small number of recommendations which focus on minor quality improvement issues.	Recommendations made which can be addressed by low level of management action.	Challenging recommendations that can be addressed with appropriate action plan.	Enforcement action. Low rating Critical report.	Prosecution. Zero rating Severely critical report.
Adverse Publicity / Reputation	Rumours, no media coverage. Little effect on staff morale.	Local media coverage – short term. Some public embarrassment. Minor effect on staff morale / public attitudes.	Local media – long-term adverse publicity. Significant effect on staff morale and public perception of the organisation.	National media / adverse publicity, less than 3 days. Public confidence in the organisation undermined Use of services affected	National / International media / adverse publicity, more than 3 days. MSP / MP concern (Questions in Parliament). Court Enforcement Public Enquiry, FAI

Based on NHS Quality Improvement Scotland (February 2008) sourced AS/NZS 4360:2004: Making it Work: (2004) and Healthcare Improvement Scotland, Learning from Adverse Events: A national framework (4th Edition) (December 2019)

Meeting:	Audit and Risk Committee
Meeting date:	12 September 2024
Title:	Risk Management Key Performance Indicators 2023/24
Responsible Executive:	Margo McGurk, Director of Finance & Strategy, NHS Fife
Report Author:	Dr Shirley-Anne Savage, Associate Director for Risk and Professional Standards, NHS Fife

Executive Summary:

This report provides:

- a summary detail on the number of risks currently held on the Datix Risk Register and the number of risks opened and closed for the period 01/08/23 to 31/07/24
- an assessment of compliance against the KPIs

The committee are asked to:

- take assurance a moderate level of assurance from the update provided.

1 Purpose

This report is presented for:

- Assurance

This report relates to:

- Annual Delivery Plan
- Emerging issue
- Local policy
- NHS Board / IJB Strategy or Direction / Plan for Fife
- NHS Fife Board Strategic Priorities
 - To Improve Quality of Health & Care Services

This report aligns to the following NHSScotland quality ambition(s):

- Safe
- Effective
- Person Centred

2 Report summary

2.1 Situation

The Audit and Risk Committee and by extension the Board, require assurance that systems are in place to review and monitor the adequacy and effectiveness of our risk management arrangements. Key Performance Indicators (KPIs) are recognised as a tool to support this activity. This report provides an update on performance against a set of risk management KPIs.

2.2 Background

Following the commitment by the Board, in March 2022, to a risk management improvement programme, several initiatives have been progressed and completed to provide the mechanics for an effective risk management framework within NHS Fife. Elements of this work have been taken forward by the Risks and Opportunities Group (ROG). This has included consideration of a set of Key Performance Indicators to support implementation of the refreshed Framework. This is the second report on those KPIs. It is recognised that the KPIs will continue to be refined in response to feedback from this Committee and the wider organisation, and that future iterations of this report will reflect such developments.

2.3 Assessment

Appendix 1 provides:

- summary detail on the number of risks currently held on the Datix Risk Register and the number of risks opened and closed for the period 01/08/23 to 31/07/24 and
- an assessment of compliance against the KPIs

The data show the dynamic nature of the risk register, with fluctuations from month to month; it is recognised that the reasons for this are multi-factorial.

The data show a relatively stable picture with room for improvement across all areas of required compliance.

As part of its workplan, the ROG will continue to consider how to further develop the operational management of risk, including working with services to drill down into the risk data to better understand the organisation's risk profile, and the quantum of risks. This will include reviews of risk type, location, ownership and related assessments, and the identification of trends or areas that may require further interrogation and / or escalation and oversight. Importantly, this activity will consider the extent to which the risk profile reflects the current operating landscape and operational challenges.

The ROG will also continue to explore and test out ways to enhance the content and presentation of data to maximum effect. It is anticipated that the implementation of the Risk Summary Dashboard will be integral to future developments.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level		x		
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

Effective risk management is a key component to ensure patient safety by contributing to improving the reliability and safety of our health care systems and processes.

2.3.2 Workforce

Effective management of risk is key to ensuring staff work in a safe environment and will support delivery of our strategic priorities, to support staff health and wellbeing.

2.3.3 Financial

This paper does not raise, directly, financial impacts, but these do present significant elements of risk for NHS Fife to consider and manage in pursuit of our strategic priorities.

2.3.4 Risk Assessment / Management

The arrangements for managing risk affect patients, staff and others in contact with the Board's services. Healthcare provision is complex and involves a degree of inherent and new risks. Risks must therefore, be properly managed.

2.3.5 Equality and Diversity, including health inequalities and Anchor Institution ambitions

This paper provides information in relation to risk management processes and does not raise any specific equality and diversity issues.

2.3.6 Climate Emergency & Sustainability Impact

This paper does not raise, directly, issues relating to climate emergency and sustainability. These items do form elements of risk for NHS Fife to manage.

2.3.7 Communication, involvement, engagement and consultation

This paper is informed mainly by communications with the ROG.

2.3.8 Route to the Meeting

- Margo McGurk, Director of Finance & Strategy on 22 August 2024
- Alistair Graham, Director of Digital and Information on 22 August 2024

2.4 Recommendation

- Members are asked to take a “moderate” level of assurance from the update provided, noting that the ROG will continue to: -
 - Develop an implementation approach for the Risk Summary Dashboard
 - Continue to refine the associated KPIs

3 List of appendices

- Appendix 1, Risk Management Key Performance Indicator Report 1 August 2023 - 31 July 2024 to the Audit & Risk Committee, on 12 September 2024

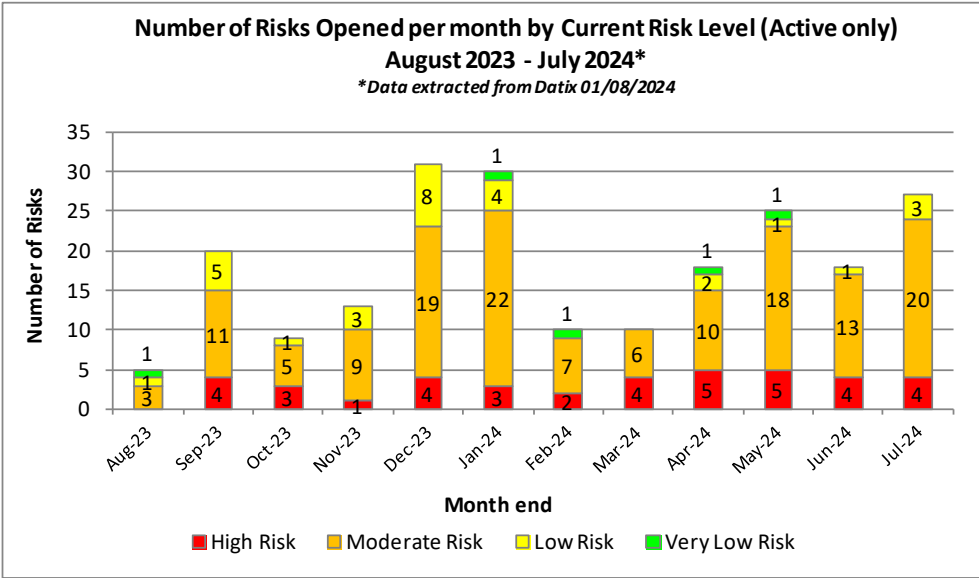
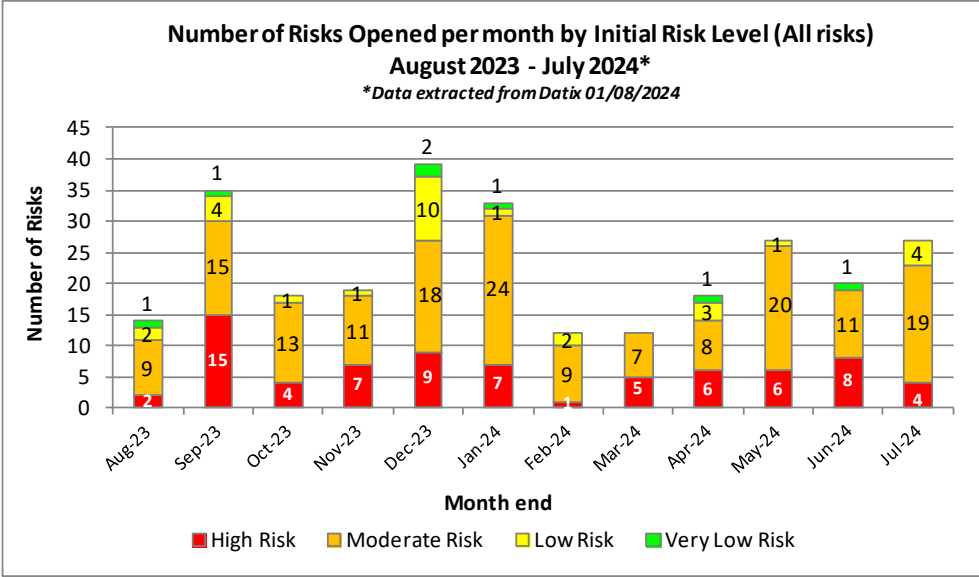
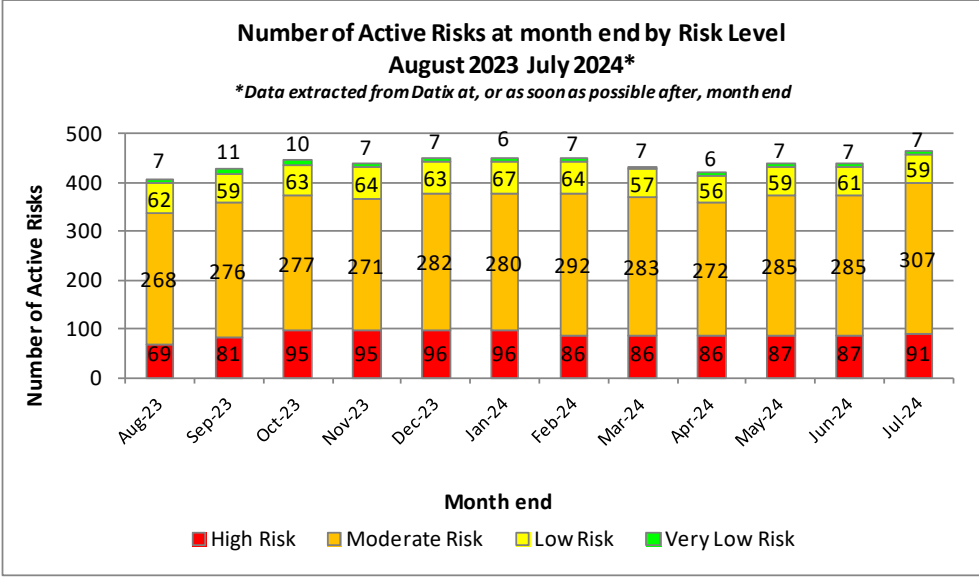
Report Contact

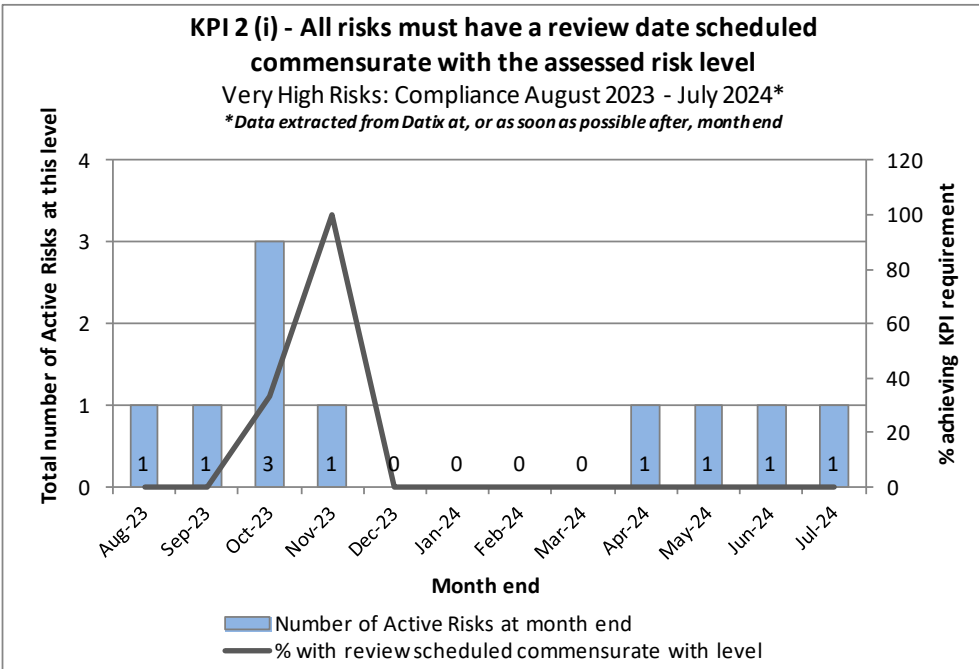
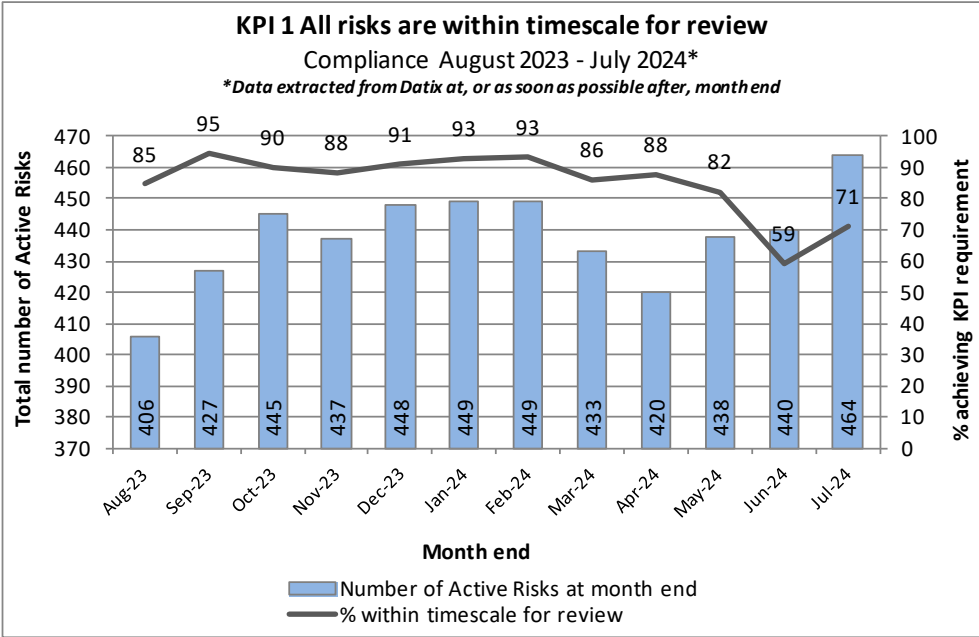
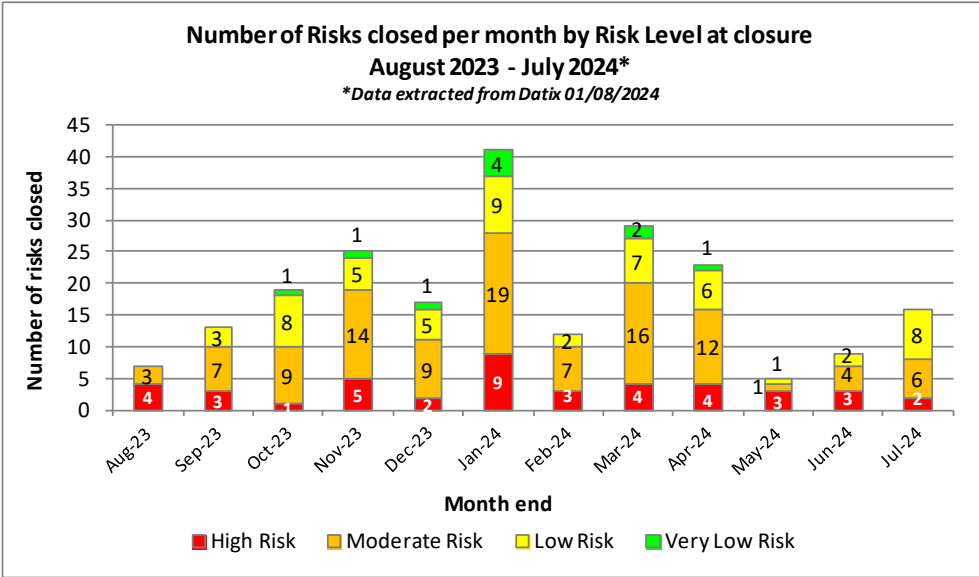
Dr Shirley-Anne Savage

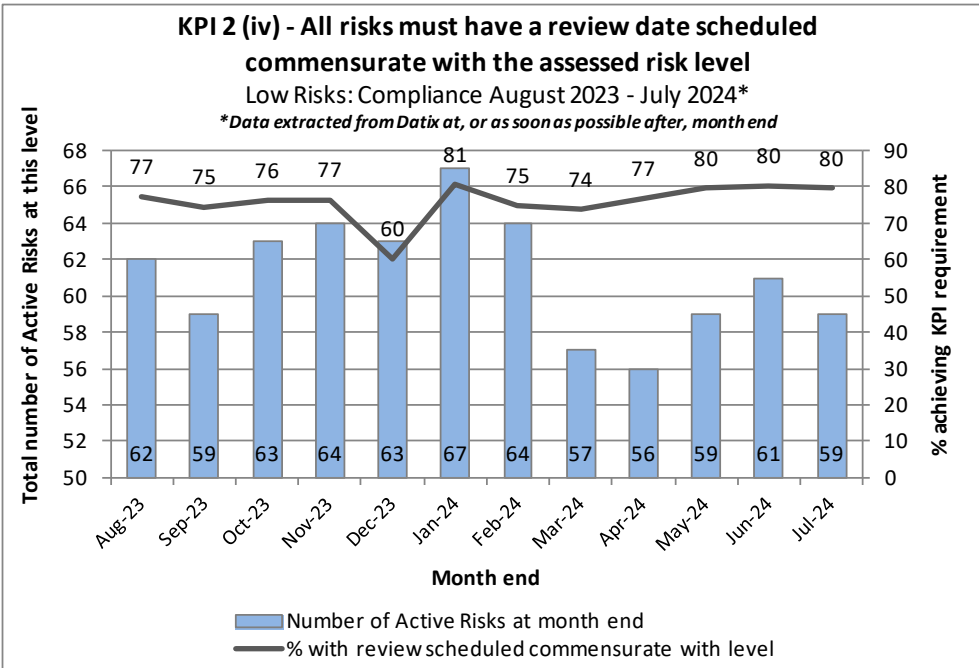
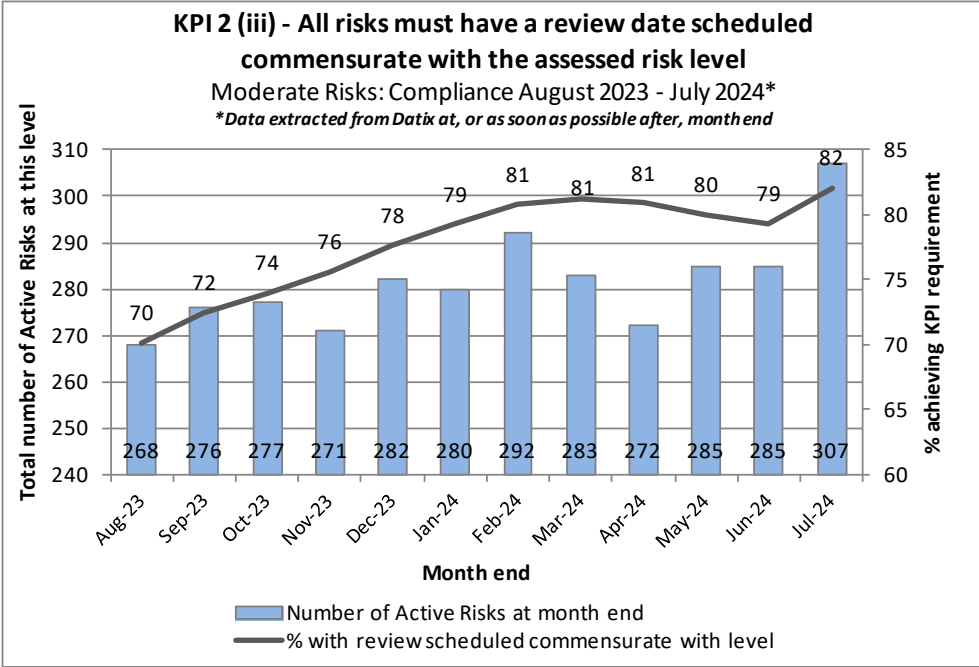
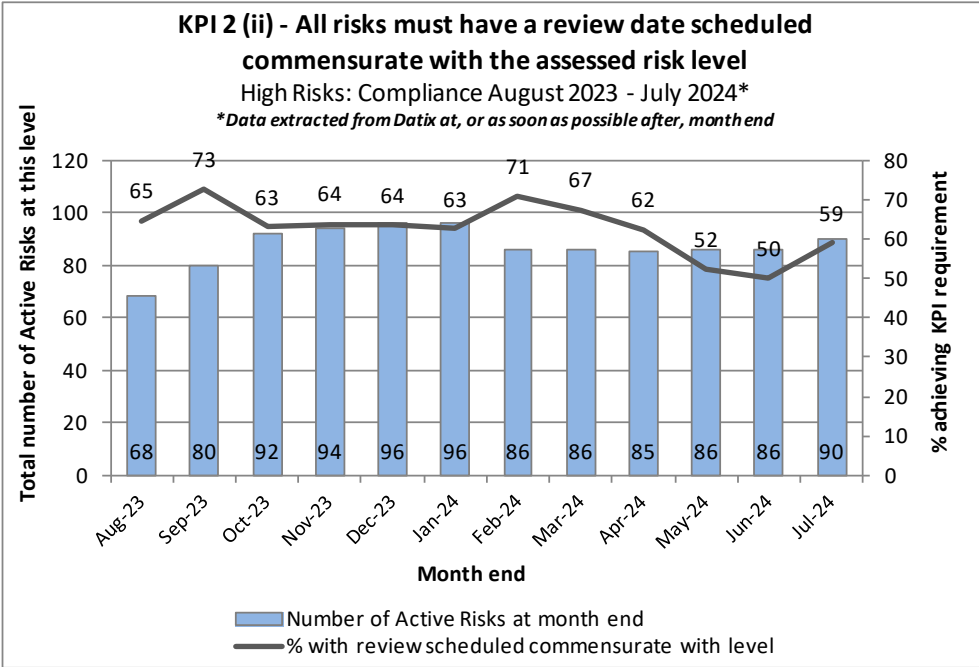
Associate Director for Risk and Professional Standard

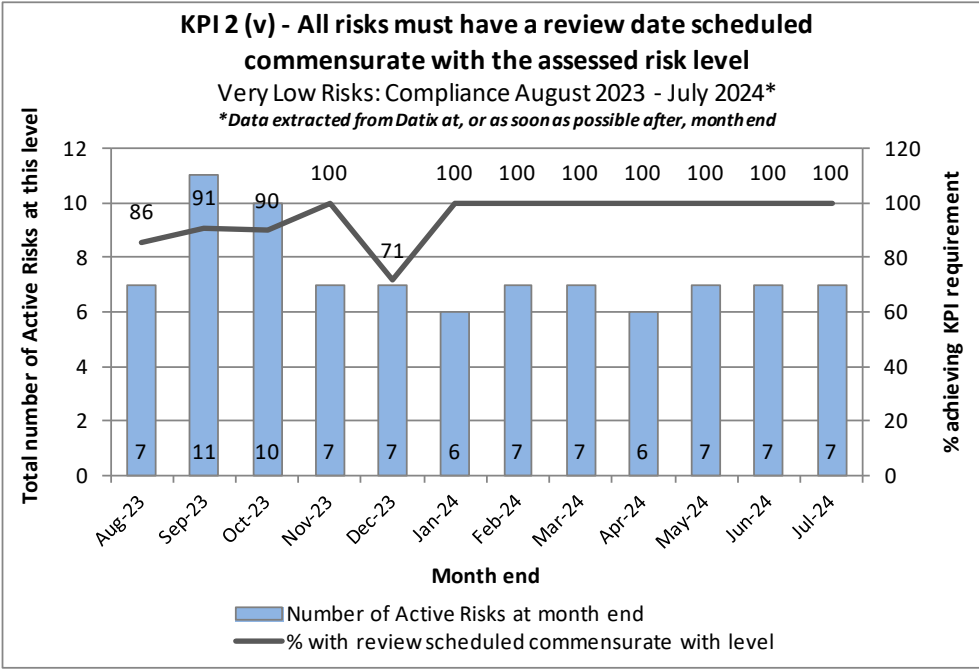
Email shirley-anne.savage@nhs.scot

Risk KPI information August 2023 to July 2024

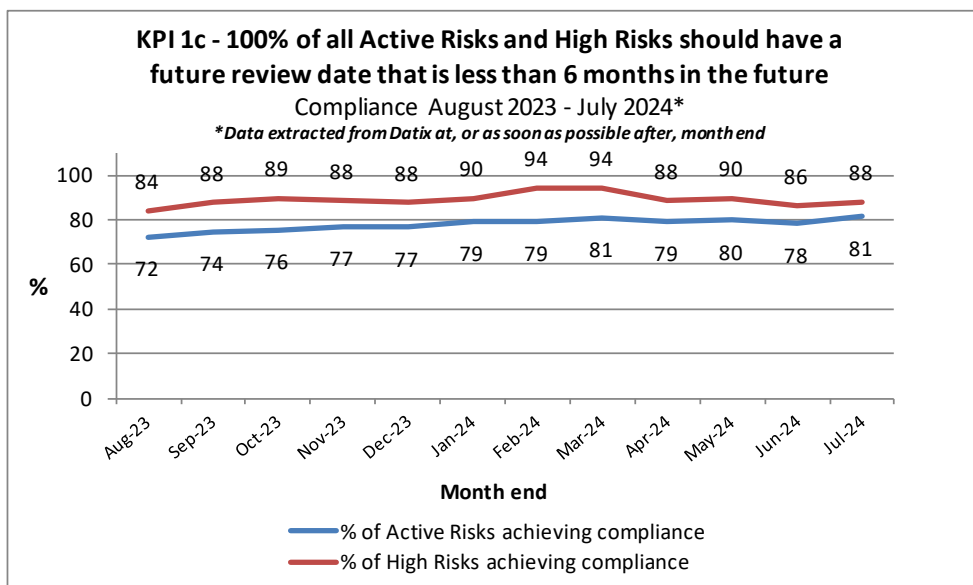
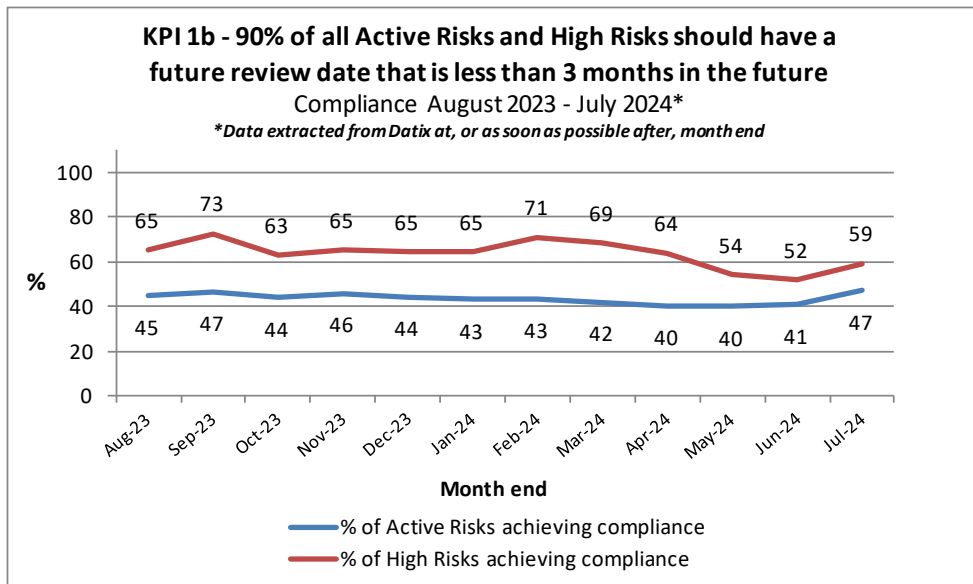
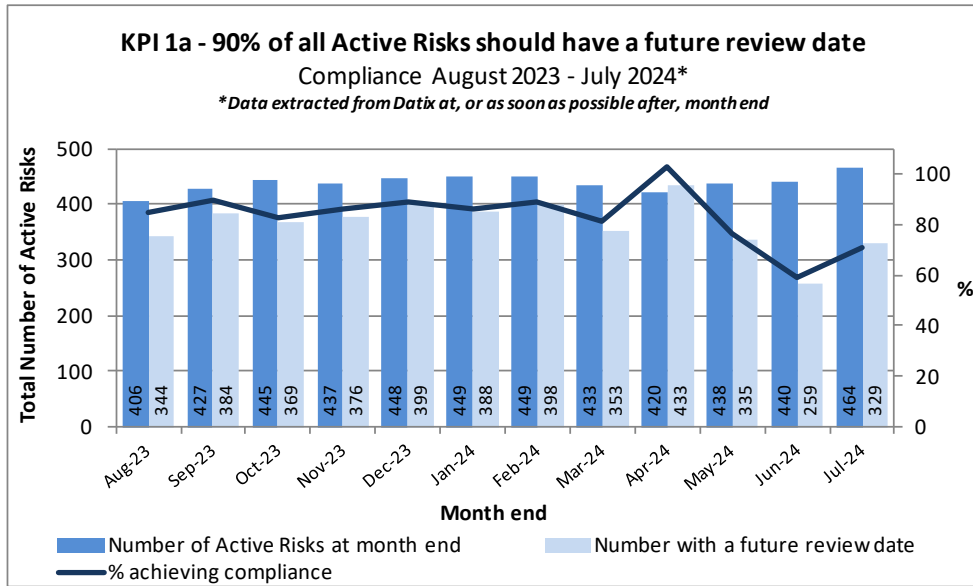


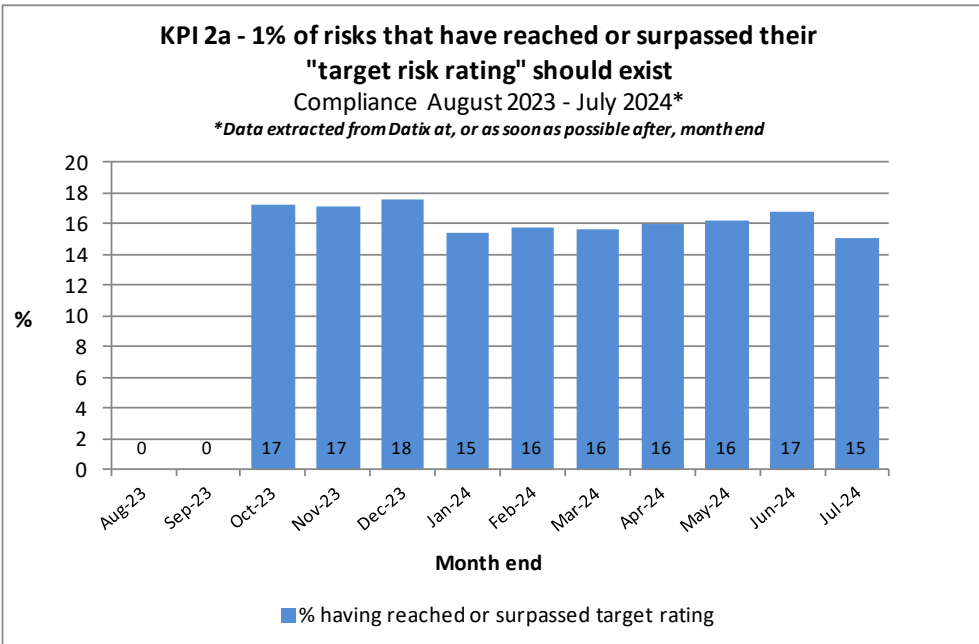
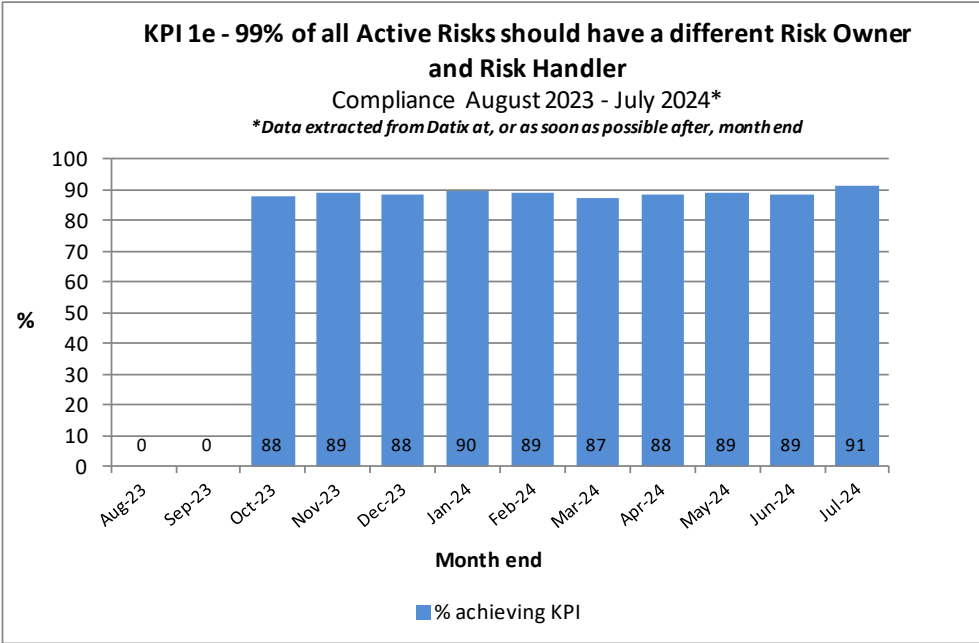
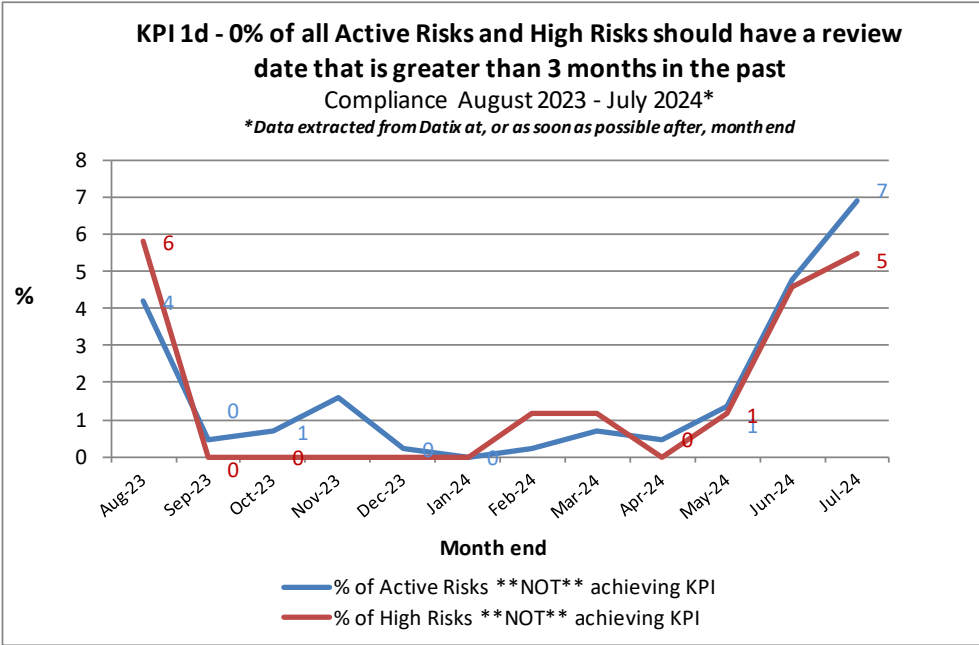






NEW

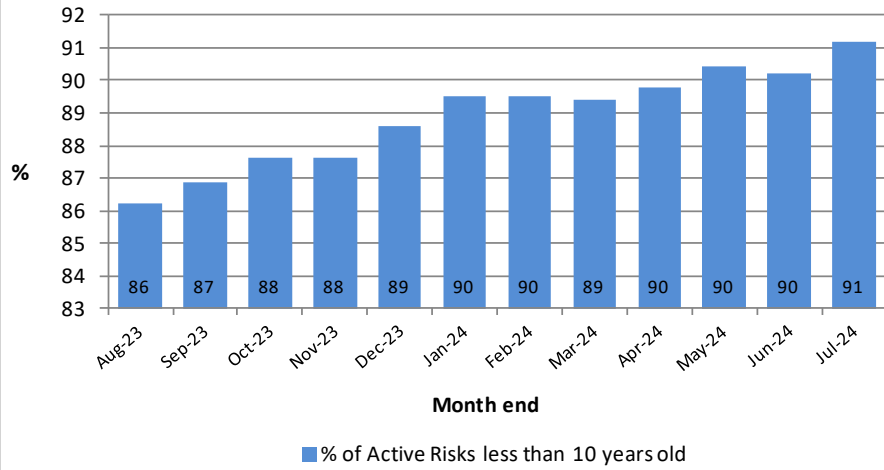




KPI 2b - 80% of all Active Risks should be less than 10 years old

Compliance August 2023 - July 2024*

**Data extracted from Datix at, or as soon as possible after, month end*



Meeting:	Audit and Risk Committee
Meeting date:	12 September 2024
Title:	Annual Risk Management Report 2023/24
Responsible Executive:	Margo McGurk, Director of Finance & Strategy, NHS Fife
Report Author:	Dr Shirley-Anne Savage, Associate Director for Risk and Professional Standards

Executive Summary

- The report confirms that adequate and effective risk management arrangements were in place throughout the year.
- It describes progress against key deliverables within the risk management improvement programme approved in 2022, intended to enhance the effectiveness of our risk management framework arrangements. Key areas included are:
 - Progress with reviewing and revalidating the current Board Risk Appetite
 - Reviewing the Board Strategic Risk Profile
 - Creating a Corporate Risk Register to replace the previous Board Assurance Framework
 - Developing a Risk dashboard to complement the updated Integrated Performance and Quality Report (IPQR) and to further support effective performance management
 - Agreeing an updated process to support the escalation, oversight, and governance of risks; and
 - Creating and embedding the Risks and Opportunities Group.
- The report also sets out developments for the forthcoming year which include:
 - Completing the update of the Risk Management Framework to include the detail of the updated risk appetite statement
 - Continuing to refine risk management processes;
 - Implementing risk management key performance indicators;
 - Continuing to enhance the content and presentation of risk reports;
 - Supporting the continuing development of assurance reporting;
 - Further develop a risk management training programme for staff according to their roles and responsibilities

1 Purpose

This report is presented for:

- Assurance

This report relates to:

- Annual Delivery Plan
- Emerging issue
- Local policy
- NHS Board / IJB Strategy or Direction / Plan for Fife

This report aligns to the following NHSScotland quality ambition(s):

- Safe
- Effective
- Person Centred

2 Report summary

2.1 Situation

This report provides the Committee with the final Annual Risk Management Report 2023-2024 further to the draft report being presented at the 18 May 2024 committee.

2.2 Background

The report forms a component of the governance reporting arrangements for risk management in accordance with the NHS Fife Code of Corporate Governance.

2.3 Assessment

The report confirms that adequate and effective risk management arrangements were in place throughout the year. It describes progress against key deliverables within the risk management improvement programme approved in 2022, intended to enhance the effectiveness of our risk management framework arrangements. In summary:

Continual improvement of the operational risk management approach including:

- Completing the refresh of the Risk Management Framework - achieved
- Refining risk management processes - achieved
- Reviewing and updating of the Board risk appetite statement - commenced
- Updating risk key performance indicators - achieved
- Improving the content and presentation of risk management reports - achieved
- Supporting the continuing development of assurance reporting - achieved
- Devising and delivering a risk management training programme - achieved
- Reviewing the Board Strategic Risk Profile - achieved

Next Steps

Our risk management arrangements will continue to evolve in response to feedback from this Committee and other stakeholders, including via Internal Audit recommendations. The Corporate Risk Register will continue to adapt to reflect the current operating landscape, and our risk appetite in relation to changes in the internal and external environment including developments associated with the Reform, Transform, Perform Framework. The ROG will seek to further develop its contribution to the identification and assessment of emergent risks and opportunities and make appropriate recommendations on the potential impact upon the Board’s Risk Appetite position.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level		x		
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

Elevating the profile of risk management in NHS Fife will further support delivery of our strategic priorities through improved operational governance and better alignment with the Population Health and Wellbeing Strategy and associated work streams.

2.3.2 Workforce

Effective management of workforce risks will support staff health and wellbeing, and the quality of health and care services.

2.3.3 Financial

This paper does not raise, directly, financial impacts, but these do present significant elements of risk for NHS Fife to consider and manage in pursuit of our strategic priorities.

2.3.4 Risk Assessment / Management

Focus of the paper.

2.3.5 Equality and Diversity, including health inequalities and Anchor Institution ambitions

An Equality and Diversity (E&D) assessment has not been conducted but there are not considered to be direct E&D implications associated with this report.

2.3.6 Climate Emergency & Sustainability Impact

This paper does not raise, directly, issues relating to climate emergency and sustainability. These items do form elements of risk for NHS Fife to manage.

2.3.7 Communication, involvement, engagement and consultation

The report reflects the results of engagement in 2023/24 including with the following:

- Director of Finance and Strategy
- Executive Directors Group
- Governance Committees
- Fife NHS Board
- Internal Audit Team
- Risks and Opportunities Group
- Senior Leadership Teams
- Operational Teams

2.3.8 Route to the Meeting

- Margo McGurk, Director of Finance & Strategy on 2 May 2024
- Alistair Graham, Director of Digital and Information on 2 May 2024
- Shirley-Anne Savage, Associate Director for Risk and Professional Standards on 2 May 2024
- Audit and Risk Committee 18 May 2024

2.4 Recommendation

Members are asked to take a “**moderate**” level of assurance and **note** the final copy of the report previously seen as a draft report.

3 List of appendices

- Appendix 1 - Annual Risk Management Report 2023/24

Report Contact

Dr Shirley-Anne Savage

Associate Director for Risk and Professional Standards, NHS Fife

Email shirley-anne.savage@nhs.scot



Annual Risk Management Report

2023-2024

File Name: NHS Fife Annual Risk Management Report 2023- 2024	V 0.1	Date: 02/05/24
Author: Pauline Cumming, Risk Manager, NHS Fife	Page 1 of 13	

1. RECOMMENDATION

The Audit and Risk Committee is asked to note and take assurance from the risk management activity undertaken during the period, 1 April 2023 to 31 March 2024.

2. INTRODUCTION

2.1 NHS Fife is committed to embracing and further developing an organisational culture which recognises the role and contribution of risk management in supporting decision making, strategic planning, and capitalising on opportunities to change in line with our ambitions, aspirations and capabilities.

2.2 This commitment is based on our core values of care, compassion, dignity and respect, openness, honesty and responsibility quality and teamwork.

2.3 In March 2022, Fife NHS Board endorsed a risk management improvement programme to provide the mechanics for a refreshed and more effective risk management framework which included:

- Reviewing and revalidating the current Board Risk Appetite
- Reviewing the Board Strategic Risk Profile
- Creating a Corporate Risk Register to replace the current Board Assurance Framework
- Developing a Risk dashboard to complement the updated Integrated Performance and Quality Report (IPQR) and to support effective performance management
- Agreeing an updated process to support the escalation, oversight, and governance of risks; and
- Creating a Risks and Opportunities Group

2.4 During 2023- 2024, several initiatives have been undertaken to progress elements of this programme. This report provides the Committee with a summary of the activities undertaken and confirms that adequate and effective risk management arrangements were in place throughout the year.

3. RISK MANAGEMENT IN 2023 / 2024

3.1 The Director of Finance and Strategy provides strategic leadership and direction for risk management in NHS Fife.

3.2 The Audit & Risk Committee has responsibility for evaluating the overall effectiveness of the risk management arrangements, and reviews and challenges how these are operating across the organisation.

3.3 During 2023/24, Internal Audit have continued to support the development of the risk management arrangements through constructive challenge and recommendations on specific elements of this work. The Internal Control

File Name: NHS Fife Annual Risk Management Report 2023- 2024	V 0.1	Date: 02/05/24
Author: Pauline Cumming, Risk Manager, NHS Fife	Page 2 of 13	

Evaluation (ICE) 2023/24 Report noted that the Board continues to progress its Risk Management Framework Improvement Programme.

4. RISK MANAGEMENT FRAMEWORK

The updated Risk Management Framework was approved by the NHS Fife Board in September 2023. This reaffirms the Board's commitment to embed an effective risk management framework and culture to support the achievement of the strategic priorities, and the ambitions of the Population Health and Wellbeing Strategy. The updated framework reflects the clarification and formalisation of the risk management arrangements with the Fife Integration Joint Board.

The intention was to also update the related Risk Register / Risk Assessment Policy GP/R7. In re-- drafting the policy, there was considerable duplication with the Framework and following consultation with Internal Audit, and other key stakeholders, it was determined that a separate policy is not required as key elements of the policy not already covered will be added to the Framework. This approach was supported by the ROG on 5 December 2023 and endorsed by the Audit and Risk Committee on 13 December 2023.

The revised Framework and a Delivery Plan to support implementation have been finalised with the intention of submitting to the Audit and Risk Committee and the Board in May 2024, but in light of developments underway in relation to our risk appetite, it has been agreed to defer submission until that work is concluded.

5. RISK APPETITE

5.1 A risk appetite statement details the amount of risk the organisation is willing to take and underpins an effective risk management culture which enables the organisation to achieve its strategic priorities.

5.2 The Board's Risk Appetite was set in July 2022, and considered as part of the update to the Risk Management Framework in September 2023. It is recognised that risk appetite is not static and must be reviewed and adjusted periodically to reflect changes in the internal and external environment that may affect our risk profile or strategy. To this end, the Board began re-assessing its risk appetite at a dedicated Development Session held on 8 April 2024. The session was developed and co -facilitated by the Director of Digital and Information and the Associate Director for Risk and Professional Standards.

The discussion included consideration of risk appetite in the current operating landscape, and the Re-form, Transform and Perform (RTP) Framework and the Corporate Risk Register to reflect our risk appetite and consider making amendments where consensus is built.

Consideration was given to the Integration Joint Board (IJB) risk appetite statement as previously recommended by Internal Audit and a review of NHS Fife's current 3 level risk appetite against a 4 level risk appetite more in line with that of the IJB. The session did not conclude on a revised version and further work is underway to pull together the themes from the meeting and put forward

File Name: NHS Fife Annual Risk Management Report 2023- 2024	V 0.1	Date: 02/05/24
Author: Pauline Cumming, Risk Manager, NHS Fife	Page 3 of 13	

recommendations for consideration by the Board. It is anticipated this work will be completed during the 2024/25 reporting year.

5.3 Corporate Risk papers presented to each standing committee currently state if risks are within or outwith risk appetite and the reason for that position. The majority of the corporate risks are outwith risk appetite which reflects the ongoing level of demand across all services within the increasingly challenging financial environment. In line with the focussed work on risk appetite described above, consideration will be given in the year ahead to the Internal Audit recommendation on how to capture greater detail on how the risk appetite will affect strategy, decision-making, prioritisation, budget setting and organisational focus.

6. STRATEGIC RISK PROFILE

6.1 A Strategic Risk Profile as a dashboard set in the context of the Board’s risk appetite, continues to form a component of the monthly Integrated Performance & Quality Report (IPQR). The full Profile is part of the introductory Corporate Risk Summary section; with extracts related to specific strategic priorities within the Assessment section against areas of performance including clinical governance, operational, finance, staff governance and public health and wellbeing.

6.2 Figure 1 below provides a breakdown of the Strategic Risk Profile as at 31/03/24.

Figure 1 Strategic Risk Profile

Strategic Priority	Total Risks	Current Strategic Risk Profile				Risk Movement	Risk Appetite
To improve health and wellbeing	4	2	2	-	-	↔	High
To improve the quality of health and care services	6	4	2	-	-	↔	Moderate
To improve staff experience and wellbeing	2	2	-	-	-	↔	Moderate
To deliver value and sustainability	6	4	2	-	-	↔	Moderate
Total	18	12	6	0	0		
Summary Statement on Risk Profile							
<p>The current assessment indicates that delivery against 3 of the 4 strategic priorities continues to face a risk profile in excess of risk appetite. Mitigations are in place to support management of risk over time with some risks requiring daily assessment. Assessment of corporate risk performance and improvement trajectory remains in place.</p>							
Risk Key		Movement Key					
High Risk	15 - 25	▲	Improved - Risk Decreased				
Moderate Risk	8 - 12	↔	No Change				
Low Risk	4 - 6	▼	Deteriorated - Risk Increased				
Very Low Risk	1 - 3						

File Name: NHS Fife Annual Risk Management Report 2023- 2024	V 0.1	Date: 02/05/24
Author: Pauline Cumming, Risk Manager, NHS Fife	Page 4 of 13	

7. CORPORATE RISK REPORTING

7.1 From 1 April 2023 to 31 March 2024, the high-level risks identified as having the potential to impact on the delivery of NHS Fife's strategic priorities, and related operational high-level risks, were reported the delivery of NHS Fife's strategic priorities, and related operational high-level risks, were reported bi-monthly through the Corporate Risk Register to the governance committees, and subsequently to the Audit & Risk Committee and the Board. Appendix 1 provides a summary of the risks, their score in April 2023, September 2023 and at the end of March 2024. It allows a comparison of the overall risk level and should be considered against progress of the Population Health and Wellbeing Strategy. This analysis shows that our risk profile has not significantly changed since the beginning of the financial year.

The Covid-19 Pandemic risk was removed from the Corporate Risk Register following extensive discussions and due diligence over several months, reflecting its transition to business-as-usual activity, and monitoring through the Public Health Assurance Committee. A related potential new corporate risk on preparedness for potential future pandemics and biological threats is being developed, and a potential new corporate risk around capital funding constraints and impacts on service sustainability is also being developed. A new corporate risk on the preparation for implementing the legislation around the Health & Care Staffing (Scotland) Act 2019 was approved in late 2023.

7.2 The Corporate Risk Register report was presented to the full NHS Board at the November 2023 meeting for scrutiny, and Board members were provided with the necessary levels of assurance on the effectiveness of mitigating actions. The Committee were informed of a new approach to reviewing corporate risks, with some risks moving to a triannual reporting schedule. Furthermore, the Committee held a Development Session in October 2023 to review the effectiveness of the new Corporate Risk Register process and explored members' understanding of their risk management responsibilities.

The corporate risk reporting schedule is set out at Appendix 2.

7.3 Our approach to corporate risk reporting has evolved in the past year. The Risks and Opportunities Group (ROG) has been instrumental in progressing several key developments, in response to feedback from the governance committees and other stakeholders, taking forward considerations and recommendations on the corporate risk register. These are summarised below.

7.4 In Year Risk Rating Improvement

During the year, the use of a time-limited improvement target for the corporate risk ratings was reviewed. Given the complexity of corporate risks, system volatility and scale of current external challenges, and the levels of inherent risk associated with some of the risks, it was agreed to remove the current in-year prediction and match the overarching risk target rating with a more meaningful and realistic metric i.e. an

File Name: NHS Fife Annual Risk Management Report 2023- 2024	V 0.1	Date: 02/05/24
Author: Pauline Cumming, Risk Manager, NHS Fife	Page 5 of 13	

expected date of achievement. It was felt this would lessen the confusion of changing current risk rating targets for the in-year target.

7.5 Corporate Risk Review Cycle

In seeking to provide a balance of effective Corporate Risk review, with a standard frequency that recognised the need for Committee assurance on both the regularity of risk review and timely risk updates, we revised our approach. As the governance committees meet six times a year, there was an opportunity to rotate the corporate risk review frequency over these six meetings to provide assurance, while supporting the requirement for efficiency. It was agreed that while Corporate Risk owners can review and update risks at any time, they would review and update where necessary their total set of risks at least every four months.

7.6 The corporate risks collectively outline the organisational risks associated with the delivery of our strategy. It is recognised that the regular review of these risks and monitoring of the internal and external environment, are essential to ensure the risks represent the organisation’s contemporary risk profile, clearly reflect the relationship between current and target risk scores and risk appetite, and that the current and target scores are realistic.

8. ASSURANCE FRAMEWORK

8.1 In 2023, the standing committees requested a specific review on the use of the “level of assurance” listed within the Committee Assurance Principles routinely provided with the Corporate Risk Register reports. Following agreement at EDG and endorsement by the Audit and Risk Committee in June 2023, the 4 - level assurance model, used by Internal Audit, was incorporated within the Assurance Principles. The Deep Dive review template was also updated to incorporate the assurance levels, requiring the risk owner to provide a level of assurance to the Committee as part of the deep dive’s creation or review of a previous deep dive.

These developments were implemented from July 2023 and have added consistency to our reporting. The use of the assurance levels continues to evolve, as we further seek to enhance the evidence to substantiate the level of assurance being offered.

8.2 Deep Dive Reviews

Corporate Risk Deep Dive reviews continue to be an important component of our risk assurance reporting arrangements. Deep dives were carried out across all the Board’s committees, allowing greater scrutiny of the root causes of risks, and providing an opportunity for discussion on the effectiveness of management actions in place to reduce risk levels. At 31/03/24, 14 of the current 18 Corporate Risks had undergone at least one deep dive and the Staff Governance Committee had commissioned reviews of non -corporate risks which are otherwise significant and aligned to staff governance.

The exceptions are:

File Name: NHS Fife Annual Risk Management Report 2023- 2024	V 0.1	Date: 02/05/24
Author: Pauline Cumming, Risk Manager, NHS Fife	Page 6 of 13	

- Risk 6 - Whole System Capacity
- Risks 11 and 12 - Workforce Planning & Delivery, and Staff Health and Wellbeing - deep dives reviews have been carried out on related topics
- Risk 19 - Preparation for the Implementation of the Health and Care (Staffing) (Scotland) Act 2019 - The risk was only added to the Corporate Risk Register in November 2023.

One characteristic of a deep dive review is that it should be carried out at specific points during the life-cycle of the risk. Based on our learning over the last year, and following discussion at the Audit and Risk Committee Development Session in October 2023, and recommendations to the EDG in November 2023 and the other standing committees in January 2024, it was agreed that going forward, the requirement for a deep dive review will continue to be determined through routes including EDG and the Risks and Opportunities Group. Decisions will be informed by intelligence within operational teams, as well as consideration of triggers including: the creation of a new corporate risk, materially deteriorating risks, or the proposed de-escalation / closure of a corporate risk. The refreshed approach to commissioning a deep dive will be implemented during Quarter 2, 2024 - 2025.

It has been agreed that to enhance the assurance that can be taken from deep dives, and in response to recommendations from Internal Audit, the following improvements to deep dive reviews should be considered in 2024/2025.

- an assessment as to the impact of management actions on the target score;
- a focus on controls, with explicit assurance and conclusion on their effectiveness;
- an assessment of the proportionality of proposed actions; and
- external and internal factors associated with risks and their potential influence

The deep dive review schedule as at 31/03/24 is set out in Appendix 3.

9. RISKS AND OPPORTUNITIES GROUP

9.1 The Risks and Opportunities Group (ROG) which was established in September 2022, continues to meet to provide leadership and promote and embed an effective risk management framework and culture. To deliver on its annual work plan, the Group divides its time between the Corporate Risk Register and in supporting operational risk management practice.

9.2 The Group met on 6 occasions during the financial year to 31 March 2024, on the undernoted dates:

- 6 April 2023
- 8 June 2023
- 5 August 2023
- 3 October 2023
- 5 December 2023
- 6 February 2024

File Name: NHS Fife Annual Risk Management Report 2023- 2024	V 0.1	Date: 02/05/24
Author: Pauline Cumming, Risk Manager, NHS Fife	Page 7 of 13	

9.3 A Terms of Reference was reviewed and updated in August 2023; to date, the Group's focus has included:

- Reviewing the Corporate Risk Register with a focus on realistic risk scoring, particularly current and target risk scores, and risk appetite;
- Considering governance committees' feedback on Corporate Risk assurance reports including deep dive reviews;
- Identifying potential improvements to the design and content of assurance reports,
- Considering potential developments to the Risk Assessment Matrix in terms of the scope of descriptors and associated terminology. The matrix is based on a national matrix. Similar considerations have taken place in other NHS Boards. Following a national meeting with Healthcare Improvement Scotland (HIS) in February 2024 in which NHS Fife took part, a short life working group will be set up to review the national matrix and take forward any developments. The ROG has agreed to let the national work emerge and conclude, after which it will reflect on the NHS Fife matrix.
- Contributing to the development of a Risk Summary Dashboard - in seeking to fulfil its remit to support operational risk management and enhance the value of the data within Datix, over the last year, the ROG has considered and contributed to the development of a Risk Summary Dashboard with the D&I team. The dashboard is designed to guide risk owners through a series of activities to facilitate effective risk management. The implementation approach for the ROG to take this forward was agreed by the EDG.

9.4 The Audit and Risk Committee and EDG received demonstrations of the Dashboard in October and November 2023 respectively.

9.5 The ROG has recommended that the Dashboard be made available and its use promoted to support our operational risk management approach, and align with the Risk Management Framework. A plan to support Dashboard implementation will be taken forward through the remit of the ROG during 2024.

9.6 Key Performance Indicators (KPIs) - The Group has considered a set of KPIs associated with operational risks, which demonstrate active risk management. An initial report on these indicators will be provided to the Audit and Risk Committee in May 2024. These will continue to be refined as part of the ROG agenda.

9.7 Horizon Scanning - The ROG continues to consider opportunities, particularly in relation to delivery of the NHS Fife Population Health and Wellbeing Strategy. Realistic Medicine principles have been identified as an area of focus for the year ahead.

9.8 The ROG has developed a work plan for 2024-25 which will drive efforts to further develop and embed a positive and proactive approach to risk management across the organisation.

9.9 Members have been invited to contribute to identifying the possible opportunities or developments that should form longer term planning horizons in the Population Health and Wellbeing Strategy Annual Report - now and in 5 years time.

File Name: NHS Fife Annual Risk Management Report 2023- 2024	V 0.1	Date: 02/05/24
Author: Pauline Cumming, Risk Manager, NHS Fife	Page 8 of 13	

9.10 The Group has produced an annual statement of assurance, which includes a self-assessment of the Group’s effectiveness. This will be reported to EDG for consideration and decision on areas identified for development or improvement and provided for information to the Audit and Risk Committee.

10. DATIX RISK MANAGEMENT SYSTEM

10.1 Datix remains the repository for risks, incidents (adverse events), safety alerts, complaints and claims within NHS Fife. It was previously reported that Datix Cloud IQ was the preferred upgrade path from DatixWeb and that a business case was being developed for NHS Fife. The development of the business case was suspended following a request to all NHS Boards from National Procurement to pause, pending the outcome of a tendering exercise which may lead to a Once for Scotland digital system. The outcome of that exercise was that a new system called Inphase has been awarded the national tender and work is underway within NHS Fife to assess the new system with a view to its adoption.

10.2 Risk Register Module

Pending a system upgrade, work continues to refine the system as required to support risk management processes.

11. RISK MANAGEMENT LEARNING AND DEVELOPMENT

11.1 An Audit & Risk Committee Development Session on the Review of the Effectiveness of the new Corporate Risk Register process was held on 12 October 2023 and also explored members’ understanding of their risk management responsibilities.

11.2 During 2023/24, a range of risk management training was undertaken including on a customised basis in response to requests from individuals, services and directorates. An initial risk management training programme has been developed for 2024/25 in response to staff feedback and consultation with the Risks and Opportunities Group.

12. RISK MANAGEMENT OBJECTIVES 2024/25

12.1 During 2023/24 there was the introduction of a new post of Associate Director for Risk and Professional Standards to help drive forward the risk agenda. The Associate Director for Risk and Professional Standards will engage with the Executive Directors, Committee Chairs and the Board, and consider the support requirements to develop our risk management arrangements in order to enhance organisational risk maturity.

12.2 Developments for the forthcoming year will focus on continual improvement of the operational risk management approach informed by Internal Audit recommendations. This will include:

File Name: NHS Fife Annual Risk Management Report 2023- 2024	V 0.1	Date: 02/05/24
Author: Pauline Cumming, Risk Manager, NHS Fife	Page 9 of 13	

- Completing the update of the Risk Management Framework to include the detail of the updated risk appetite statement
- Continuing to refine risk management processes;
- Implementing risk management key performance indicators;
- Continuing to enhance the content and presentation of risk reports;
- Supporting the continuing development of assurance reporting;
- Further develop a risk management training programme for staff according to their roles and responsibilities

File Name: NHS Fife Annual Risk Management Report 2023- 2024	V 0.1	Date: 02/05/24
Author: Pauline Cumming, Risk Manager, NHS Fife	Page 10 of 13	

Corporate Risk Register Summary

Risk title (taken from risk register)	Score April 2023	Score Sept 2023	Score March 2024	Target Risk Level	Trend ¹
1. Population Health and Wellbeing Strategy	Mod 12	Mod 12	Mod 12	Mod 12 by 31/03/24	=
2. Health Inequalities	High 20	High 20	High 20	Mod 12 by 31/05/24	=
3. COVID 19 Pandemic	Mod 12	Mod 9	N/A closed	Mod 12 by October	↓
4. Policy obligations in relation to environmental management and climate change	Mod 12	Mod 12	Mod 12	Mod 10 by 01/04/25	=
5. Optimal Clinical Outcomes	High 15	High 15	High 15	Mod 10 by 31/03/24	=
6. Whole System Capacity	High 20	High 20	High 20	Mod 9 by 30/04/24	=
7. Access to outpatient, diagnostic and treatment services	High 20	High 20	High 20	- ²	=
8. Cancer Waiting Times (CWT)	High 15	High 15	High 15	Mod 12 by 30/04/24	=
9. Quality & Safety	High 15	High 15	Mod 12	Low 6 by 31/03/24	↓
10. Primary Care Services	High 16	High 16	High 16	Mod 12 by 31/03/25	=
11. Workforce Planning and Delivery	High 16	High 16	High 16	Mod 8 by 31/3/25	=
12. Staff Health and Wellbeing	High 16	High 16	High 16	Mod 8 by 31/03/25	=
13. Delivery of a balanced in-year financial position	High 16	High 16	High 16	Mod 12 by 31/03/24	=
14. Delivery of recurring financial balance over the medium-term	High 16	High 16	High 16	Mod 12 by 31/03/24	=
15. Prioritisation & Management of Capital funding	Mod 12	Mod 12	Mod 12	Mod 8 by 01/04/26	=
16. Off-Site Area Sterilisation and Disinfection Unit Service	Mod 12	Mod 12	Mod 12	Low 6 by 01/04/26	=
17. Cyber Resilience	High 16	High 16	High 16	Mod 12 by Sept 2024	=
18. Digital & Information	High 15	High 15	High 16	Mod 8 by April 2025	=
19. Implementation of the Health and Care (Staffing) (Scotland) Act 2019 [HCSA]	N/A	N/A	Mod 12 - New	Mod 9 by 01/04/2024	-

¹ = risk stayed the same, ↓ risk falling, ↑ risk increasing

² It is not possible to provide a target risk and date given the uncertainty over future availability of funding.

File Name: NHS Fife Annual Risk Management Report 2023- 2024	V 0.1	Date: 02/05/24
Author: Pauline Cumming, Risk Manager, NHS Fife	Page 11 of 13	

Corporate Risk Reporting Schedule 2023-24							
Risk	Public Health & Wellbeing Committee	15/05/23	03/07/23	04/09/23	06/11/23	15/01/24	04/03/24
1	Population Health & Wellbeing Strategy	✓	✓	✓	✓	✓	✓
2	Health Inequalities	✓	✓	✓	✓	✓	✓
4	Policy obligations in relation to environmental management & climate change	✓	✓	✓	✓	✓	✓
10	Primary Care Services	✓	✓	✓	✓	✓	✓
	Clinical Governance Committee	05/05/23	07/07/23	08/09/23	03/11/24	12/01/24	01/03/24
3	COVID- 19 Pandemic	✓	✓	✓	✓	✓	N/A
5	Optimal Clinical Outcomes	✓	✓	✓	✓	✓	✓
9	Quality & Safety	✓	✓	✓	✓	✓	✓
16	Off-Site Area Sterilisation and Disinfection Unit Service	✓	✓	✓	✓	✓	✓
17	Cyber Resilience	✓	✓	✓	✓	✓	✓
18	Digital & Information	✓	✓	✓	✓	✓	✓
	Finance , Performance & Resources Committee	09/05/23	11/07/23	19/09/23	14/11/23	16/01/24	12/03/24
6	Whole System Capacity	✓	✓	✓	✓	✓	✓
7	Access to outpatient, diagnostic and treatment services	✓	✓	✓	✓	✓	✓
8	Cancer Waiting Times	✓	✓	✓	✓	✓	✓
13	Delivery of a balanced in-year financial position	✓	✓	✓	✓	✓	✓
14	Delivery of recurring financial balance over the medium-term	✓	✓	✓	✓	✓	✓
15	Prioritisation & Management of Capital funding	✓	✓	✓	✓	✓	✓
	Staff Governance Committee	11/05/23	20/07/23	14/09/23	09/11/23	11/01/24	06/03/24
11	Workforce Planning and Delivery	✓	✓	✓	✓	✓	✓
12	Staff Health and Wellbeing	✓	✓	✓	✓	✓	✓
19	Implementation of Health and Care (Staffing) (Scotland) Act 2019	N/A	N/A	N/A	✓NEW*	✓	✓
All	Audit and Risk Committee	18/05/23 Cancelled	23/06/23	31/08/23	08/12/23	14/03/24	
All	Fife NHS Board	30/05/23	N/A	N/A	28/11/23 *Approved	N/A	N/A

File Name: NHS Fife Risk Management Annual Report 2023- 2024	V 0.1	Date: 02/05/24
Author: Pauline Cumming, Risk Manager, NHS Fife	Page 12 of 13	

Appendix 3

CORPORATE RISK DEEP DIVE REVIEW STATUS BY DATE OF ORIGINAL PRESENTATION as at 31/03/24					
No	Risk Title	Committee	Date	Status ✓ = complete	Next Review
8	Cancer Waiting Times (presented to both committees as originally aligned to CGC then changed to F,P&R)	CGC F, P&RC F, P&RC	04/11/22 15/11/22 14/11/23	✓ ✓ ✓	TBC
4	Policy Obligations in relation to environmental management and climate change	PHWC	07/11/22 04/09/23	✓ ✓	TBC
13	Delivery of a balanced in-year financial position	F, P&RC	15/11/22	✓	TBC
11	Workforce Planning & Delivery		TBC	×	
11.1	• Nursing & Midwifery Staffing Levels*	SGC	12/01/23	✓	
11.2	• Personal Development & Performance Review*	SGC	09/03/23	✓	
11.3	• Bank and Agency Work*	F, P&RC SGC F, P&RC SGC	09/05/23 11/05/23 11/07/23 20/07/23	✓ ✓ ✓ ✓	
	• Pharmacy Workforce Overview*	SGC	14/05/24		
18	Digital & Information	CGC	13/01/23 03/11/23	✓ ✓	TBC
14	Delivery of recurring financial balance over the medium term	F, P&RC (private session)	15/01/23	✓	TBC
2	Health Inequalities	PHWC	01/03/23 15/01/24	✓ ✓	TBC
3	COVID 19 Pandemic	CGC	03/03/23 12/01/24	✓ ✓	N/A Closed as corporate risk
7	Access to outpatient, diagnostic & treatment services	F, P&RC	14/03/23	✓	TBC
10	Primary Care Services	PHWC	15/05/23	✓	TBC
5	Optimal Clinical Outcomes	CGC	05/05/23 01/03/24	✓ ✓	TBC
1	Population Health & Wellbeing Strategy	PHWC	03/07/23	✓	TBC
9	Quality and Safety	CGC	07/07/23	✓	TBC
16	Off Site Area Sterilisation & Disinfection Unit Service	CGC	08/09/23	✓	TBC
6	Whole System Capacity	F, P&RC	TBC	×	
17	Cyber Resilience	CGC	13/01/24	✓	
15	Prioritisation & Management of Capital Funding	F, P&RC	16/01/24	✓	
12	Staff Health & Wellbeing	SGC	TBC	×	
19	Implementation of Health and Care (Staffing) Scotland Act 2019 [HCSA]	SGC	TBC	×	

(*not corporate but aligned to corporate risk)
 Clinical Governance Committee (CGC)
 Finance, Performance & Resources Committee (F, P&RC)
 Staff Governance Committee (SGC)
 Public Health & Wellbeing Committee (PHWC)

File Name: NHS Fife Risk Management Annual Report 2023- 2024	V 0.1	Date: 02/05/24
Author: Pauline Cumming, Risk Manager, NHS Fife	Page 13 of 13	

Meeting: Audit and Risk Committee
Meeting date: 12 September 2024
Title: Risks and Opportunities Group Progress Report
Responsible Executive: Margo McGurk, Director of Finance and Strategy
Report Author: Dr Shirley-Anne Savage, Associate Director for Risk and Professional Standards

Executive Summary:

This report provides a progress update from the Risks and Opportunities Group. Including an update on:

- Review of the Risk Matrix
- Operational Risk Management
- Risk Summary Dashboard
- Key Performance Indicators (KPIs)
- Risk Deep Dive Reviews
- Risk Management Framework
- Horizon Scanning

The Committee are asked to take to take a moderate level of assurance from the report.

1 Purpose

This report is presented for:

- Assurance

This report relates to:

- Local Policy
- NHS Fife Board Strategic Priorities
 - To Improve Health & Wellbeing
 - To Improve Quality of Health & Care Services
 - To Improve Staff Experience and Wellbeing
 - To Deliver Value and Sustainability

This report aligns to the following NHSScotland quality ambition(s):

- Safe
- Effective
- Person Centred

2 Report summary

2.1 Situation

This paper provides an update on the Risks and Opportunities Group's progress on key elements of its business since the last report to the Committee on 14 March 2024.

2.2 Background

The Risks and Opportunities Group (ROG) meet to continue to support the development of an effective risk management framework. To deliver on its annual work plan, the Group divides its time between the Corporate Risk Register and in supporting operational risk management practice.

2.3 Assessment

Review of the Risk Assessment Matrix

The matrix used in NHS Fife is based on the NHS Scotland matrix which was originally developed in 2008. The ROG has identified the need to further promote the matrix locally as a tool to support risk assessment and decision making.

A review of the national matrix to expand and modernise the content is underway. The ROG agreed to await completion of the national work after which we will review the NHS Fife matrix.

Operational Risk Management

Members recognise their role in shaping productive risk conversations with colleagues and encouraging risk reviews that focus on key points including:

- mitigation of higher rated risks;
- risks in existence, without becoming an issue, for 5 years or more, should have a likelihood score of "unlikely" or "remote"; and / or be considered for closure;
- considering the "current risk rating" and proximity to the "target risk rating" to determine if further mitigation, management and review is required, or risks that have reached or surpassed their target could be monitored or closed

Risk Summary Dashboard

To date, the Dashboard has been made available to the ROG and demonstrated to various stakeholders. Arrangements are being made to share the tool with specific teams and departments and promote its use to support operational risk management. The ROG will take forward a plan to support Dashboard implementation during 2024-25.

Key Performance Indicators (KPIs)

A KPI report was shared with EDG during April 2024 and reported to this committee on 16 May 2024 with a second KPI report brought to the committee today.

Risk Deep Dive Reviews

Deep dive reviews continue to be a key element of our assurance arrangements. Trigger factors for a deep dive have been agreed as the creation of a new corporate

risk, materially deteriorating risks, and proposed de-escalation / closure of a corporate risk, as well as intelligence from operational teams.

Risk Management Framework

The revised Framework and a Delivery Plan to support implementation are awaiting the completion of the work on risk appetite before being finalised. These will then be considered by the ROG, EDG and presented to this Committee for approval.

Horizon Scanning

Opportunities

Realistic Medicine has been identified as an area of focus for the year ahead, and members of the Realistic Medicine (RM) team will be invited to present to the ROG. It is anticipated this will enable a better understanding of how RM might connect with the Group’s work, and its impact on the future risk profile.

The Group will also consider horizon scanning in the context of the Population Health and Wellbeing Strategy and preparation of the related annual report.

Annual Statement of Assurance

An Annual Statement of Assurance was undertaken including a self-assessment of its own effectiveness. These were reported to EDG and this Committee in April and May 2024 respectively and will be produced again next year.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level		x		
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

Effective management of risks to quality and patient care will support delivery of our strategic priorities. It is expected that the application of realistic medicine principles will ensure a more co - ordinated and holistic focus on patients’ needs, and the outcomes and experiences that matter to them, and their families and carers.

2.3.2 Workforce

Effective management of workforce risks will support delivery of our strategic priorities, to improve staff health and wellbeing, and the quality of health and care services.

2.3.3 Financial

Effective management of financial risks will support delivery of our strategic priorities including delivering value and sustainability.

2.3.4 Risk Assessment / Management

Subject of the paper.

2.3.5 Equality and Diversity, including health inequalities and Anchor Institution ambitions

No specific Equality Impact Assessment has been conducted.

2.3.6 Climate Emergency & Sustainability Impact

This paper does not raise, directly, issues relating to climate emergency and sustainability. These items do form elements of risk for NHS Fife to manage.

2.3.7 Communication, involvement, engagement, and consultation

This paper reflects communication and feedback received from EDG, governance committees, and the considerations of the Risks and Opportunities Group.

2.3.8 Route to the Meeting

Alistair Graham, Director of Digital and Information, Group Co- Chair on 22 August 2024
Margo McGurk, Director of Finance, 22 August 2024

2.4 Recommendation

Members are asked to take a “**moderate**” level of assurance from the update provided.

3 List of appendices

None.

Report Contact

Dr Shirley-Anne Savage

Associate Director for Risk and Professional Standards

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Meeting: Audit & Risk Committee
Meeting date: 12 September 2024
Title: Blueprint for Good Governance Improvement Plan Update
Responsible Office holder: Pat Kilpatrick, Board Chairperson
Report Author: Gillian MacIntosh, Board Secretary

Executive Summary:

- This paper outlines the Board's progress in the delivery of the Improvement Plan created in March 2024, following members' self-assessment exercise against the Blueprint for Good Governance.
- The paper reports on the conclusion of the majority of the action points specified in the Plan, with detailed progress updates given in the appendix.
- The paper suggests a moderate level of assurance can be taken from the actions completed thus far, with some individual actions points still to be completed in full.

1 Purpose

This report is presented for:

- Assurance

This report relates to:

- Government policy / directive
- Local policy

This report aligns to the following NHSScotland quality ambition(s):

- Effective

2 Report summary

2.1 Situation

In March 2024, the Board approved an improvement plan, which followed on from the Board's self-assessment exercise against the expectations of the second edition of the NHS Scotland Blueprint for Good Governance. The Board is asked to note the enclosed update of progress related to the individual action points within the plan.

2.2 Background

From November to December 2023, the Board engaged in a self-assessment of its governance against the terms of [DL \(2022\) 38, NHS Health Boards and Special Health Boards Blueprint for Good Governance](#), published in December 2022. The self-assessment involved all Board members and routine attendees undertaking a detailed survey measuring the Board's current operations against the Blueprint functions. This was subsequently followed by a dedicated in-person Board development session held in February 2024 to agree the Board's actions, collating these in the format of an improvement plan. The self-assessment exercise has been a key element of implementing the arrangements of the NHS Scotland Blueprint for Good Governance and the survey and plan format have been provided to Boards by Scottish Government as part of a Once for Scotland approach common across all Health Boards.

The second edition of the Blueprint builds on the original guidance issued in 2019 and sets out the methodology for assessing the effectiveness of the healthcare governance system against the principles of good governance. The aim is for Boards to develop a programme of activity to drive continuous improvement in the delivery of good governance. Scottish Government has set out its preferred approach to evaluation following three levels of assessment as follows:

- Appraisal of Non-Executive / Stakeholder Board Members' individual performance (this is completed annually by the Chair and dates for these meetings are scheduled in October 2024)
- Self-assessment of the Board's effectiveness (completed in February 2024, as per the exercise described in this paper)
- External review of the organisation's governance arrangement (details of this future assessment process are still to be announced by Scottish Government)

2.3 Assessment

20 of 21 (95%) of eligible respondents (Board members and senior management attendees at Board meetings)¹ completed the Blueprint survey anonymously over November to December 2023. The Board then held a dedicated Development Session in mid-February 2024, facilitated by Claire Sweeney and Olivia McIlveen, Board Development colleagues from NES, to discuss the survey results. The session was broken down to the level of individual survey sections, and reviewed how well the Board is presently delivering on the functions outlined in the Blueprint. The session also considered what information each result tells us, the context for the final ratings, and Board members were invited to consider via individual breakout groups of where improvements can be made.

In discussing the survey results, the Board identified a number of areas of strength in existing governance practice, such as the current committee structure and system of assurance it provides; level of professional support available to the Chair, Committee chairs and Board members; positive Board dynamics and member relationships, with

¹ Note, two recently appointed Board members were excluded from the survey, due to the fact that, at the point of completion, neither had yet had the opportunity to attend a Board meeting.

behaviours and visible leadership in culture in support of NHS core values; and clarity over roles and responsibilities, particularly between the Health Board and Integration Joint Board.

There was open and honest reflection amongst members of areas that require further work to strengthen, which are captured in the Board’s improvement plan. These can be categorised broadly as:

- enhancing stakeholder engagement, including rollout of a Participation & Engagement Strategy to support service enhancements (particularly in relation to potential service changes under the RTP workstreams) and developing more contact between Board members and as wide a group of staff as possible;
- refreshing the Board’s risk appetite, to reflect current financial / resource pressures;
- continuing to improve the level of data and information given to the Board and its committees, in documents such as the IPQR, financial reporting and risk register;
- seeking to improve the Board’s diversity in membership, via the next cycle of Non-Executive appointments; and
- improving our assurance arrangements, to inform ongoing development and clarity of our governance structures.

Since the Blueprint Action Plan was approved by the Board, a further Board Development Session in April saw discussion on the Board adopting formal Levels of Assurance, and these have since been adopted and rolled-out. Further discussion on general reporting to help support the ‘Re-Form, Transform and Perform’ (RTP) programme of work has also sought to enhance our practice and meet Board members’ requests for an appropriate level of detail in reporting, at regular intervals.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level		x		
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

Delivering robust governance across the organisation is supportive of enhanced patient care and quality standards, whilst delivering best value for the public.

2.3.2 Workforce

N/A.

2.3.3 Financial

N/A.

2.3.4 Risk Assessment / Management

The report is not directly linked to any strategic or corporate risk. The Board's lack of compliance with the Blueprint, however, risks divergence from Scottish Government guidance and would be a focus of internal and external audit scrutiny and challenge.

2.3.5 Equality and Diversity, including health inequalities and Anchor Institution ambitions

There are no direct equality or diversity implications arising from this paper. However, the proposals are intended to enable a more diverse range of skills and experience to be developed within the membership of the Board.

2.3.6 Climate Emergency & Sustainability Impact

No direct impact.

2.3.7 Communication, involvement, engagement and consultation

The Chair and Vice Chair have had initial sight and comment on this paper and the draft plan.

2.3.8 Route to the Meeting

The Action Plan was previously reviewed and adopted by the Board at its March 2024 meeting. The Audit & Risk Committee is the first group to consider this update on implementation of the Plan.

2.4 Recommendation

This paper is provided to members for:

- A “moderate” level of assurance – for members’ to note progress in delivery of the Board’s current Improvement Plan.

3 List of appendices

The following appendices are included with this report:

- Appendix – Board Improvement Plan Progress Update

Report Contact

Dr Gillian MacIntosh

Head of Corporate Governance & Board Secretary

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Priority Area	Blueprint Function	High level Action	Interdependency	Lead(s)	Timeline	Status	September 24 Update	Intended good governance outcome
Functions	Setting the Direction	Strengthen the Board's input on financial decision-making, including its involvement into design of options around investment and disinvestment as part of the Re-Form, Transform, Perform (RTP) workstreams. Ensure that clear proposals and supporting information are provided to the Board, that decisions are clearly recorded, and progress is routinely reported and monitored.	Governance reporting route of RTP programme	Chief Executive / Board Chair	Apr-24	Closed	Regular RTP reporting now built into both Board and Committee workplans, supported by dedicated RTP slot at each Board meeting and Board Development Session. Enhanced financial reporting also in place. RTP Champion appointed from amongst the Non-Executive members meeting weekly with Director of Reform & Transformation.	Ensure the Board as a whole owns directly the plans in place to reach financial balance, and that the key drivers are well understood across the full membership.
Functions	Managing Risk	Review and agree the Board's Risk Appetite statement, at a dedicated Board Development Session, in light of current financial and operational pressures.	-	Board Chair / Chief Executive	Apr-24	Open	Two dedicated risk appetite sessions held in-person with the Board, in April and June 2024, to further develop risk appetite statement. Current plan is to conclude this refresh of the Board risk appetite statement by December 2024.	A more active approach to governance to make more timely, well informed and strategic decisions. A clearer understanding of the Board's risk appetite and tolerance being evident at Committee and Board level.
Functions	Engaging Stakeholders	Finalise, approve and implement a new Public Participation & Community Engagement Strategy, to be utilised and become embedded in our processes for reforming and transforming our services.	-	Associate Director of Comms / Board	May-24	Closed	Members have considered new Strategy and operational plan via Public Health & Wellbeing Committee and Board in May and July 2024. Further details has been provided on planning engagement-related activities for RTP workstreams and emerging individual projects.	Embedding patient, stakeholder and community representation and feedback within the performance framework and governance structure, to ensure strategic decisions are appropriately informed.
Enablers	Diversity and equality	Seek to increase diversity and equality amongst the Board membership in current Non-Executive Member recruitment exercise.	Timings and completion of Public Appointments recruitment process	Board Chair	May-24	Open	Recent Non-Executive vacancy successfully filled, supported by colleagues from Ethical Standards Commission and Public Appointments team. Forthcoming Non-Executive term extensions and appointments to continue to review Board composition and potential skill/diversity gaps.	The composition of the publicly appointed membership of the Board to better reflect the diversity of the communities within Fife.
Functions	Holding to Account	IPQR to include wider benchmarking data, to assist with triangulation and to refer to any live critical issues. IPQR also to include description of trends, trajectories and benchmark of performance with other Boards of a similar comparison size.	-	Director of Finance & Strategy / Associate Director of Planning & Performance	Jun-24	Closed	IPQR review now complete and these matters addressed. Initial report considered at July 2024 Board meeting and further feedback sought on additional metrics to be added.	Performance reporting to triangulate with other NHS Fife data, and to utilise trajectories, trends and benchmarking with other Boards and systems.
Functions	Engaging Stakeholders	Create a rolling programme of Non-Executive member site visits and engagement opportunities with staff and patient groups, to increase visibility of the Board and to provide opportunities for members to hear a diverse range of views.	-	Board Secretary	Jun-24	Closed	Series of visits scheduled and ongoing feedback on areas to prioritise sought. Non-Executive take-up to be promoted. Chair continuing to undertake familiarisation visits across a range of services. Agreed to be brought into Business as Usual activity.	Possible impact on staff and patients of Board strategies and decisions to be informed by direct Board member engagement with key groups.
Enablers	Roles, responsibilities and accountabilities	Review the role and number of Non-Executive Board Champions, to ensure that they can play an important part in disseminating the Board's culture and values wider with staff and key stakeholders. Explore and implement a suitable reporting mechanism to the Board on the activities of each of the Champions.	-	Board Chair / Vice Chair	Jun-24	Closed	Number of standing Board Champions have not increased, but a Non-Executive 'Performance Champion' was identified to work in a time-limited manner with the IPQR review mentioned above. For Staff Governance, regular Champion reporting has been built into Committee agenda planning and annual workplan, and regular Champion input is given into Non-Executive member meetings.	Clear thread of organisational culture / ethos between front-line teams and the Board itself.
Delivery	The Assurance Framework	Clearly set out an assurance map / framework for the Board, detailing how assurance and delegation works across the Board and its various committees. This is part of reducing duplication and ensuring that the Board is focused on the most important and strategic issues facing the organisation.	Ongoing discussion of national guidance being issued for Boards, on a 'Once for Scotland' basis	Board Secretary	Jul-24	Open	Detailed discussion on adopting Levels of Assurance undertaken at April 2024 Board Development Session, subsequently supported by adoption of these and Committee Chairs' Assurance Reports. National guidance on design and adoption of NHS Scotland Assurance Framework being discussed presently at Board Secretaries' Group, building on experience from other Boards who have introduced.	Increase visibility of assurance pathways across the Board and its committees, to increase clarity about where key responsibilities lie.

Meeting:	Audit and Risk Committee
Meeting date:	12 September 2024
Title:	Losses and Special Payments Quarter 1 2024/25
Responsible Executive:	Margo McGurk, Director of Finance and Strategy
Report Author:	Kevin Booth, Head of Financial Services & Procurement

Executive Summary:

- The Boards Losses and Special Payments have reduced in quarter 1 in comparison to quarter 4 (2023/24)
- There have been no significant findings or concerns raised in relation to those Losses and Special Payments itemised in the quarter.

1 Purpose

This is presented for:

- Assurance

This report relates to a:

- National policy

This aligns to the following NHS Scotland quality ambition(s):

- Effective

2 Report summary

2.1 Situation

This paper presents a summary of the Board's losses and special payments covering quarter to (01/04/24 – 30/06/24).

2.2 Background

The Boards losses and special payments are controlled by the Financial Services Department and are reported to the Scottish Government as part of the annual accounts process.

As per section 16 of the Financial Operating Procedures, any potential losses or special payments are approved by the relevant Directorate/Department Head. The loss, theft or damage paperwork is then provided to the Head of Financial Services & Procurement for final approval.

The losses and special payments for the quarter are compiled into a report with a format and categories defined by the requirements of the Scottish Government. These categories include losses relating to fraud, damage to buildings/equipment, debtors' balances written off, damage/loss of equipment and stock, vehicle accident and insurance excess payments and compensation payments covering financial losses suffered by patients amongst others. The report also quantifies both the clinical and non-clinical ex-gratia compensation payments for any legal claims that are negotiated and settled on the Board's behalf by the Central Legal Office following consultation with the Director of Finance & Strategy.

2.3 Assessment

The attached appendix summarises the Boards losses and special payments for the period 01/03/24 – 30/06/24. The reports categorise the types of losses and special payments made in the period whilst also quantifying the number of cases of each and the total monetary value.

There were 181 losses and special payments in the quarter which was comparable to those reported in the fourth quarter (184) of 2023/24. The total cost reported however has significantly decreased in the quarter to £196,509, down from £470,374 reported in quarter four. This decrease was predominantly as a result of the decrease in value of the clinical ex-gratia compensation payments (£127,171 down from £380,363). The value of non-clinical ex-gratia payments also decreased in the quarter (£57,418 down from £65,200). The total of Losses and Special Payments out with Clinical and Non-Clinical ex-gratia compensation payments was £11,920 which was a decrease in comparison to quarter four (£24,811).

The Treasury team carried out their quarterly analytical review to provide additional assurance and the following items were noted:

- 1 – As there was no Debtors review carried out at the end of quarter one (£12,898 was written off in Quarter 4), this was the main reason behind the overall reduction in the Losses and Special Payments out with Clinical and Non-Clinical ex-gratia compensation payments.
- 2 – Losses in relation to Buildings and Fixtures (section 6) were identified as being significantly higher than anticipated (£3,608 for the quarter in comparison to £7,201 for the 12 months). This was as a result of increased costs of claims for vandalism across the Boards estate.

The above findings will be carried into the quarter two review to assist with the identification of any developing trends which may materially affect the Boards expected position moving forward.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level	x			

Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk
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2.3.1 Quality, Patient and Value-Based Health & Care

The losses and special payments require to be tightly controlled as they can have a material impact on the Boards financial position and ability to maintain budgets to ensure/enhance Patient Care.

2.3.2 Workforce

The procedural guidance for Managers to ensure the appropriate treatment for any losses or special payments is stated in the Financial Operating Procedures.

2.3.3 Financial

The losses and special payments are included within the Boards Annual Accounts process, subject to external audit and submitted to the Scottish Government for oversight.

2.3.4 Risk Assessment/Management

The level of the Board's losses and special payments are monitored to minimise any potential reoccurrence and future exposure to the Board.

2.3.5 Equality and Diversity, including health inequalities and Anchor Institution ambitions

The Board's treatment of its losses and special payments is consistently applied and follows the Financial Operating Procedures where relevant to ensure equity of treatment.

2.3.6 Climate Emergency and Sustainability Impact

N/A

2.3.7 Communication, involvement, engagement and consultation

The Boards quarterly losses and special payments are compiled by the Treasury Team and are presented to the Head of Financial Services and Procurement ahead of the annual submission to the Scottish Government. The losses and special payments included in the report have been approved by the appropriate Directorate/Department Head or in the case of legal settlements have come through following agreement/notification by the Central Legal Office.

2.3.8 Route to the Meeting

This paper is brought to the members attention to give visibility of the Board's losses and special payments in the quarter to 30 June 2024.

2.4 Recommendation

- **Assurance** – The committee is provided with a “**significant**” level of assurance.

3 List of appendices

- Appendix 1 - Summary of Losses and Special Payments 01/04/24 – 30/06/24

Report Contact

Kevin Booth

Head of Financial Services & Procurement

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FIFE HEALTH BOARD
SUMMARY OF LOSSES AND SPECIAL PAYMENTS

ITEM NO.	CATEGORY	APR-JUN'24		JUL'23 - JUN'24	
	Miscellaneous / Theft / Arson / Wilful Damage				
1	Cash				
2	Stores/procurement				
3	Equipment			1	236
4	Contracts				
5	Payroll <i>Salary Overpayment Debtors Invoices</i>			25	15486
6	Buildings & Fixtures <i>Vandalism</i>	20	3608	70	7201
7	Other				
	Fraud, Embezzlement & other irregularities (incl. attempted fraud)				
8	Cash				
9	Stores/procurement				
10	Equipment				
11	Contracts				
12	Payroll				
13	Other				
14	Nugatory & Fruitless Payments			1	948971
	Claims Abandoned:				
15	(a) Private Accommodation				
	(c) Other <i>Hardship Accounts / Insurance Excess / Debtors WO's</i>	137	2373	613	17076
	Stores Losses:				
16	Incidents of the Service :				
	- Fire				
	- Flood				
	- Accident				
17	Deterioration in Store				
18	Stocktaking Discrepancies				
19	Other Causes				
	Losses of Furniture & Equipment and Bedding & Linen in circulation:				
20	Incidents of the Service :				
	- Fire				
	- Flood				
	- Accident <i>Loss / Damaged Equipment</i>	5	2724	24	13878
21	Disclosed at physical check				
22	Other Causes				
	Compensation Payments - legal obligation				
23	Clinical				
24	Non-clinical				
	Ex-gratia payments:				
25	Extra-contractual Payments				
26	Compensation Payments - ex-gratia - Clinical	6	127171	45	2019670
27	Compensation Payments - ex-gratia - Non Clinical	3	57418	21	256217
28	Compensation Payments - ex-gratia - Financial Loss	6	2002	20	9993
29	Other Payments				
	Damage to Buildings and Fixtures:				
30	Incidents of the Service :				
	- Fire				
	- Flood				
	- Accident <i>Vehicle Expenditure</i>	4	1214	10	2478
	- Other Causes				
31	Extra-Statutory & Extra-regulatory Payments				
32	Gifts in cash or kind				
33	Other Losses				

		181	196510	830	3291207
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Meeting: Audit & Risk Committee
Meeting date: 12 September 2024
Title: Procurement Tender Waivers Compliance Quarter 1 2024/25
Responsible Executive: Margo McGurk, Director of Finance & Strategy
Report Author: Kevin Booth, Head of Financial Services & Procurement

Executive Summary:

- This paper provides an update to the ARC that there were no waivers of competitive tender applied across the procurement function in quarter one.
- As a result, the Board does not have any exposure to risk in regard to compliance with this process following quarter one.

1 Purpose

This report is presented for:

- Assurance

This report relates to:

- Government policy / directive
- Legal requirement

This report aligns to the following NHSScotland quality ambition(s):

- Safe

2 Report summary

2.1 Situation

In order to allow the Audit & Risk Committee to take assurance that the Boards Procurement Function is operating within the legal requirements of the Scottish Government. This paper presents oversight of the Contract Awards over £50,000 in the period April 2024 – June 2024 that were subject to a waiver of competitive tender.

2.2 Background

As per the Guidance in the Public Contracts Scotland Act 2015. Any non-competitive award of a contract with an anticipated value of £50,000 or more (inclusive of vat) must have a waiver of competitive tender completed prior to award and be signed off by both the Head

of Procurement and then counter signed by both the Director of Finance & Strategy and the Chief Executive.

The waiver of competitive tender confirms the restricted conditions which when in existence, the Board is permitted to award the contract without following the existing procurement journey route 2 as prescribed in the Act.

The restricted, permitted conditions (as per the Code of Corporate Governance, appendix 3 Standing Financial Instructions, section 9.11) which must be in existence are as follows:

1. Where the repair of a particular item of equipment can only be carried out by the manufacturer.
2. Where the supply is for goods or services of a special nature or character in respect of which it is not possible or desirable to obtain competitive quotations or tenders.
3. A contractor's special knowledge is required.
4. Where the number of potential suppliers is limited, and it is not possible to invite the required number of quotations or tenders, or where the required number do not respond to an invitation to tender or quotation to comply with these SFIs.
5. Where, on the grounds of urgency, or in an emergency, it is necessary that an essential service is maintained or where a delay in carrying out repairs would result in further expense to NHS Fife.

Any other justification including the unavailability of time should not be considered without the prior agreement with the Scottish Government.

2.3 Assessment

During the period April 2024 – June 2024 the Procurement Team awarded one contract to the value of £50,000 or above. This contract was processed and awarded through the full procurement journey and was not subject to a waiver of competitive tender.

By comparison there was a total of two tender waivers applied for the financial year 2023/24, totalling £1,056,730, one for additional capacity with The Aberdeen Clinic for NHS Lothian patients and one for GI manometry equipment with Medtronic. This was a significant reduction in the twelve waivers that were applied in 2022/23 totalling £5.4m.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level	X			
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

A waiver of competitive tender will only ever be considered by Procurement where all applicable information is provided to a high quality, allowing for an effective decision to be made.

2.3.2 Workforce

The current guidance for the application of a waiver of competitive tender is contained within the Financial Operating Procedures section 11(a) for staff to refer to when consideration is required. The qualifying criteria contained mirrors that within the Boards Standing Financial Instructions.

2.3.3 Financial

As per the Public Contracts Scotland Act 2015 any procurement of £50,000 or above is subject to Procurement Journey Route 2 (or Route 3 if £138,760 or above), where a Tender would be posted through the Public Contracts Tender Portal. The implementation of the Tender Waiver negates the requirement for this process.

2.3.4 Risk Assessment / Management

The implementation of a Waiver of Competitive Tender needs to be robustly controlled to ensure the Board does not expose itself to challenge which could result in legally imposed financial penalties and reputational damage.

2.3.5 Equality and Diversity, including health inequalities and Anchor Institution ambitions

The governed application of the waiver of competitive tender ensures applicable treatment of suppliers across the marketplace.

2.3.6 Climate Emergency & Sustainability Impact

N/A

2.3.7 Communication, involvement, engagement and consultation

The consideration of the application of a waiver of competitive tender is considered by the Senior Procurement Team following discussions with the order requisitioner and service lead before being approved if applicable by the Head of Procurement and then issued to the Director of Finance & Strategy and the Chief Executive for final sign off.

2.3.8 Route to the Meeting

The Procurement Governance Board monitors the Procurement KPI's which includes the number of Competitive Tender Waivers implemented.

2.4 Recommendation

- **Assurance** – Members are asked to take a “**significant**” level of assurance that the Procurement process for the waiver of competitive tenders was correctly applied in the period.

3 List of appendices

None.

Report Contact

Kevin Booth

Head of Financial Services & Procurement

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AUDIT & RISK COMMITTEE

DATES FOR FUTURE MEETINGS

Date
15 May 2025
19 June 2025
18 September 2025
11 December 2025
12 March 2026

Please note that all meetings take place via **MS Teams** / in the **Staff Club** (TBC) and start at **2pm**

A pre-meeting of Non-Executive Members is routinely held, beginning at **9.30am**

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Meeting:	Audit & Risk Committee
Meeting date:	12 September 2024
Title:	Audit Scotland Technical Bulletin 2024/1 & 2024/2
Responsible Executive:	Margo McGurk, Director of Finance & Strategy
Report Author:	Kevin Booth, Head of Financial Services & Procurement

Executive Summary:

- This paper provides awareness to the matters identified by Audit Scotland for Auditors consideration during the 2023/24 Audit process.
- With the NHS Fife Audit process now complete, the report provides additional technical guidance for information.

1 Purpose

This is presented for:

- Assurance

This report relates to a:

- Emerging issue
- Government policy/directive
- Legal requirement

This aligns to the following NHS Scotland quality ambition(s):

- Effective

2 Report summary

2.1 Situation

The Audit Scotland Technical Bulletin is a resource shared across members of the Finance Directorate and is provided to the Audit and Risk committee to raise awareness of emerging developments from an Audit perspective.

2.2 Background

The Audit Scotland Technical Bulletins are prepared on a quarterly basis and are provided to support auditors appointed by the Auditor General for Scotland and Accounts Commission for Scotland with:

- Information on the main technical developments across the public sector in the quarter.
- Information on professional matters during the quarter that are expected to have applicability to the public sector.
- Summaries of responses to any requests from auditors for technical consultations with Audit Scotland Professional Support.

2.3 Assessment

The Audit Scotland Technical Bulletin is arranged by sector with content applicable to specific sectors and also across the public sector as a whole.

Section two references the guidance issued to appointed auditors in relation to model forms of Independent Auditors Reports which are to be used for the 2023/24 Audit process.

Section five highlights developments specifically in relation to the Health Sector. A number of reports were identified to support the 2023/24 audit process.

Section six provides a summary of fraud cases and other irregularities that have recently been reported by auditors as a result of weaknesses in internal controls at audited bodies.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level	X			
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

N/A

2.3.2 Workforce

The Technical Bulletin is shared widely across the Finance Directorate.

2.3.3 Financial

Technical and Financial developments are addressed from Audit Scotland's perspective.

2.3.4 Risk Assessment/Management

Emerging Risks relating to the Health Sector are addressed from Audit Scotland's perspective.

2.3.5 Equality and Diversity, including health inequalities and Anchor Institution ambitions

N/A

2.3.6 Climate Emergency and Sustainability Impact

Any emerging matters in relation to sustainability reporting are considered by Audit Scotland and reported where appropriate.

2.3.7 Communication, involvement, engagement and consultation

The Audit Scotland Technical Bulletins are provided to Boards through the Technical Accounts Group meetings and any impending issues are discussed.

2.3.8 Route to the Meeting

This paper has been provided to support the Audit & Risk Committee following discussions between the Head of Corporate Governance and the Head of Financial Services & Procurement

2.4 Recommendation

- **Assurance** – This report provides a “**significant**” level of assurance.

3 List of appendices

- Appendix 1 – Audit Scotland Technical Bulletin 2024/1
- Appendix 2 - Audit Scotland Technical Bulletin 2024/2

Report Contact

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Technical Bulletin

2024/1

Technical developments and emerging risks from
January to March 2024



 AUDIT SCOTLAND

Prepared by Audit Scotland for appointed auditors and audited bodies in all sectors

3 April 2024

Contents

1: Introduction	3
2: All sectors	5
3: Local government sector	6
4 Central government sector	14
5 Professional matters	22
6. Fraud and irregularities	25

1: Introduction

Purpose

The purpose of Technical Bulletins from Audit Scotland's Innovation and Quality (I&Q) business group is to provide auditors appointed by the Auditor General for Scotland and Accounts Commission for Scotland with:

- information on the main technical developments in each sector during the quarter
- information on professional matters during the quarter that are expected to have applicability to the public sector
- summaries of responses to any requests from auditors for technical consultations with I&Q.

Appointed auditors are required by the Code of Audit Practice to pay due regard to Technical Bulletins. The information on technical developments is aimed at highlighting the key points that I&Q considers auditors in the Scottish public sector require generally to be aware of. It may still be necessary for auditors to read the source material if greater detail is required in the circumstances of a specific audited body. Source material can be accessed by using the hyperlinks.

Any specific actions that I&Q recommends that auditors take are highlighted in **green**.

Technical Bulletins are also published on the Audit Scotland [website](#) and therefore are available for audited bodies and other stakeholders to access. However, hyperlinks to source material indicated with an asterisk (*) link to files on Audit Scotland's [SharePoint*](#) and are only accessible by auditors.

Highlighted items

I&Q highlights in the following table a selection of the items in this Technical Bulletin that are of particular importance:

Highlighted items		
I&Q has published guidance on reporting on summary financial information in 2023/24 [paragraph 1]	The Scottish Government has issued revised statutory guidance on accounting for service concession arrangements [paragraph 4]	CIPFA has published guidance notes on the 2023/24 accounting code [paragraph 14]
CIPFA has issued a disclosure checklist for 2023/24 [paragraph 17]	I&Q has published two auditor assurance protocols [paragraph 21]	The Accounts Commission has published a financial bulletin on 2022/23 [paragraph 24]
I&Q has published a briefing on section 106 charities [paragraph 27]	I&Q has published guidance on risks of misstatement in 2023/24 annual report and accounts [paragraph 40 and 69]	I&Q has published model forms of IARs for 2023/24 [paragraph 44]
Treasury has re-issued the 2023/24 FREM and issued the 2024/25 FReM [paragraph 49 and 58]	The Scottish Government has issued the NHS accounts manual and CAM for 2023/24 [paragraph 72 and 80]	The FRC has issued a revised Ethical Standard [paragraph 83]

Consulting with I&Q

Auditors should consult with I&Q by sending an email to TechnicalQueries@audit-scotland.gov.uk.

2: All sectors

TGN on reporting on summary financial information in 2023/24

1. I&Q has issued a Technical Guidance Note (TGN) TGN/SFI/24 to provide auditors with guidance on examining and reporting on summary financial information for 2023/24. The TGN is available to auditors on [SharePoint*](#) and is also freely available from the Audit Scotland [website](#).

2. Summary financial information refers to a structured representation of financial information that is derived from, but contains less detail than, a full set of financial statements. In some cases, an audited body may be required by its sponsoring body to produce a separate annual report that includes summary financial information. In other cases, a body may choose to produce a report or other document that contains summary financial information as defined above.

3. In either event, **auditors should express an opinion on the summary financial information's consistency with the audited financial statements.** TGN/SFI/24:

- provides guidance for auditors on the examination of the summary financial information
- sets out and explains the testing and reporting procedures that auditors should carry out (all summarised in the checklist at Appendix 1)
- provides a model form of report at Appendix 2.

3: Local government sector

Revised guidance on accounting for service concession arrangements

4. The [Scottish Government](#) has published [Finance Circular 7/2023](#) to provide revised statutory guidance on accounting for service concession arrangements, leases and similar arrangements. The revised statutory guidance replaces Finance Circular 10/2022 from 1 April 2024.
5. Finance Circular 10/2022 temporarily permitted a local authority to recognise the principal repayments for a service concession arrangement over the asset life rather than contractual term. This temporary flexibility is not reflected in the new statutory guidance.
6. With the exception of those service concession arrangements to which the flexibility was applied in either 2022/23 or 2023/24, from 1 April 2024 the annual statutory charge to the General Fund for all existing and new service concession arrangements, leases and similar arrangements will be required to:
 - reflect the principal element of the contractual repayments
 - be charged to the General Fund over the term of the contract.
7. Finance Circular 10/2022 will continue to apply where the temporary flexibility was exercised.
8. The proposed amendment explained in [Technical Bulletin 2023/4](#) (paragraph 33) relating to leases reclassified on transition to IFRS 16 has not been progressed.

Proposed amendments to loans fund repayments - update

9. The Scottish Government has issued a [response](#)* to the comments received on its consultation on amending requirements for calculating repayments to loans fund advances (explained in [Technical Bulletin 2023/4](#) (paragraph 23)). The consultation proposed amendments to:
 - The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 (the 2016 Regulations) which set out the statutory requirements for loans fund accounting
 - Finance Circular 7/2016 (the statutory guidance) which sets out proper accounting practices for loans fund accounting.

10. The original proposed amendments to the 2016 regulations and any revisions to the actual amendments (which will come into force on 1 April 2024 rather than the proposed 1 April 2023) as a result of the consultation are summarised in the following table:

Original proposal	Revised requirement
A variation to a loans fund repayment must not extend the repayment period beyond the earlier of the end of the asset's useful life or 50 years after advance was made.	The revised requirement is that a varied repayment period must not exceed the useful life of the asset. Where a useful asset life cannot reasonably be determined, the repayment period may not exceed 50 years. Scottish Ministers may permit a longer repayment period where there is a compelling reason to do so.
Variation to a loans fund repayment must be applied prospectively and can never give rise to a nil or negative repayment.	No change
A loans fund repayment may not be varied where Scottish Ministers have consented to that borrowing	No change
Any decision to make a variation must be made by the whole council and may not be delegated.	Proposal withdrawn

11. The 2016 regulations apply to loans fund advances made prior to 1 April 2023 and have been amended by [The Local Authority \(Capital Finance and Accounting\) \(Scotland\) Amendment Regulations 2024](#) to give effect to the above revisions. Equivalent amendments will be made to the statutory guidance which applies to advances made after 1 April 2023.

12. The following additional amendments to statutory guidance were deferred for further consideration:

- A requirement to categorise each loans fund advance against a specific element of capital expenditure.
- A restriction or removal of the use of the annuity method of establishing the loans fund repayment profile for new capital investment projects from 1 April 2023.
- An amendment to advise that the use of capital receipts to meet loans fund repayments does not reflect prudent provision and the Scottish Government has a longer-term aim to restrict the use of capital receipts for loans fund repayments.

- From 1 April 2023, all loans fund advances that relate to new capital investment projects which have not been approved prior to 1 April 2023 must be repaid in full on derecognition of an asset.

13. The above amendments, if applied, would not be introduced before 1 April 2027.

Guidance on 2023/24 accounting code

14. The [Chartered Institute of Public Finance and Accountancy](#) (CIPFA) has issued [guidance notes](#)* to support the Code of Practice on Local Authority Accounting in the UK 2023/24 (2023/24 accounting code).

15. The overall aim of the guidance notes is to explain and illustrate how to apply the accounting requirements of the accounting code, provide background to the requirements, and illustrate how they might be applied in practical situations. The guidance is not mandatory.

16. This edition of the guidance notes has been updated to reflect changes to the 2023/24 accounting code (explained in [Technical Bulletin 2023/2](#) – paragraph 44). The most significant changes relate to accounting policies as a result of amendments to IAS 1 including the following:

- Guidance has been added to pages 31 and 32 on the application of amendments related to the selection and presentation of accounting policies. The guidance highlights that there is:
 - greater care to be taken to avoid ‘boilerplate’ text, especially where it is not tailored to the authority or simply repeats accounting code requirements
 - greater emphasis on the effectiveness of the judgements made in deciding what is material
 - a focus on organising and presenting material accounting policy information clearly and concisely.
- Further guidance has been added to paragraphs 32 to 34 on making judgements on materiality, highlighting the process to identify information that might influence the assessment, classification and presentation of material information clearly and concisely.
- Guidance has been added on pages 193 to 199 which clarifies the distinction between changes in estimates, changes in accounting policies, and correction of errors.

2023/24 disclosure checklist

17. CIPFA has issued a [disclosure checklist](#)* for the 2023/24 financial statements. It is intended for use as an aide-memoire to assist in meeting the requirements of the accounting code.

18. The checklist is in the form of a series of questions and the implications of the answers are set out in the following table:

Answer	Implication
Yes	The accounting code is being complied with.
No	A justification for departing from the accounting code should be given. For example, a legitimate justification may be that the information resulting from a particular disclosure is not material.

19. When evaluating whether the accounting code's disclosure requirements have been met, **auditors should:**

- request that the body completes the 2023/24 disclosure checklist
- investigate the reasons for any non-compliance that the checklist highlights
- evaluate whether the body's responses in the checklist are consistent with auditor's knowledge.

20. Where the body declines to complete the checklist, **auditors should:**

- establish the alternative arrangements by which it satisfies itself regarding the completeness of disclosures
- evaluate the adequacy of the arrangements
- consider completing the checklist as part of their audit procedures, where the body's arrangements are judged not to be adequate.

Auditor assurance protocols for 2023/24

21. I&Q has published two protocols to provide agreed frameworks for auditors to seek and provide certain assurances from auditors of other public bodies (assurance protocols). The assurance protocols are summarised in the following table:

Protocol subject	Nature of audit assurances
Local Government Pension Scheme (LGPS)	<p>LGPS pension fund auditors request assurances from employer body auditors in respect of pension contributions payable by the employer body to the pension fund.</p> <p>Employer body auditors request assurances from pension fund auditors in respect of information provided by the pension fund to the actuary in relation to their reports on employer bodies.</p>

Protocol subject	Nature of audit assurances
Integration joint boards (IJBs)	IJB auditors request assurances from the auditors of the constituent authorities regarding information not held by the IJB.

22. The assurance protocols set out the potential range of assurances but do not compel any specific assurances to be sought. It is not expected that any assurances outwith the specified range will generally be requested but that will be a matter for local agreement in 2023/24.

23. Auditors should:

- judge whether it is necessary to request any assurances from other auditors in 2023/24
- follow the agreed frameworks in each protocol when requesting or providing assurances.

2022/23 financial bulletin

24. The [Accounts Commission](#) has published its annual financial bulletin of Scottish local authorities. The [bulletin](#) provides a high-level independent analysis of the financial performance of local authorities during 2022/23 and their financial position at 31 March 2023. Some key messages include the following:

- There is pressure on capital budgets, presenting risks to the viability of local government capital programmes, Capital funding from the Scottish Government rose in 2022/23 but remains lower than before the pandemic and has been volatile over the past decade.
- An increasing proportion of local government funding is now either formally ring-fenced or provided with the expectation it will be spent on specific services.
- Councils anticipate budget gaps of over £476 million for the year, higher than the previous year. Councils are increasingly having to rely on savings and reserves to balance budgets. Half of councils increased their usable reserves in 2022/23, and overall usable reserves grew to £4.45 billion.

2024/25 finance settlement

25. The Scottish Government has published [Finance Circular 8/2023](#) announcing the local government finance settlement for 2024/25 and revised funding for 2023/24.

26. The circular provides details of:

- the provisional total revenue and capital funding allocations for 2024/25
- the latest information on redeterminations for 2023/24

- a range of non-domestic rates measures, including the proposed poundage for 2024/25 and changes to certain reliefs.

Section 106 charities accounts

27. I&Q has issued a [briefing](#) to encourage a reduction in the number of sets of accounts of registered charities that fall within the scope of section 106 of the Local Government (Scotland) Act 1973 (section 106 charities). The briefing provides information on:

- the number of section 106 charities administered by each local authority in 2022/23
- the number of related sets of accounts.

28. Local authorities continued to administer a total of 165 charities in 2022/23 (a small reduction of five from 2021/22). In order to reduce the number of section 106 charities in 2023/24, **auditors should strongly encourage authorities with multiple charities to:**

- **reorganise their charities through merging or winding them up, particularly when they appear to be failing to meet their charitable aims (e.g. by not disbursing funds)**
- **consider appointing an external trustee as this would remove the charity from the scope of section 106.**

29. In the meantime, there is scope under the charity regulations for connected charities to prepare a single set of accounts. In I&Q's view, the definition of connected charities is met for section 106 charities administered by the same local authority even where trustees differ as they meet the condition for 'unity of administration'. However, in 2022/23:

- four authorities made only partial use of the connected charities provisions and produced 18 sets of accounts between them
- four authorities made no use of the provisions and produced 16 sets of accounts.

30. **Auditors should strongly encourage local authorities to make full use of the connected charities provisions in 2023/24.**

Consultation on measures to aid local audit in England

31. The [CIPFA/LASAAC Board](#) has issued a [consultation](#) on measures to aid the recovery of local audit in England. The proposals are set out in an update to the accounting code that would apply to local authorities in England only and would apply to 2023/24 and 2024/25. Although intended for England, Scottish stakeholders may be interested in the nature of the proposals.

32. The main proposal relates to an option to use specified indexation to remeasure operational property, plant and equipment instead of using professional valuations. This would involve the following:

- Asset values in 2023/24 and then 2024/25 would be based on the information in the 2022/23 financial statements updated by a standard index.
- The index would be centrally determined and be adjusted to reflect different regions in England.
- The consultation asks which party would be appropriate to determine the index to be applied.
- The asset values would still need to reflect current value subject to considerations of materiality. Local authorities will therefore still need to ensure that asset carrying amounts are supported by a sufficiently current evidence base.

33. There is also a proposal to reduce disclosures for pensions reporting. The proposal is to align disclosure requirements for pensions with FRS 102. The reduced requirements would therefore be for a local authority to disclose information that:

- explains the characteristics of its defined benefit plans and risks associated with them
- identifies and explains the amounts in its financial statements arising from its defined benefit plans
- describes how its defined benefit plans may affect the amount and timing of the authority's future cash flows.

34. Responses to the consultation were required by 28 March 2024.

Availability of 2023 triennial valuation reports

35. [Technical Bulletin 2023/4](#) (paragraph 41) provided a view from I&Q on whether pension amounts in the balance sheet should be adjusted to reflect the 31 March 2023 triennial valuation. I&Q is aware that some pension funds have received triennial valuation reports from their actuaries and the following paragraphs provide updated guidance.

36. The triennial valuation sets the employer contribution rate for the next three years. It involves a more detailed estimate of a local authority's obligations than is required by the accounting code for IAS 19 reporting. However, the accounting code establishes the triennial valuation as the starting point for IAS 19 reporting, though it does not anticipate that it is directly used in the financial statements. A separate report for IAS 19 purposes is therefore required to be prepared by an actuary. The 31 March 2023 valuation reports will then be the starting point for the IAS 19-based amount in the balance sheet at 31 March 2024.

37. However, where the 2023 valuation reports become available before the 2022/23 audits are complete, local authorities need to consider the impact on the pension amounts in the balance sheet. CIPFA issued a [bulletin](#) to support this consideration (initially for English local authorities in 2021/22 but which is equally applicable to Scottish authorities in 2022/23). The bulletin advises authorities to review the triennial valuation with the actuary to determine whether it includes information which may provide evidence of an adjusting or non-adjusting event. Paragraph 11 of the bulletin provides helpful examples to aid this determination (e.g. changes in membership data or demographic assumptions that the actuary should have taken into account in the IAS 19 report).

38. The bulletin also highlights the importance of judgements on materiality in terms of whether any differences could reasonably be expected to influence users' decisions or conclusions. This is important when determining whether:

- the triennial valuation provides sufficiently different information to justify asking actuaries to revisit the IAS 19 information
- if IAS 19 information is revisited, the figures are sufficiently different from those in the unaudited accounts to require amendment.

39. Auditors should check that affected local authorities have discussed the impact of triennial reports with their actuaries and use that information to inform their own judgements on the likelihood of material adjustments being necessary. Where a material difference is considered likely, auditors should consider requesting that the local authority obtained a revised IAS 19 report from the actuary.

4: Central government sector

TGN on risks of misstatement in 2023/24

40. I&Q has published TGN 2024/1 to provide auditors with guidance on risks of misstatement in the 2023/24 annual report and accounts of central government bodies. The TGN and supporting material is accessible by auditors on [SharePoint*](#) and is also freely available to download from the Audit Scotland [website](#).

41. The TGN is intended to inform auditors' judgement when identifying and assessing the risks of material misstatement. The TGN supplements the Code of Audit Practice and **auditors are expected to pay it due regard and use it as a primary reference source when performing 2023/24 audits. Auditors should advise I&Q of any intended departures from the guidance.**

42. The TGN comprises a number of modules as summarised in the following table:

Module	Risks of misstatement area	Purpose
Overview	Areas that are pervasive to the financial statements as a whole	Explains the appropriate related accounting treatment and sets out the action auditors should undertake to evaluate whether the body has followed the required treatment
1 - 8	Specific classes of transactions, balances and disclosures in the financial statements	
9	Irregular transactions	Explains the requirements and sets out the action auditors should undertake
10	Audited part of the Remuneration and Staff Report	
11	Statutory Other Information (e.g. Performance Report and Governance Statement)	Sets out the procedures for considering Statutory Other Information
12	Charitable NDPBs	Provides guidance on the application of the above modules to charitable NDPBs
13	Health boards	See chapter 5

43. The risks of misstatement for 2023/24 have been updated to reflect new requirements and risks which emerged during the 2022/23 audits that remain applicable. A separate [note*](#) summarises the main changes from 2022/23.

Independent auditor's reports for 2023/24

44. I&Q has published TGN 2024/2(CG) to provide auditors with model forms of Independent Auditor's Reports (IAR) which should be used for the 2023/24 annual accounts of central government bodies.

45. Auditors are required by the Code of Audit Practice to prepare their IARs in accordance with these TGNs. The TGNs are available with supporting material to auditors on [SharePoint*](#) and are also freely available from the Audit Scotland [website](#).

46. The model forms of IARs set out in the appendices of the TGN have been tailored to reflect relevant public sector legislation and augmented by the reporting requirements of the Auditor General.

47. The main change to the model IARs for 2023/24 is to reflect the requirement for bodies to disclose material accounting policy information rather than significant accounting policies.

48. For the 2023/24 audits of central government bodies, auditors should:

- use the relevant model form of IAR for each audited body
- follow the specified wording other than where tailoring adjustments are set out in the application guidance in the TGN
- consult with I&Q on any modified opinion or conclusion
- complete an Auditor Action Checklist for each IAR prepared.

Revised 2023/24 FReM

49. HM Treasury has issued a revised version of the [2023/24 Government Financial Reporting Manual](#) (the FReM). The main changes are explained in the following paragraphs.

Service concession arrangements

50. The FReM includes guidance on a revised treatment of indexation linked payments in liabilities for service concession arrangements at paragraphs 10.1.63 to 10.1.65. It requires the liability to be remeasured if there is a change in future lease payments resulting from a change in an index/rate used to determine those payments.

51. Bodies will need to consider the initial remeasurement and subsequent remeasurement of the liability as summarised in the following table:

Measurement	Adjustment
At 1 April 2023	An opening balance adjustment at 1 April 2023 to account for cumulative indexation changes since the service concession arrangement commenced.
Subsequent	A subsequent remeasurement of the liability will be required when there is a change in cash flows as a result of an indexation-linked change (i.e. when the adjustment to lease payments take effect).

Sustainability reporting

52. Paragraph 5.4.9 has been added to require UK departments and large central government bodies to comply with the Task Force on Climate-related Financial Disclosures (TCFD)-Aligned Disclosure Application Guidance Phase 1.

53. The TCFD-aligned disclosures are being adopted on a phased basis with Phase 1 being applied in 2023/24. Relevant bodies are required to include a TCFD compliance statement, governance disclosures and metrics and targets in the Performance Report.

54. Paragraph 5.4.15 of the FReM explains that Scottish bodies should report in accordance with guidance from the Scottish Government who have clarified that the TCFD disclosure requirements do not apply in Scotland in 2023/24. However, bodies may make TCFD-aligned disclosure on a voluntary basis.

Other changes

55. The other changes applicable to Scottish bodies are summarised in the following table:

Area	Paragraphs	Amendment
Performance Report	5.4.6 (b)	Bodies have the option to signpost from the Performance Report to information published elsewhere on how they have promoted equality of delivery of services to different groups.
Material remote contingent liabilities	6.7.1 (b)	Clarification has been added that the disclosure in the Accountability Report of material remote contingent liabilities applies to contingent liabilities within the scope of IAS 37 that are not required by that standard to be disclosed because the likelihood of a transfer of economic benefits is considered too remote.
IFRS 9 Financial instruments	8.2.1	An adaption has been added where a body issues a financial instrument (other than a financial guarantee) at an amount that is different to fair value.

Area	Paragraphs	Amendment
		Where recognising at fair value would not result in a gain or profit and where no active market or observable equivalent exists, the adaptation requires bodies to measure the instrument on initial recognition at fair value.
Carbon reduction commitment scheme	10.3	<p>References to the Carbon Reduction Commitment Scheme have been removed and replaced with guidance on the Climate Change Levy which is the successor scheme.</p> <p>The guidance explains that bodies subject to payment of the levy will see an outflow of assets when cash is paid over under the terms of the levy. The levy should be treated as an expense.</p>

2023/24 GBS account information

56. I&Q will obtain information on account balances at 31 March 2024 for central government bodies from the Government Banking Service (GBS) and distribute them to relevant auditors.

57. The GBS has confirmed that the arrangements for obtaining 2023/24 account balances are unchanged.

2024/25 FReM

58. Treasury has issued the [2024/25 FReM](#). There are, however, no changes from the 2023/24 edition.

Consultation on valuation of non-investment assets

59. HM Treasury has issued an [exposure draft](#) on the valuation of non-investment assets. The proposed changes flow from Treasury's thematic review of non-investment asset valuations and a previous consultation paper referred to in [Technical Bulletin 2023/1](#) (paragraph 9). The exposure draft covers the whole UK public sector in principle but is mainly focussed on central government.

60. Treasury is recommending that current valuation still be used for operational assets but is proposing changes to the measurement basis to address the disproportionality in cost associated with the current requirements.

61. The main proposed changes are summarised in the following table:

Area	Proposals
New class for operational assets	References to 'assets held for their service potential' to be replaced with 'assets held for their operational capacity'.

Area	Proposals
	'Assets held for their operational capacity' to be a new asset class that replaces networked assets, specialised assets and 'non-specialised assets'. The current split between specialised/non-specialised assets is therefore to be removed.
Change to Depreciated Replacement Cost (DRC) calculation	The option to consider alternative locations when valuing an asset using DRC to be removed, i.e. assets should be valued based on their existing location.
Revaluation frequency of property	<p>A quinquennial frequency for full professional revaluations of property to be prescribed.</p> <p>Indexation to be required for the intervening years. Treasury will provide examples of common indices, but will not prescribe particular indices, for bodies to use.</p> <p>The requirement for full revaluations more frequently than five years to be withdrawn (unless there are observable indicators of impairment).</p> <p>The requirement to revalue an asset when its current value differs materially from its carrying value to be withdrawn.</p>
Measurement basis for intangible assets	<p>The measurement basis for intangible assets to change from market value in existing use to historical cost.</p> <p>The carrying amount of intangible assets at the date of transition will be deemed to be the asset's cost, with historical cost accounting applied thereafter.</p>
Transitional arrangements	<p>The implementation date for the changes to be 1 April 2025 (i.e. effective from 2025/26 financial statements).</p> <p>The changes to apply prospectively from that date (i.e. prior year comparatives will not be restated).</p>

62. Comments were required by 16 February 2024.

Phase 2 guidance on TCFD

63. HM Treasury issued Phase 2 [application guidance](#) for TCFD-aligned disclosures. The additional disclosure requirements for phase 2 which applies in 2024/25 are set out in the following table:

Area	Proposed disclosures
Risk management	<p>A description of the body's processes for:</p> <ul style="list-style-type: none"> • identifying and assessing climate-related risks • managing climate-related risks

- identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management arrangements.

Metrics and targets	<p>The metrics used by the body to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>Greenhouse gas (GHG) emissions, and the related risks.</p> <p>The targets used by the body to manage climate-related risks and opportunities and performance against those targets.</p>
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64. Bodies are required to report at a group level and apply a “comply or explain” basis for the proposed disclosures.

65. The Scottish Government have not yet advised on the applicability of the requirements to Scottish bodies.

Amendments to SPFM

66. The [Scottish Government](#) has issued two Finance Guidance Notes which announce amendments to the [Certificates of Assurance](#) and the [Settlement, Severance, Early Retirement and Redundancy](#) sections of the Scottish Public Finance Manual (SPFM)

67. [Finance Guidance Note 2024/1](#) amends the questions in a number of sections of the Certificates of Assurance [internal control checklist](#). The main changes are summarised in the following table:

Area	Amendment
Risk management	Guidance has been updated on disaster recovery responsibilities and the use of business impact assessments.
Major investment	Guidance has been updated to require IT and digital projects to comply with the Digital Scotland Service Standard.
Procurement	Guidance has been updated to highlight the importance of engaging with Scottish Procurement and Property Directorate and involving them in the drafting of Strategic Outline Cases for major projects.

68. [Finance Guidance Note 2024/2](#) amends the chapter on settlement agreements, severance, early retirement and redundancy terms. The amendments arise from recommendations from a recent evaluation of the severance policy. The main changes:

- are revised templates for business cases
- reinforce the need for a business case for all Settlement Agreements.

5: Health

TGN on risks of misstatement in 2023/24

69. I&Q will shortly publish Module 13 of TGN 2024/1 to provide:

- guidance on applying the other modules to the audit of the 2023/24 annual report and accounts of health boards
- supplementary guidance on the risks of misstatements in areas specific to health boards.

70. The module will be available with the rest of the TGN and supporting material to auditors on [SharePoint*](#) and will also be freely available to download from the Audit Scotland [website](#).

71. Auditors are expected to pay due regard to Module 13 and use it as a primary reference source when performing 2023/24 audits of health boards. Auditors should advise I&Q of any intended departures from the guidance.

2023/24 accounts manual

72. The [Scottish Government](#) has issued the [2023/24 Manual for the Annual Report and Accounts of NHS Boards*](#) (accounts manual). The accounts manual complements the guidance contained in the 2023/24 FReM but contains some additional or specific requirements.

73. The main changes are set out in the following paragraphs.

IFRS 16 application to service concession arrangements

74. Changes resulting from the application of IFRS 16 to service concession and similar arrangements (explained in the previous article on the 2023/24 FReM) should be disclosed in the Note 1 accounting policies and the Note 18 Commitments Under PFI/PPP Contracts.

Income from service level agreements

75. Page 93 clarifies the accounting treatment for inter-board service level agreements (SLAs), setting out that health boards should follow IFRS 15. Where compliance remains problematic, health boards can either:

- agree a contract amendment in accordance with IFRS 15 (paragraphs 18-21); or
- agree to a Scottish Government top slice equivalent to the SLA income/expenditure.

Repairs and maintenance expenditure

76.Page 126 clarifies that a provision should not be recognised for repairs and maintenance expenditure on a board's own assets as the board does not have an obligation to a third party.

Performance Report

77.Page 10 and 11 have been updated to reflect that formal three-year financial planning has resumed from 2023/24.

Governance Statement

78.A paragraph has been added to page 19 to clarify that the Governance Statement should clearly explain the relationship between health boards and their IJBs and how boards maintain governance oversight and receive assurances on the development and delivery of strategy.

79.Guidance has also been added to reflect the need for health boards to consider their compliance with the [NHS Scotland – blueprint for good governance: second edition](#).

2023/24 CAM

80. The Scottish Government has issued the [NHS Scotland Capital Accounting Manual 2023/24*](#) (CAM) to interpret the accounting guidance contained in the 2023/24 FReM on capital accounting issues in the health sector.

81.The main changes for 2023/24 are to chapters 8 and 11 due to the application of IFRS 16 to service concession arrangements,

82.The Scottish Government has provided a 'Lease Helper' spreadsheet to assist health boards with their accounting entries.

5: Professional matters

Revised Ethical Standard

83. The [Financial Reporting Council](#) (FRC) has published a revised [Ethical Standard](#) to:

- take account of changes to the International Ethics Standards Board for Accountants Code of Ethics
- simplify the existing ethical standard and provide clarity in a limited number of areas
- add a new targeted restriction on fees from entities related by a single controlling party.

84. The key changes are summarised in the following table:

Area	Para	Revision
Breaches	1.22	When there has been a breach of the standard the engagement partner and ethics partner must consider the situation and actions required from the perspective of an objective, reasonable and informed third party.
	1.24	Firms are required to report to the FRC about individual breaches outside of the biannual timetable where the FRC would reasonably expect notice. This may be due to the nature or seriousness of the breach, including for example where the firm may need to consider resigning from an engagement.
	1.25	The revised standard clarifies that in deciding whether a breach is inadvertent is a matter of professional judgement based on an objective assessment of the evidence. A requirement has been added that the engagement partner is required to report the details and significance of any breaches to those charged with governance of each entity.
Financial relationships	2.3 and 2.4	These paragraphs have been completely revised to clarify requirements set by the standard, and those set by statute regarding personal financial independence for engagement teams and other staff.
	2.6 and 2.10	These paragraphs have been amended to provide further guidance on financial interests.

Area	Para	Revision
Long association with engagements	3.10 and 3.14	<p>Clarification has been provided to explain that:</p> <ul style="list-style-type: none"> once an engagement partner has completed the maximum allowed period, the engagement partner cannot act as engagement quality reviewer for the engagement for another five years. where an engagement partner rotates off an engagement after five years, then the option to extend for an additional two years is no longer available.
	3.22	A table setting out the rotation periods for key audit partners has been added.
	3.23	<p>This paragraph has been added to provide guidance on cases where there are significant gaps in service (e.g. caused by a period of maternity or paternity leave, a sabbatical or long-term sickness absence) and the role is temporarily taken on by another person:</p> <ul style="list-style-type: none"> The firm should exclude this period for the purposes of calculating applicable rotation periods (unless the person in substance retains their role). Any periods excluded should be long-term in nature and should not comprise multiple smaller blocks of time.
Fees	4.5, 4.6, 4.21 to 4.29	These paragraphs have been revised to enhance the prohibitions in relation to fees. Calculations used to determine whether an audit firm is over reliant on fees from entities have been amended to include fees from entities that are connected in substance.
Non-audit/additional services	5.7	<p>Guidance has been added that non-audit services may comprise any engagement in which a firm provides professional services to another entity where the subject matter of the engagement includes the audited entity.</p> <p>Consideration may be given to the nature of the service, the ultimate beneficiary, the fee and the perspective of an objective, reasonable and informed third party.</p>
	5.33	Documentation requirements in respect to the provision of non-audit/additional services have been enhanced to require inclusion of significant judgements concerning the potential threats and proposed safeguards and how the objective and reasonable third-party test has been applied
	5.46	<p>The range of 'internal audit services' is wide and they may not be termed as such by the audited entity. The following engagements would fall within the term: '</p> <ul style="list-style-type: none"> outsourcing the audited entity's entire internal audit function

Area	Para	Revision
		<ul style="list-style-type: none"> • supplementing the function in specific areas • providing occasional internal audit services on an ad hoc basis.
	5.53 and 5.54	<p>Examples of IT services which create threats include:</p> <ul style="list-style-type: none"> • acting as the only access to financial or non-financial information systems • storing the entity's data or records • providing electronic security or back-up services • operating, maintaining, or monitoring the entity's IT systems, network or website. <p>However, the routine collection, transmission and retention of data to enable the provision of a permissible service does not create threats.</p>
	5.89	<p>References to recruitment services includes:</p> <ul style="list-style-type: none"> • searching for or seeking out candidates; • undertaking reference checks of prospective candidates; • acting as a negotiator on the entity's behalf; • recommending the person to be appointed.

85. The revised standard applies to financial periods commencing on or after 15 December 2024 (i.e. 2025/26).

6: Fraud and irregularities

This chapter contains a summary of fraud cases and other irregularities facilitated by weaknesses in internal control at audited bodies that have recently been reported by auditors to I&Q.

Auditors should consider whether weaknesses in internal control which facilitated each fraud or irregularity may exist in their bodies and take the appropriate action.

Expenditure

Invalid supplier

86. An unknown individual compromised a supplier's email account and committed bank mandate fraud. The public body paid £5,000 to the fraudulent bank account.

Key features

The public body received a request by email to amend a supplier's bank account details. The public body sent an amendment form by email to the supplier for completion. The amendment form was completed and returned by email. The supplier's email address had been intercepted by a fraudster who requested the change.

The fraud was possible as the public body did not telephone the supplier to verify the change of bank details.

The issue was identified when the payment was reported as suspicious by the public body's bank.

The public body has reported the case to the police and has since provided counter-fraud training to their finance team.

Council tax

87. A council employee and their partner committed council tax fraud totalling £17,000 by submitting fictitious details online.

Key features

The employee and their partner were jointly liable for council tax at their home from 2015. No payment was made towards the council tax liability from April 2015. From October 2018 onwards, three online forms were submitted by the employee and their partner to the council to change the names of those liable for council tax to the names of fictitious individuals.

Key features

During sequestration action to recover the outstanding council tax liability carried out by Sheriff Officers in March 2023, concerns came to light that the council employee was deliberately misrepresenting their identity to avoid paying council tax arrears dating back to 2015. A Counter Fraud Team investigation confirmed that the council employee and partner were the only residents at the property from April 2015 and that the three online change requests were fraudulent.

The fraud was possible as the process to change council tax liability did not require verification checks to be carried out.

Controls have since been improved with increased scrutiny and checking of changes to council tax liability, data matching and fraud awareness briefings for staff.

Technical Bulletin 2024/1

Technical developments and emerging risks from January 2024 to March 2024

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Technical Bulletin

2024/2

Technical developments and emerging risks from
April to June 2024



 AUDIT SCOTLAND

Prepared by Audit Scotland for appointed auditors and audited bodies in all sectors
30 June 2024

Contents

1: Introduction	3
2: All sectors	5
3: Local government sector	7
4: Central government sector	15
5: Health sector	17
6. Fraud and irregularities	19

1: Introduction

Purpose

The purpose of Technical Bulletins from Audit Scotland's Innovation and Quality (I&Q) business group is to provide auditors appointed by the Auditor General for Scotland and Accounts Commission for Scotland with:

- information on the main technical developments in each sector during the quarter
- information on professional matters during the quarter that are expected to have applicability to the public sector
- summaries of responses to any requests from auditors for technical consultations with I&Q.

Appointed auditors are required by the Code of Audit Practice to pay due regard to Technical Bulletins. The information on technical developments is aimed at highlighting the key points that I&Q considers auditors in the Scottish public sector require generally to be aware of. It may still be necessary for auditors to read the source material if greater detail is required in the circumstances of a specific audited body. Source material can be accessed by using the hyperlinks.

Any specific actions that I&Q recommends that auditors take are highlighted in **green**.

Technical Bulletins are also published on the Audit Scotland [website](#) and therefore are available for audited bodies and other stakeholders to access. However, hyperlinks to source material indicated with an asterisk (*) link to files on Audit Scotland's [SharePoint*](#) and are only accessible by auditors.

Highlighted items

I&Q highlights in the following table a selection of the items in this Technical Bulletin that are of particular importance:

Highlighted items		
I&Q has published guidance on independent auditor's reports [paragraph 2]	CIPFA has issued guidance on closing the 2023/24 financial statements of local authorities [paragraph 7]	PWC has provided a report to support auditors when assessing information produced by actuaries in respect of the LGPS [paragraph 11]
CIPFA/LASAAC has issued the 2024/25 accounting code for local government [paragraph 25]	The Scottish Government has issued revised loans fund guidance [paragraph 28]	I&Q has published guidance on objections to 2023/24 local government accounts [paragraph 34]
I&Q has issued guidance for auditors on certifying the 2023/24 HB subsidy claim [paragraph 37]	Treasury has issued an amendment to the 2023/24 FreM [paragraph 44]	The Cabinet Office has issued guidance on Remuneration and Staff Reports [paragraph 49]
I&Q has issued a report to auditors following an examination of the CNORIS [paragraph 58]	I&Q has issued a review of land and building valuations for health boards [paragraph 60]	The Scottish Government has issued an IFRS 16 lease model and guidance [paragraph 63]

Consulting with I&Q

Auditors should consult with I&Q by completing an enquiry form and submitting it to TechnicalQueries@audit-scotland.gov.uk.

2: All sectors

Independent auditor's reports for accounts in 2023/24

1. I&Q has published the following Technical Guidance Notes (TGN) to provide auditors with model forms of Independent Auditor's Reports (IAR) which should be used for the 2023/24 annual accounts of the following public bodies:

- TGN 2024/3(H) for health boards
- TGN 2024/4(LG) for local government bodies.

2. Auditors are required by the Code of Audit Practice to prepare their IARs in accordance with the TGN. The TGN is available with supporting material to auditors on [SharePoint*](#) and is also freely available from the Audit Scotland [website](#).

3. The model forms of IARs set out in the appendices of the TGNs have been tailored to reflect relevant legislation and augmented by the reporting requirements of the Auditor General and Accounts Commission.

4. The main change to the previous guidance and model IARs is to reflect the requirement for bodies to disclose material accounting policy information rather than significant accounting policies.

5. For the 2023/24 audits of public bodies, auditors should:

- use the relevant model form of IAR for each audited body
- follow the specified wording other than where tailoring adjustments are set out in the application guidance in the TGN
- consult with I&Q on any modified opinion or conclusion
- complete an Auditor Action Checklist for each IAR prepared.

Technical consultations with auditors

I&Q responses to requests from auditors for technical consultations

6. The following table summarises a request from auditors for a technical consultation with I&Q in respect of an issue arising from the audit of the 2023/24 annual accounts, along with the advice offered:

Should financing costs be included in valuations of buildings under the depreciated replacement cost (DRC) methodology?

There is an important distinction between what the valuer includes in their valuation and what a body can or must capitalise under accounting rules.

Under the DRC methodology, a valuer is required to adopt an instant build approach. [Guidance](#) issued by the Royal Institution of Chartered Surveyors (RICS) highlights that borrowing costs (which the valuer calls finance costs) should not be included in the valuation of the property where the instant build approach is adopted.

However, for accounting purposes, borrowing costs can be capitalised (regardless of DRC being used). IAS 23 Borrowing Costs requires borrowing costs that are directly attributable to the asset to be capitalised. The Government Financial Reporting Manual (FReM) adopts IAS 23 and therefore bodies covered by the FReM are required to capitalise borrowing costs. However, most central government bodies and health boards are not permitted to borrow to fund capital expenditure and therefore this is unlikely to arise in practice. The Code of Practice on Local Authority Accounting in the UK (the accounting code) adapts IAS 23 to allow local government bodies the option whether to expense or capitalise borrowing costs. Colleges follow FRS 102 which also allows the option to capitalise borrowing costs.

If a valuer were to incorrectly include finance costs in the DRC valuation and the body had capitalised borrowing costs, those costs would be double-counted.

3: Local government sector

Guidance on the 2023/24 financial statements

7. [The Chartered Institute of Public Finance and Accountancy \(CIPFA\)](#) has issued [Bulletin 17 Closure of the 2023/24 Financial Statements](#) to provide guidance on closing the 2023/24 financial statements. The guidance is intended to be best practice, but it does not have the formal status of the accounting code.

8. The following items in the guidance are highlighted for Scottish local government bodies:

- Reinforced autoclaved aerated concrete (RAAC).
- Accounting standards that have been issued but not yet adopted.

RAAC

9. Section 4 addresses the issues around RAAC. Some key points are summarised in the following table:

Area	Summary of guidance
Subsequent measurement	<p>Consideration needs to be given to whether any additional revaluations are required outwith the usual cycle due to an Office of Government Property safety briefing notice considering RAAC as “life-expired”. Adjustments may be needed due to:</p> <ul style="list-style-type: none"> • the ability to deliver services as intended for assets based on existing use value • assets valued at fair value being viewed less favourably on the open market • structural and safety issues for assets valued at DRC.
Depreciation & impairment	<p>The useful life of assets, residual value, and previous depreciation calculations may need to be revisited.</p> <p>Consideration should be given to whether assets should be componentised differently.</p> <p>Local authorities should assess whether the presence of RAAC constitutes an indication of impairment.</p>
Assets held for sale	<p>When classifying an asset as held for sale, authorities should consider whether:</p> <ul style="list-style-type: none"> • remedial work is required prior to a sale

Area	Summary of guidance
	<ul style="list-style-type: none"> the presence of RAAC is likely to adversely impact on the probability of the asset being sold.
Associated revenue costs	One potential impact on revenue is the rental of alternative accommodation, such as classrooms.

Accounting standards that have been issued but not yet adopted

10. Section 10 lists the accounting standards introduced by the 2024/25 accounting code (discussed later in this chapter) which require to be disclosed as 'standards issued but not yet adopted' in 2023/24. They include IFRS 16 Leases for those local authorities that have not implemented the standard in 2023/24

2023/24 report on actuarial information

11. I&Q has arranged for PWC to provide a [report*](#) to support auditors when assessing the competence and objectivity of, and assumptions and approach adopted by, actuaries producing information required by IAS 19 figures in respect of the Local Government Pension scheme (LGPS) as at 31 March 2024. [Auditors should refer to paragraphs 16 to 25 in Module 4 of TGN 2023/8\(LG\) for guidance on using the report and further information.](#)

12. PWC have confirmed the competence and objectivity of the actuaries involved in valuations for the LGPS in Scotland. They are also comfortable that in aggregate the assumptions adopted by all actuaries will lead to liabilities falling within their expected ranges for a typical employer at 31 March 2024.

13. However, the report advises [auditors to consider whether:](#)

- [local issues have been adequately covered in instructions issued by employers to actuaries \(page 3\)](#)
- [to subject the source data provided to the actuaries by employers to further audit procedures as discussed in section 5 of the report](#)
- [to establish actual asset returns and compare them with expected returns arrived at using market indices \(see page 15\).](#)

14. Page 17 of the report addresses accounting for plan amendments, curtailments, and settlements (special events) under IAS 19. Auditors need to understand whether any significant special events have occurred, and whether profit and loss items have been remeasured from the date of the event for the remainder of the accounting period. This entails remeasuring both the assets and liabilities using assumptions set at this date. The report confirms that all actuaries are aware of the IAS 19 requirement.

15. Page 20 of the report provides an update on the following matters:

- All actuaries are following an approach in 2023/24 for Guaranteed Minimum Pension (GMP) indexation and equalisation that is consistent with 2022/23.
- In relation to the McCloud judgement, most actuaries are following an approach in 2023/24 consistent with prior years. The exception is Barnett Waddingham who are using a more accurate approach as they now have 2022/23 membership data.
- The Government Actuary Department is currently reviewing any implications of a High Court legal ruling on a recent Virgin Media case. No actuaries made specific allowance for this judgement as at 31 March 2024 as the applicability to LGPS is currently too uncertain.
- Actuaries do not intend making any specific allowance for the Goodwin, O'Brien or similar cases, unless requested to do so.

16. Pages 18 to 21 of the report provide an update and guidance on IFRIC 14 and the pension asset ceiling. As actuaries do not have a standard approach, auditors may need to clarify the approach used at each body.

17. For areas not covered by the CIPFA guidance on IFRIC 14 (referred to in [TB 2023/4](#) paragraph 19), page 19 sets out:

Assumptions related to contributions

18. Actuaries had little previous experience of calculating an asset ceiling before last year and therefore adopted a number of different methodologies for the calculation at 31 March 2023. It is expected that those methodologies will be further developed for calculating the asset ceiling at 31 March 2024. The expectation is that:

- future service contributions will be assumed to continue into perpetuity
- positive or negative past service contributions will be assumed to continue over the period they were originally calculated on

19. A change in a methodology, e.g. a change in annuity rate or future working life applied, is expected to be treated as a change in accounting estimate and therefore recognised prospectively (i.e. from the date of change). However, if last year's methodology was unsatisfactory or incorrectly applied or otherwise resulted in an error, the change in methodology may require to be applied retrospectively.

20. Page 20 confirms that all actuaries, unless otherwise requested, will assume that the future service contribution rates will remain constant even for periods beyond the current triennial valuation period.

The approach to unfunded benefits

21. Provisions for discretionary enhancements to retirement benefits (e.g. payments for early retirement) are referred to as unfunded liabilities as they are paid by the body rather than the pension fund. The unfunded liability should be presented separately from the net defined benefit asset at 31 March 2024.

Actuaries should not include the unfunded payments in future employer contributions when calculating the asset ceiling.

22. There may be cases where unfunded payments were included in the asset ceiling calculations as at 31 March 2023. This may have impacted on the net defined benefit asset recognised on the Balance Sheet at that date. Bodies may need to request a recalculation of the asset ceiling at 31 March 2023 to determine the impact of the unfunded payments. Consequently, auditors should consider whether the comparative figures in the 2023/24 financial statements may require to be adjusted.

Presentation of interest

23. Page 21 confirms the requirements in relation to interest where an IFRIC 14 asset restriction occurred in 2022/23. The net interest income recognised in 2023/24 will be reduced due to an asset restriction in 2022/23. Auditors will need to clarify if actuaries' calculations have taken into account any restrictions applied in 2022/23. Any change in the size of the restriction over the year should be recognised through Other Comprehensive Income.

24. Appendix E to the report provides additional guidance on the application of IFRIC 14 addressing the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments.

2024/25 accounting code

25. [CIPFA/LASAAC](#) has issued the [accounting code](#)* to set out local government accounting requirements for 2024/25. The financial reporting framework is based on International Financial Reporting Standards (IFRS) as adopted by the UK, adapted for the local government context where necessary.

26. The most significant changes to the 2024/25 accounting code relate to the mandatory adoption of IFRS 16 from 2024/25. Guidance included as an appendix to the 2022/23 and 2023/24 accounting codes (as explained in [Technical Bulletin 2022/3](#) paragraph 18) is now included in section 4.2 of the 2024/25 code.

27. The 2024/25 accounting code also include additional requirements on the application of IFRS 16 including in section 4.3 on service concession arrangements:

- Where indexation or changes in a rate affect future payments, the lease liability should be remeasured. The remeasurement reflects only indexation or rate changes which have already occurred and result in a change to the payment amount.
- On transition, the lease liability should be adjusted to reflect the liability which would have been calculated in the previous year, based on the index or rate applied to variable payments in the previous reporting year.

Revised loans fund statutory guidance

28. The [Scottish Government](#) has issued [Finance Circular 7/2024](#) to provide revised statutory guidance on loans fund accounting to replace from 2024/25 the guidance in Finance Circular 7/2016.

29. The statutory guidance is consistent with recent amendments to The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 which apply to loans fund advances made before 1 April 2023 ([Technical Bulletin 2023/4](#) paragraph 23). The revised statutory guidance will apply to advances made on or after that date.

30. The main revisions are included at paragraphs 56 to 62 of the statutory guidance (i.e. part 2 of the circular) and are as follows:

- Where a loans fund advance relates to an asset, the prudent repayment period should align to:
 - the asset life as determined for calculating depreciation; or
 - where an asset life cannot be established, the period over which benefit of the expenditure will be provided to the community (subject to a maximum of 50 years unless Scottish Ministers give consent to a longer period)
 - the period over which a local authority will receive a related income stream.
- There is no requirement to revisit decisions regarding the repayment period taken prior to 1 April 2024.
- Any variation to loans fund repayments may only be calculated on the balance of the loans fund advance outstanding in the financial year of variation and may only be applied prospectively. A variation may not result in either a nil or negative charge.
- The asset life is based on the depreciation term of the asset in the year of the loans fund advance. Loans fund repayments may only be varied where this aligns with a variation to the depreciation term of an asset, as determined in accordance with proper accounting practice.
- Loans fund advances where Scottish Ministers have consented to that borrowing may not be varied.

31. In addition, paragraph 16 of the guidance sets out the general principle that loans fund repayments should be made from revenue and therefore the use of capital receipts should be minimised.

Council tax on second and unoccupied homes

32. The [Council Tax \(Variation for Unoccupied Dwellings\) \(Scotland\) Amendment Regulations 2023](#) have been issued to amend the requirements for

council tax on second homes and unoccupied properties from 2024/25. These include the:

- power for local authorities to increase the amount of council tax payable on second homes by up to 100%
- ability to impose an increase of up to 100% for properties which have:
 - been empty for at least 12 months
 - been purchased by a new owner within the past six months
 - repairs or renovations being undertaken.

33. The Scottish Government has issued [Finance circular 6/2024](#) to provide guidance on the amended regulations. This includes advising that income:

- generated using existing powers to reduce the discount on long-term empty homes and second homes between 10% to 50% continues to be ring-fenced for affordable housing and empty homes services
- is not ring-fenced where the discount is under 10% or a council tax increase of up to 100% is applied.

Guidance on objections to 2023/24 annual accounts

34. I&Q has published TGN 2024/5(LG) to provide auditors with guidance on the right of an interested person under section 101 of the Local Government (Scotland) Act 1973 to:

- inspect the unaudited 2023/24 annual accounts of a local government body
- object to those accounts.

35. The TGN is available with supporting material to auditors on [SharePoint*](#) and is also freely available from the Audit Scotland [website](#).

36. Auditors should:

- evaluate whether the public inspection notice for 2023/24 is in accordance with applicable legislation
- carry out the actions set out in the TGN for any objections received.

2023/24 housing benefit subsidy claims

Technical Guidance Note for auditors

37. I&Q has published TGN/HBS/24 on certifying the 2023/24 housing benefit (HB) subsidy claim. The TGN is provided with supporting material to auditors on [SharePoint](#) and is also available from the Audit Scotland [website](#). The TGN:

- provides guidance for auditors on the examination of the HB subsidy claim, including highlighting the main risk areas
- sets out and explains an overview of the certification approach, the preliminary procedures (at section 1), testing procedures (at section 2), procedures for evaluating results and agreeing amendments (section 3) completion procedures (at section 4) and post-certification procedures (at section 5) that auditors should carry out (all summarised in the checklist at Appendix 1)
- provides examples of reporting errors and observations in a letter to the Department for Work and Pensions (DWP) at Appendix 3
- provides examples of reporting the results of any post-certification procedures at Appendix 4.

38. The TGN reflects changes following a review carried out by I&Q of the certification approach adopted in Scotland in 2021/22 and 2022/23. Changes include the following:

- The DWP has set 30 November 2024 as the submission deadline for the 2023/24 subsidy claims. The DWP require the local authority to inform them where that date will not be met.
- The initial samples selected for testing should contain cases with income calculations or overpayments (not both)
- Where a local authority places all homeless claimants on either rent rebate or rent allowance, auditors should amend the composition of their initial sample in accordance with the guidance provided. Auditors should include confirmation in their letter to DWP of their consideration of the risk of error in their initial sample

39. Auditors should certify 2023/24 HB subsidy claims in accordance with TGN/HBS/24.

DWP guidance and tools

40. The following modules of the HB subsidy certification approach have been issued by the DWP. Auditors should refer to these modules when certifying the 2023/24 subsidy claims:

- [The uprating checklist](#)* to help auditors ensure that the authority's system is using the correct benefit parameters to calculate benefit entitlement and for the authority to claim the correct amount of subsidy.
- The [workbooks](#)* to be completed for detailed testing.
- The [software diagnostic tool](#)* to ensure the subsidy claim has been completed using the recognised software for claim completion and reconciles "benefit granted" to "benefit paid" in accordance with the software suppliers' instructions.

2023/24 NDR return and guidance

41. The Scottish Government has issued the [2023/24 Non-domestic rates \(NDR\) notified return](#) and guidance. The most significant changes from 2022/23 are:

- The rateable value threshold for higher properties and Fresh Start relief has increased from £95,000 to £100,000.
- The Small Business Bonus Scheme calculations have been amended
- The Non-Domestic Rates Incentivisation Scheme has been reinstated.

42. I&Q will publish TGN/NDR/24 on certifying the 2023/24 return shortly, which [auditors should use to certify 2023/24 NDR returns](#).

Technical consultations with auditors

43. The following table summarises a request from auditors for a technical consultation with I&Q in respect of an issue arising from the audit of the 2023/24 annual accounts of local government bodies, along with the advice offered:

Integration joint boards

Should the commissioning expenditure of an integration joint board (IJB) be adjusted for an underspend or overspend incurred by constituent authorities when delivering the commissioned services?

The accounting for an over/under spend by a constituent authority on the delivery of services commissioned by the IJB should be in accordance with its integration scheme:

- Where the integration scheme provides that an under/overspend is retained by the constituent authority, the commissioning expenditure provided by the IJB should not be adjusted.
- Where the integration scheme requires any under/overspend to be returned to or borne by the IJB, the commissioning expenditure should be adjusted accordingly. This means that in effect the IJB commissioning expenditure reflects the underlying cost of delivering the commissioned services.

There should be no adjustment to the IJB commissioning expenditure unless required by the integration scheme. Auditors should therefore assess whether the treatment of under/overspends on the delivery of commissioned services is in accordance with the integration scheme.

4: Central government sector

Amended 2023/24 FreM

44. [HM Treasury](#) has issued an amended [2023/24 Government Financial Reporting Manual](#) (FReM) in respect of pension benefit disclosures. The FReM for 2023/24 was originally issued in December 2022, and subsequently revised in December 2023 (explained in [Technical Bulletin 2024/1](#) paragraph 49).

45. The latest revision disapplies the requirement at paragraphs 6.5.8 d) and 6.5.15 to disclose pension benefit information for directors where it is not available and waiting could delay laying the accounts. Where that is the case, paragraph 6.5.15 sets out the required explanatory disclosure.

46. In I&Q's view, the FReM amendment applies to the administrative dates set for Scottish bodies. A modified opinion on the Remuneration and Staff report is therefore not necessary due to the non-disclosure of the relevant pension benefit information provided the specific explanation for non-disclosure has been properly disclosed.

47. The FReM amendment is intended to apply only in circumstances where the required pension information has not been made available, and there is no other way for the body to calculate the required amounts. Where bodies have received information but are required to adjust the figures (for example, as explained in the following article, cases where employee contributions require to be removed from CETV calculations), the body should be able to make the necessary adjustment. It would therefore be inappropriate to apply the FReM amendment to these circumstances.

2023/24 guidance on Remuneration Report disclosures

48. [The Cabinet Office](#) has issued an [Employers Pension Notice \(EPN\) 710](#) on the preparation of the pay, pension and compensation disclosures for the Remuneration and Staff Report for 2023/24.

49. The EPN has been updated to reflect the requirements of the 2023/24 FReM issued in June 2024 (as explained at paragraph 44). An example of the disclosures is provided at Annex 13C.

50. The EPN sets out that the real increase in CETV is the element of the increase funded by the employer, excluding contributions paid by the employee.

51. The Scottish Public Pension Agency (SPPA) provide CETV information to a number of public bodies in Scotland, including health boards. The SPPA have clarified that they do not make any adjustment for employee contributions. For the Remuneration Report disclosure, bodies are therefore required to remove the employee contributions from the CETV figure provided by the SPPA.

52. EPN 710 also explains that the real increase in CETV should exclude the effect of inflation. It advises that the CPI increase for September 2023 was 6.7%. The SPPA has confirmed that 6.7% has been used when calculating the real increase during 2023/24.

53. Auditors should refer to this guidance when auditing the 2023/24 Remuneration Report.

Disclosure guide for 2023/24 financial statements

54. [The National Audit Office](#) has published a [disclosure guide](#) on the 2023/24 financial Statements for bodies covered by the Government Financial Reporting Manual (FReM).

55. The guide is designed to ensure that bodies covered by the FReM have prepared their 2023/24 financial statements in the appropriate form and have complied with all disclosure requirements. The guide is cross-referenced to the 2023/24 FReM, individual financial reporting standards, and the Companies Act 2006. A tailored checklist can be generated by selecting the criteria that are material to the body.

56. When checking that the FReM's disclosure requirements have been met, auditors should in accordance with the [Overview Module of TGN 2024/1](#):

- consider requesting that the body completes the disclosure checklist
- investigate the reasons for any non-compliance that the guide highlights
- evaluate whether the body's responses in the checklist are consistent with auditor's knowledge.

5: Health sector

Assurance report on 2023/24 clinical negligence claims

57. I&Q has issued [a report](#)* to auditors following an examination of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). The purpose of the report is to:

- provide assurance on the methodology used by the Scottish Government in the calculation of the CNORIS national obligation at 31 March 2024
- inform auditors' evaluation of the role of the NHS Central Legal Office as a management expert.

58. Auditors should refer to this report when auditing the 2023/24 provisions for CNORIS.

Review of 2023/24 land and building valuations

59. I&Q has issued [a report](#)* to auditors following a review of the use of indices in health boards 2023/24 valuation programmes for land and buildings.

60. The review identified which health boards utilised indices for land and buildings valuations and analysed the indices used to help inform auditors judgement.

61. Auditors should consider this report when auditing the 2023/24 land and building valuations.

IFRS 16 lease model

62. The Scottish Government has issued a [model](#)* and [guidance notes](#)* to assist health boards account for leases and service concession arrangements in accordance with IFRS 16.

63. The model calculates projected liability balances for leases. The guidance recognises that the model may result in a different opening liability as at 1 April 2023 compared to the liability at 31 March 2023 due to assumptions made in the model, for example, the timing of repayments. Where the model has recognised a different opening liability, boards should investigate the difference.

64. Auditors should evaluate the board's explanation of any difference between the liability identified as at 31 March 2023 and the liability calculated using the model at 1 April 2023.

Framework document

65. The Scottish Government has issued a [framework agreement](#) for boards setting out:

- the responsibilities of the Portfolio Accountable Officer and the Accountable Officers at each territorial health board
- the relationship between the Scottish Ministers, Scottish Government and health boards.

66. The framework is intended to support clear communication, the alignment of Scottish Government's priorities with NHS board planning processes and the involvement in policy and decision-making.

6. Fraud and irregularities

This chapter contains a summary of fraud cases and other irregularities facilitated by weaknesses in internal control at audited bodies that have recently been reported by auditors to Professional Support.

Auditors should consider whether weaknesses in internal control which facilitated each fraud may exist in their bodies and take the appropriate action.

Payroll expenditure

67. An employee failed to notify the body of £20,000 of income received when they were not working.

Key features

During Covid restrictions, an employee was required to start shielding. The body agreed to the employee being absent from work while shielding requirements were necessary. However, the employee did not return to work after shielding was no longer required, but continued to be paid.

The fraud was identified when the employee failed to complete mandatory training. The fraud was possible due to a failure to perform a back to work interview at the end of the shielding requirements.

The employee has agreed to repay the overpayment.

Technical Bulletin 2024/2

Technical developments and emerging risks from April to June 2024

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AUDIT & RISK COMMITTEE
ANNUAL WORKPLAN 2024 / 2025

Governance – General						
	Lead	16/05/24	20/06/24	12/09/24	12/12/24	13/03/25
Minutes of Previous Meetings	Chair	✓	✓	✓	✓	✓
Action Plan	Chair	✓	✓	✓	✓	✓
Escalation of Issues to NHS Board	Chair	✓	✓	✓	✓	✓
Governance Matters						
	Lead	16/05/24	20/06/24	12/09/24	12/12/24	13/03/25
Audit Scotland Technical Bulletin	Head of Financial Services		Deferred to next mtg	✓ 2024/1 & 2024/2	✓ 2024/3	✓ 2024/4
Annual Assurance Statement 2023/24	Board Secretary	✓ Draft	✓ Final			
Annual Assurance Statements from Standing Committees 2023/24	Board Secretary		✓			
Annual Review of Code of Corporate Governance	Board Secretary	✓				
Committee Self-Assessment	Board Secretary					✓
Corporate Calendar / Committee Dates 2025/26	Board Secretary			✓		
Delivery of Annual Workplan 2024/25	Director of Finance & Strategy	✓	✓	✓	✓	✓
Financial Operating Procedures Review	Head of Financial Services	(Two yearly review. Next review due December 2025)				
Governance Statement	Director of Finance & Strategy	✓ Draft	✓ Final			
IJB Annual Assurance Statement 2023/24	Board Secretary		✓ Letter	✓ TBC		
Internal Audit Review of Property Transactions Report 2023/24	Internal Audit			No transactions – nil report to SG		

Governance Matters (cont.)						
	Lead	16/05/24	20/06/24	12/09/24	12/12/24	13/03/25
Losses & Special Payments	Head of Financial Services	✓		✓	✓	✓
Procurement Tender Waivers Compliance 2024/25	Head of Financial Services	✓ Q4		✓	✓	✓
Review of Annual Workplan 2025/26	Board Secretary				✓ Draft	✓ Approval
Review of Terms of Reference	Board Secretary					✓ Approval
Risk						
	Lead	16/05/24	20/06/24	12/09/24	12/12/24	13/03/25
Annual Risk Management Report 2023/24	Associate Director of Risk & Professional Standards	✓ Draft	Deferred to next mtg to allow risk appetite work to be completed	✓ Final		
Corporate Risk Register	Director of Finance & Strategy/Associate Director of Risk & Professional Standards	✓	Removed	✓	✓	✓
Risk Management Key Performance Indicators 2023/24	Associate Director of Risk & Professional Standards	✓ 2023/24		✓		
Risk Management Strategic Framework	Associate Director of Risk & Professional Standards	On hold until risk appetite work is complete				
Risks & Opportunities Group Progress Report	Associate Director of Risk & Professional Standards	✓ Annual Statement of Assurance		✓	✓	✓
Governance – Internal Audit						
	Lead	16/05/24	20/06/24	12/09/24	12/12/24	13/03/25
External Quality Assessment (5 yearly)	Internal Audit					✓
FTF Shared Service Agreement / Service Specification	Internal Audit				✓	
Internal Audit Progress Report	Internal Audit	✓		✓	✓	✓

Governance – Internal Audit (cont.)						
	Lead	16/05/24	20/06/24	12/09/24	12/12/24	13/03/25
Internal Audit Annual Plan 2024/25	Internal Audit		Deferred to next mtg	✓ Final		
Internal Audit Annual Report 2023/24	Internal Audit		✓			
Internal Audit – Follow Up Report on Audit Recommendations 2023/24	Internal Audit	✓		✓	✓	✓
Internal Audit Framework	Chief Internal Auditor					✓
Internal Controls Evaluation Report 2023/24	Internal Audit				✓	
Governance – External Audit						
	Lead	16/05/24	20/06/24	12/09/24	12/12/24	13/03/25
Annual Audit Plan 2023/24	External Audit				✓	
External Audit – Follow Up Report on Audit Recommendations	Director of Finance & Strategy					✓
Patients' Private Funds - Audit Planning Memorandum	Head of Financial Services					✓
Service Auditor Reports on Third Party Services	Head of Financial Services		✓			
Annual Accounts						
	Lead	16/05/24	20/06/24	12/09/24	12/12/24	13/03/25
Annual Accounts Preparation Timeline	Head of Financial Services	✓ Follow Up				✓ Initial
External Auditors Annual Accounts Progress Update	External Auditor	✓				✓
Annual Accounts & Financial Statements 2023/24	Director of Finance & Strategy / External Audit		✓			
Annual Audit Report 2023/24	External Audit		✓			
Letter of Representation 2023/24	Director of Finance & Strategy / External Audit		✓			
Patients' Funds Accounts 2023/24	Head of Financial Services		✓			
Annual Statement of Assurance to the NHS Board 2023/24	Board Secretary		✓			

Counter Fraud						
	Lead	16/05/24	20/06/24	12/09/24	12/12/24	13/03/25
Counter Fraud Service – Quarterly Report (Alerts & Referrals)	Head of Financial Services	Private Session		Private Session	Private Session	Private Session
Counter Fraud Standards Assessment	Head of Financial Services	Private Session				Private Session
Counter Fraud Action Plan 2024/25	Head of Financial Services			Private Session		
Counter Fraud Annual Report 2023/24	Head of Financial Services	Deferred	Deferred	Private Session		
Adhoc						
	Lead	16/05/24	20/06/24	12/09/24	12/12/24	13/03/25
Private Meeting with Internal / External Auditors	Committee			Private Session – Internal Auditors only		Private Session
Appointment of Patients’ Private Funds Auditor	Director of Finance & Strategy	As required				
Legal & regulatory updates (e.g. Audit Scotland reports etc.)	Head of Financial Services					
Progress on National Fraud Initiative (NFI)	Head of Financial Services				✓	
Additional Agenda Items (Not on the Workplan e.g. Actions from Committee)						
	Lead	16/05/24	20/06/24	12/09/24	12/12/24	13/03/25
Update to Scheme of Delegation (<i>Governance Matters Section</i>)	Head of Financial Services	✓				
Blueprint for Good Governance Action Plan Update (<i>Governance Matters Section</i>)	Board Secretary			✓		
IJB Lessons Learned Update	Director of Health & Social Care				Private Session	

Training Sessions Delivered						
	Lead	16/05/24	20/06/24	12/09/24	12/12/24	13/03/25
Members' Training Session – the Annual Accounts: The Role & Function of the Audit & Risk Committee	External Auditors	✓				