FTF Internal Audit Service

Internal Control Evaluation 2023/24

Report No. B08/24

Issued To: **C Potter, Chief Executive**
M McGurk, Director of Finance and Strategy and Deputy Chief Executive

G MacIntosh, Head of Corporate Governance/Board Secretary
Executive Directors Group
H Thomson, Board Committee Support Officer

Audit Follow-Up Co-ordinator

Audit and Risk Committee
External Audit

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Draft Report Issued	28 November 2023
Management Responses Received	6 December 2023
Target Audit & Risk Committee Date	13 December 2023
Final Report Issued	**07 December 2023**

EXECUTIVE SUMMARY

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

OBJECTIVE

2. The NHS Fife Internal Audit Plan provides cyclical coverage of all key elements of Corporate, Clinical, Staff, Financial and Information Governance.
3. Together the mid-year Internal Control Evaluation (ICE) and the Annual Report provide assurance on the overall systems of internal control, incorporating the findings of any full reviews undertaken during the year and providing an overview of areas which have not been subject to a full audit. These reviews do not, and cannot, provide the same level of assurance as a full review but do allow an insight into the systems which have not been audited in full. This interim review gives early warning of issues and provides a holistic overview of governance within NHS Fife.
4. The draft Annual Delivery Plan (ADP) 2023/2024 was signed off by Scottish Government (SG) on 11 August 2023. The NHS Fife draft Medium Term Plan for 2023-2026, was submitted to SG on 7 July 2023, with feedback to be provided. SG guidance advised that the draft Medium Term Plan should take into consideration service changes which Boards are preparing for locally over the next 3 years, and identify through horizon scanning, issues which may require local, regional, or national planning input.
5. The ICE will be presented to the December 2023 Audit and Risk Committee, allowing the year-end process to be focused on year-end assurances and confirmation that the required actions have been implemented. The ICE provides a detailed assessment of action taken to address previous internal audit recommendations from the 2022/23 ICE and Annual Report.
6. This review will be a key component of the opinion we provide in our Annual Internal Audit Report and will inform the 2024/25 Internal Audit planning process.
7. Our audit specifically considered whether:
    - Governance arrangements are sufficient, either in design or in execution, to control and direct the organisation to ensure delivery of sound strategic objectives.

AUDIT OPINION

8. Ongoing and required developments and recommended actions are included at Section 2.
9. The Annual Internal Audit Report was issued on 19 June 2023 and was informed by detailed review of formal evidence sources including Board, Standing Committee, Executive Directors Group (EDG), and other papers.
10. As well as identifying key themes, the Internal Audit Annual Report made six specific recommendations in the following areas
    - Ongoing development of risk management, risk appetite, deep dives, Key Performance Indicators (KPIs) and clarification and formalisation of the joint risk management process with Fife IJB.
    - Requirement to provide a year-end assessment to the Staff Governance Committee (SGC) concluding on implementation of the strands of the Staff Governance Standard and action required to achieve full compliance.

- Requirement for the SGC Annual Assurance Statement to include a statement confirming the Whistleblowing Champion's opinion on the adequacy of NHS Fife's whistleblowing arrangements.
- Requirement to present a financial sustainability action plan to the Finance, Performance and Resources Committee (FPRC) and Board, demonstrating clear links to the Population Health and Well Being Strategy (PHWS), the Workforce and Digital & Information strategies, and service redesign and transformation.
- Requirement to record, monitor and have contingency plans in place to manage the risk of a sudden cessation for brokerage, which, unmitigated, could impact on service provision.
- Requirement to identify and report to the CGC on those elements of the 2019-2024 Digital & Information (D&I) Strategy which will not be delivered by 31 March 2024, stating the impact upon NHS Fife's strategic ambitions and how this is being addressed in the next D&I Strategy. The next iteration should also include at the outset a resourcing and financial assessment to assess its likelihood of being delivered within the stated timescale and the risks associated with non-delivery.

11. Outstanding actions from previous ICE and Annual Internal Audit Report recommendations are shown in table 1. 11 actions have been completed since the issue of our Annual Internal Audit Report.
12. Overall, there has been good progress on actions to address recommendations from the 2022/23 ICE and Annual Report. Where action is still to be concluded, the Board has been informed of the planned approach and timescales, as well as associated improvement plans.
13. In this report we have provided an update on progress to date and, where appropriate, built on and consolidated previous recommendations to allow refreshed action and completion dates to be agreed.
14. We recommend that this report is presented to each Standing Committee so that key themes can be discussed and progress against the recommendations can be monitored.

KEY THEMES

15. Detailed findings are shown later in the report, and for context, relevant Corporate Risks against each strand of Corporate Governance are included. Key themes emerging from this review and other audit work during the year are detailed in the following paragraphs.
16. Audit Scotland – NHS Scotland 2022, issued February 2023, stated that 'the NHS in Scotland faces significant and growing financial pressures. These include inflation; recurring pay pressures; ongoing Covid-19 related costs; rising energy costs; a growing capital maintenance backlog; and the need to fund the proposed National Care Service. These pressures are making a financial position that was already difficult and has been exacerbated by the Covid-19 pandemic, even more challenging'. Internal Audit reports have recorded similar concerns and highlighted the strategic changes required. The financial risk for NHS Fife, NHSScotland and the public sector has continued to increase.
17. As reported in the Internal Audit Annual Report for 2021/22, the challenge now is balancing short term risks against longer term risks which can only be mitigated through strategic change. The shape of future strategy will be dependent on a number of complex factors, with some subject to change. However the Board has continued to respond, and risk assess, to ensure the most urgent work is prioritised.

18. We previously highlighted the risks associated with the National Workforce Strategy for Health and Social Care and the need for realistic plans. The NHS Fife Workforce Plan 2022-2025 was published in November 2022 and work is underway to inter-relate and align financial and workforce planning via the Strategic Planning Resource Allocation (SPRA) process. Workforce risks remain very high across NHSScotland, and the current risk and target risk scores will require careful consideration to ensure they reflect local, national and international pressures and the extent to which these are and can be mitigated locally.
19. Continuing staff shortages and increased demand for staff means that effective workforce planning remains key in supporting the achievement of the Board's operational, financial and strategic objectives.
20. Maintaining operational performance against mandated targets remains extremely challenging. While operational improvements will have a limited impact on performance, genuinely strategic solutions must be identified, with a focus on working closely with partners to address underlying capacity and flow issues.
21. NHS Fife continues to progress its Risk Management Framework Improvement Programme. The Board's overall approach to risk management has been revised with a new Corporate Risk Register replacing the Board Assurance Framework. A Risks and Opportunities Group continues to meet and aims to embed an effective organisational risk management framework and culture, including assurance mapping principles. Current risk scores and achievement of target scores by target dates will require constant monitoring to ensure they fully reflect current risk and controls and are realistic.
22. The Clinical Governance Strategic Framework and associated Annual Delivery Plan were approved by Fife NHS Board on 28 March 2023. The framework outlines the governance and assurance reporting routes for clinical governance throughout the full span of NHS Fife responsibilities.
23. This report contains a number of recommendations that reflect the changes to the risk environment in which the Board operates. Our recommendations are aimed at ensuring coherence between Governance Structures, Performance Management, Risk Management and Assurance.

KEY DEVELOPMENTS SINCE THE ISSUE OF THE ANNUAL REPORT INCLUDED:

- Following the approval of the PHWS in March 2023, NHS Fife has moved to the delivery stage with associated reporting to the Board and Committees.
- Reporting continues on OPEL (Operational Pressures Escalation Levels) on the NHS Fife intranet, to support proactive management of increased activity, and the related impact on capacity and flow.
- Approval of the Whole System Property and Asset Management Strategy at the September 2023 Board meeting.
- Approval of the Five-year Medium Term Financial Plan by the NHS Fife Board in March 2023.
- An updated approach to achievement of savings with 3 horizon levels for in year and the future.
- SG sign off of the 2023/24 Annual Delivery Plan (ADP) on 11 August 2023.
- Approval of the Risk Management Framework in August 2023 and ongoing development of Risk Management arrangements, including a Corporate Risk Reporting tool and Risk Summary Dashboard as guidance for risk owners.
- Approval of the Clinical Governance Strategic Framework by Fife NHS Board in March 2023 and the implementation of elements of associated Delivery Plan.

- Ongoing work to implement the Health & Care (Staffing) (Scotland) Act 2019 (Safe Staffing Legislation).
- Whistleblowing directives issued by the Independent National Whistleblowing Officer continue to be implemented by NHS Fife, with improvements being made to the procedures for completing investigations and reporting thereon.
- Continuing development of the Integrated Performance Quality Report (IPQR).

ACTION

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

ACKNOWLEDGEMENT

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

Jocelyn Lyall, BAcc CPFA
Chief Internal Auditor

TABLE 1		
Annual Report 2022/23 (B06/24) - Update of Progress Against Actions		
Agreed Management Actions with Dates	**Progress with agreed Management Actions**	**Assurance Against Progress**
1. Development of Risk Management a. Greater use of risk appetite including greater detail in risk reports presented to standing committees on how the risk appetite will affect strategy, decision-making prioritisation, budget setting and organisational focus. b. Deep Dive Reports to include: • Further assessment as to which key management actions will impact on the target score with success criteria stated. • A focus on key controls only, providing overt assurance and an overt conclusion on the effectiveness of implemented controls. • An assessment of the proportionality of proposed actions and whether they should be sufficient to achieve the target score. c. Revised Risk Management KPIs presented to the Audit and Risk Committee (ARC) that take account of previous internal audit recommendations and allow ARC members to assess the overall effectiveness of the system of Risk Management. d. Revised Risk Management Framework approved by the ARC providing a detailed description of joint Risk Management arrangements with the IJB including responsibility for operational risks, responsibility for sharing of information and responsibility for provision of assurance consistent with the IJB Risk Management Strategy. ***Action Owner: Director of Finance & Strategy*** **Original target implementation date 31 March 2024.**	a. Corporate Risks papers presented to each standing committee state if risks are within or outwith risk appetite. Review of the Board's risk appetite has not taken place yet. Risk reports to standing committees do not yet include greater detail on how the risk appetite will affect strategy, decision-making prioritisation, budget setting and organisational focus. b. The Risks and Opportunities Group (ROG) is progressing changes to the deep dive process, and these should be evident in deep dive papers presented to Standing Committees in the remainder of 2023/24. c. The development of KPIs for the risk management process is a work in progress. d. The revised NHS Fife Risk Management Framework, including a description of RM arrangements with the IJB that satisfies our recommendation, was approved by Fife NHS Board on 26 September 2023 (Complete).	 On track
2. Staff Governance Standards a. A year-end report to be presented to the Staff Governance Committee providing year-end feedback on: • The action taken on each strand of the Staff Governance Standards during 2023/24. • Reflection on how successfully and effectively these have been implemented.	a. The Annual Internal Audit Report for 2022/23 (B06/24) was presented to SGC on 20 July 2023 and the minutes record: *'The Director of Finance & Strategy highlighted the Staff Governance section within the report and was pleased to advise that there were only two recommendations, both in the lower category, which merit attention'* b. As per 2a above	 On track

• What actions are being taken forward into 2024/25, plus the further coverage planned for each strand during 2024/25. b. The Staff Governance Committee Annual Report and Statement of Assurance to include a conclusion on compliance with the different strands of the Staff Governance Standards based on the paper referred to in 2a above. ***Action Owner: Director of Workforce*** **Original target implementation date 31 March 2024.**	Internal Audit is monitoring implementation of these recommendations as part of the Audit Follow-up process and will contact management closer to the implementation date to confirm reporting will be completed as agreed.	
3. Whistleblowing The Staff Governance Committee Annual Report and Statement of Assurance including a statement confirming the Whistleblowing Champion's opinion on the adequacy NHS Fife's whistleblowing arrangements. ***Action Owner: Director of Workforce*** **Original target implementation date 31 March 2024.**	As per 2a above Internal Audit is monitoring implementation of this recommendation as part of the Audit Follow-up process and will contact management closer to the implementation date to confirm reporting will be completed as agreed.	 On track
4. Financial Sustainability Action Plan A Financial Sustainability Action Plan to be presented to the FPRC which: • Demonstrates clear links to the Population Health and Well Being Strategy, the Workforce and Digital & Information strategies, and service redesign and transformation. • Includes the following overtly to the required savings: ○ a clear process and timetable for the setting and implementation of organisation priorities ○ a clear methodology for agreeing areas for de-prioritisation. ○ a robust process for identifying and delivering service change. • Includes the process for formal monitoring of operational and strategic savings programmes. • Includes provision of overt positive assurance to the Board that NHS Fife has the capacity and capability (both in terms of planning and operations) to drive transformational change, whilst maintaining business as usual and delivering savings, both in the short and longer term. • Includes a clear delineation of the cultural changes required to ensure that financial sustainability receives sufficient priority both strategically and operationally, in the face of competing pressures and conflicting Scottish Government priorities. ***Action Owner: Director of Finance & Strategy***	The Financial Performance and Sustainability Report includes actions aimed at achieving financial sustainability and has been presented to EDG, FPRC and Fife NHS Board. The Financial Performance and Sustainability Report links to the Annual Delivery Plan which links to the Corporate Objectives which are aligned to the Public Health & Wellbeing Strategy. The process to determine corporate objectives for 2024/25 will include the setting and implementation of organisation priorities and de-prioritisation will be included in this. The broader service change objectives are aligned with the other significant change programmes. The Financial Improvement and Sustainability Board is monitoring actions being taken to improve efficiency savings performance.	 Completed

Original target implementation date 31 March 2024		
5. Brokerage Contingency Planning. NHS Fife to record, monitor and have contingency plans in place to manage the risk of a sudden cessation for brokerage, which, unmitigated, could impact on service provision. ***Action Owner: Director of Finance & Strategy*** **Original target implementation date 30 September 2023**	NHS Fife is in dialogue with SG who are aware of the potential brokerage required at Year-End.	 Completed
6. Digital & Information Strategy a. Clinical Governance Committee (CGC) to be updated regarding the impact on strategic ambitions & new D&I Strategy of elements from previous strategy not yet delivered. b. The new D&I Strategy to include a resource & financial assessment supporting the likelihood of the revised D&I Strategy being delivered within the stated timescale. ***Action Owner: Associate Director of Digital & Information*** **Original target implementation date 31 July 2024.**	a. The D&I Strategy update to CGC on 3 November 2023 included analysis of the delivery of items from the 2020-24 D&I Strategy and clearly shows items partially or not delivered. The update also identifies themes to be taken forward to the next iteration of the strategy (Complete). b. The D&I Strategy update to CGC on 3 November 2023 confirmed that this will be supported by a financial framework.	 On track
ICE Report 2022/23 (B08/23) - Update of Progress Against Actions		
Agreed Management Actions with Dates	**Progress with agreed Management Actions**	**Assurance Against Progress**
1. Committee Assurances a. The Board's action list, which is currently maintained and followed up by the Corporate Governance & Board Administration team, will be tabled for review at future Board meetings. b. Risk sections within the SBAR papers presented to the Standing Committees and the Board should fully articulate the risks associated with the report, the linkage to the relevant Corporate or Operational risk and any related consequences. c. SBARs on Policy Updates to include a risk assessment on each policy which has passed the renew date, highlighting the risks and possible consequences of the policy not being reviewed within the timescale and superseded policies will be removed from Stafflink. ***Action Owner: Head of Corporate Governance & Board Secretary*** **Original target implementation date 30 June 2023.**	a. The Board's Action List was included on the agenda for its meetings on 31 January and 28 March 2023 and a comparison of the two Action Lists shows that it is being updated between meetings (Complete). b. The revised SBAR template and associated guidance were issued in November 2023, so time is needed to evidence the use of these in practice at Board and Committee meetings. An extended timescale to 31 March 2024 has been agreed to allow this. c. Discussion on the policies that have lapsed review dates took place at EDG on 2 November 2023 and a risk-based approach to prioritise the review and update policies was agreed and relevant assurances regarding this were provided by the relevant responsible Executive Directors. FPRC were notified of this on 14 November 2023 (Complete).	 Minor slippage on agreed timelines

2. Risk Management a. Risk Management KPIs to be presented for approval and reported to the Audit and Risk Committee. b. Risk appetite to be overtly reflected in the corporate risk register updates to standing committees, particularly within target scores, when risks are updated and reviewed. ***Action Owner: Director of Finance & Strategy*** **Original target implementation date 30 June 2023.**	a. KPIs for Risk Management are still being updated and a date for presentation to ARC has not yet been agreed This recommendation has been superseded by B06/24 Point 1c. b. The Corporate Risk Register presented to ARC on 15 March 2023 includes the risk appetite for each strategic priority and indicates for each risk whether the current risk rating is above, below or within that risk appetite. This format will be used for presentation to all Standing Committees.	 Completed
3. Clinical Governance and Assurance re Services Delegated to the Integration Joint Board a. Regular reporting to the Clinical Governance Oversight Group (CGOG) providing assurance that recommendations made following external body visits are being progressed through service action plans to completion. b. Reporting on risk associated with Adult and Child Protection to the CGOG. ***Action Owner: Director of Health and Social Care Partnerships*** **Original target implementation dates a - 30 April 2023 & b – 31 July 2023.**	a. Inspections and methodology reported to CGOG on 18 April 2023 and future reporting scheduled in CGOG 2023/24 workplan. b. Report on risk 10 regarding Adult and Child Protection was presented to the CGOG meeting on 20 June 2023.	 Completed
4. Clinical Governance Strategic Framework & Clinical Governance Risk Management a. The Clinical Governance Strategic Framework (CGSF) to be presented to Fife NHS Board for approval. b. Adult and Child Protection and the latest guidance (Scottish Government's NHS Public Protection Accountability and Assurance Framework to be considered as part of the 2023/24 workplan for the Clinical Governance Strategic Framework. c. The Terms of Reference for the CGOG to be amended to include a specific responsibility regarding consideration of external reviews and whether appropriate action has been undertaken to address any recommendations made. d. A meeting of the Organisational Learning Group (OLG) to be held focused on how to build in the consideration of issues identified in external reports into future OLG agendas and the analysis that would need to be undertaken to provide the OLG with the information to discharge their responsibility as per its Terms of Reference item 2.4 regarding consideration of whether internal controls and associated reporting mechanisms need to be improved if they did not identify issues highlighted in inspections undertaken by external regulators/auditors. e. Minutes of OLG meetings to be routinely presented to the CGOG.	a. The CGSF was approved by Fife NHS Board on 28 March 2023. b. The Mid-Year Update on the Clinical Governance Strategic Framework presented to CGOG on 24 October 2023 and CGC on 3 November 2023 includes reference to the Scottish Government's NHS Public Protection Accountability and Assurance Framework. c. CGOG Terms of Reference was appropriately updated and was noted by CGOG on 24 October 2023 acknowledging their acceptance of the changes made. d. A review of the OLG commissioned by the Chief Executive has concluded and the recommendations made supersede this recommendation. e. The minutes of the OLG meeting held on 18 August 2023 were included on the CGOG Agenda for its meeting on 24 October 2023. f. The updated CRR presented to EDG on 17 August 2023 includes the revised wording of the risk. The Director of Acute Services advised that the scoring is reviewed regularly and was last updated at the end of April. The risk	 Completed

f. The description of risk 7 on the CRR to be updated to more accurately describe the risk associated with deferred treatment due to late presentation due to the pandemic (eg: changing the '*could*' in 'This time delay could impact clinical outcomes for the population of Fife' to '*will*'). and the scoring of this risk to be revised to take account of the related performance information. g. The anticipated deep dive analysis to be undertaken on risk 7 to be prioritised and to be undertaken in a manner that clearly explains the scale of the risk and better describes the controls in place. h. The alignment of Risk 7 to be reconsidered with specific consideration given to whether assurance on its management should be provided to the CGC. i. The difficulties in meeting targets for Serious Adverse Events Reviews to be reported to the CGC. ***Action Owner: Medical Director*** **Original target implementation date 31 August 2023.**	was scored at 16 High when reported to FPRC in November 2022 and is reported as 20 High to FPRC in May 2023. g. The deep dive into risk 7 has been undertaken and was presented to FPRC on 14 March 2023 and CGC on 7 July 2023. The deep dive into the related CRR 5 was undertaken and presented to EDG on and was presented to CGC on 5 May 2023. h. The alignment of risk 7 is to continue to be to FPRC but it was presented to CGC on 7 July 2023. i. The narrative included in the IPQR presented to CGC on 3 March 2023 highlighted the performance issues regarding the Adverse Events Management Process and the action being taken to address this.	
10. IG&S Incident Reporting to CGC The IG&S update report for the Clinical Governance Committee to be updated to include a section for IG Incident Management including: ○ Reasons for any instances of non-compliance with the 72-hour statutory timescale for reporting to the ICO and what has been done to prevent this from happening in future. ○ Sufficient information to allow an opinion on whether any of the incidents reported to date should be considered for disclosure within the Board's Governance statement. ***Action Owner: Associate Director of Digital and Information*** **Original target implementation date 31 May 2023.** **Extended to 29 February 2024 (TBC)**	IG&SSG Updates to CGC on 3 March and 8 September 2023 – (both Item 9.1) - Summary of Incident Reporting in the period including assurance regarding compliance with the 72-hour timescale for reporting to the ICO but does not include a statement regarding whether or not any of the incidents will warrant disclosure in the Board's Governance statement. This is to be included in the update presented to CGC on 12 January 2024.	 Minor slippage on agreed timelines
11. D&I Strategy Risk • D&I Workforce Plan to be added to the Corporate Risk Register as a mitigation to risk 18 – regarding the D&I Strategy to allow assessment of its implementation and effectiveness. ***Action Owner: Associate Director of Digital and Information*** **Original target implementation date 31 May 2023.** **Extended to 30 November 2023**	The risk report presented to CGC on 8 September 2023 includes the following as mitigation against corporate risk 18: '*Active review of the Strategy deliverables against current strategic objectives. This includes financial and workforce planning*'.	 Complete

CORPORATE GOVERNANCE

Corporate Risks:

Risk 1 – Population Health and Wellbeing Strategy – Moderate (12); Target (12) Moderate by March 2024 - Below Risk Appetite

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.

Risk 2 – Health Inequalities – High Risk (20); Target (10) Moderate by March 2024 - Within Risk Appetite

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, representing huge disparities in health and wellbeing between Fife communities.

Governance Arrangements

The Code of Corporate Governance was updated and approved at the May 2023 Board meeting.

Board and Committee Development Sessions covered a diverse range of topics and are critical for gaining further insight into key areas. The Annual Internal Audit Report 2022/23 (B06/24) highlighted that learning and key actions from these sessions should be recorded with formal outputs to ensure that actions are taken forward. The Board Secretary has advised that notes are taken on Development Sessions where appropriate and these used as part of the planning and design of topics under development.

The ARC members attended training sessions on the Annual Accounts, the role & function of the ARC and Risk Management. The CGC have considered Medical Education, Addiction Services, the Research relationship between NHS Fife and the University of St Andrews and Optimal Clinical Outcomes. The Public and Wellbeing Committee has considered topics which include Child and Adolescent Mental Health Service and Psychological therapies and Integrated Screening. The Staff Governance Committee has considered continuously improving a safe working environment, promoting the health and wellbeing of staff, and iMatters.

Self- Assessment

The second edition (November 2022) of the Blueprint for Good Governance was presented to the March 2023 ARC. It describes the latest good governance practice including active and collaborative governance. A National survey for Board members, (self-assessment) is closing on 1 December 2023 and a Development Session will be held in February 2024 to reflect on the outcomes of the National Survey.

In March 2023 Governance Committees completed self-assessments and identified improvements which are being progressed within the Committee Action Lists. We will review the progress of the identified improvements and comment in the Internal Audit Annual Report 2023/24 (B06/25).

Committee Assurance

Standing Committees review their Terms of References annually. Internal audit review of Standing Committee papers found that where serious issues are reported, for example adverse findings from an inspection by a regulator, the papers do not conclude on whether the issue is likely to warrant disclosure in the Board's Governance Statement. A process should be introduced to prompt consideration by committee members, throughout the year, of issues that may warrant disclosure in the Board's Governance Statement.

Policies

A General Policies and Procedures paper presented to the 2 November 2023 EDG provided an update of the status of policies as at October 2023. 36 (64%) of the 56 General Policies were up to date, 12 (21%) were beyond their due date and review work was underway within departments for 8 (14%) of General Policies. We noted good practice in that the paper reported the potential risk management implications of overdue policies and the EDG will take a risk-based approach to prioritise out-of-date policies that are significantly beyond their due date.

Internal Audit will undertake a review of Policies and Procedures as part of the 2023/24 audit plan, 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.

Culture and Values

A Board Development Session in April 2023 focussed on Culture, Values and the Role of the Board. The NHS Fife Code of Corporate Governance refers to culture and values, and we have evidenced examples of the Board and its officers embracing and promoting these values.

Strategy

The Public Health & Wellbeing Strategy (PHWS) was approved at the March 2023 Board meeting. The Public Health and Wellbeing Committee (PHWC) has oversight of the delivery of the PHWS and a Mid-Year Report to the November 2023 meeting provided a six-monthly update on delivery. Progress during the first 6 months was provided (to September 2023) with planned activity to the end of March 2024 highlighted. The report uses the three-horizons framework to plan the first year, medium-term and longer-term objectives, to describe how ongoing work will collectively contribute to the system change required.

The internal audit B14/23 on Strategic Planning, will evaluate the development of the Strategic Plan.

Operational Planning

The draft ADP 2023-24 is in line with SG guidance and was presented to the Board before submission to SG by end of July 2023, and subsequent approval on 11 August 2023. It was approved by the Board in September 2023. There are three ADP related submissions: the draft ADP1, the draft ADP2 (spreadsheet with detailed actions, milestones and risks) and the draft Medium-Term Plan (MTP) 2023/26, which was submitted to Scottish Government on 7 July 2023. Quarterly updates on ADP delivery are reported to the FPRC.

We commended the OPEL tool within our B08/23 Internal Control Evaluation report. OPEL supports management of increased activity, and the related impact on capacity and flow and scores continue to be reported on a daily basis on Stafflink to provide organisational awareness of the extreme pressures within the system and the high-risk environment the Board operates within.

Assurance Mapping

Committee Assurance Principles were endorsed by the NHS Fife ARC in May 2021. Internal Audit will continue to promote the use of the assurance principles through continued leadership of the Assurance Mapping Group, chaired by the Chief Internal Auditor, attendance at the Risks and Opportunities Group, and though internal audits.

Integration

The Integration Scheme was reviewed and approved by NHS Fife Board in September 2021. A Ministerial Strategic Group (MSG) published a report in 2019 outlining proposals to develop the features of good Integration. An MSG self-assessment was carried out by the Fife Health and Social Care Partnership and reported to the NHS Fife Finance, Performance and Resources Committee (PRC)

in January 2023. Sixteen key features were established, 6 were partially established. Internal Audit would expect an update report is provided to a future NHS Fife Finance, PRC meeting.

Performance

The Integrated Performance & Quality Report (IPQR) has continued to be reviewed and enhanced by the IPQR group, which was set up following the Board's Active Governance Workshop held in November 2021. The IPQR report now provides a Public Health and Wellbeing section and Statistical Process Control charts where relevant. This demonstrates improved connectivity through inclusion of Corporate Risks aligned to strategic priorities. Providing extracts of the IPQR for each Standing Committee has facilitated focussed scrutiny of the performance areas most relevant to each. The November 2023 IPQR included uptake of Covid and Flu winter vaccination programme and staff vacancies.

The Board, the FPRC, the SGC, the CGC and the PHWC have received regular performance reports against a range of key measures (Scottish Government and local targets). Projected & Actual Activity for Patient TTG, New Outpatients and Diagnostics are also reported.

The latest IPQR presented to the November 2023 Board meeting highlighted:

- Eight indicators are on schedule to meet Standard/Delivery trajectory: Inpatient Falls, Inpatient Falls with Harm; Pressure Ulcers; SAB HAI/HCAI; C Diff; IVF Treatment Waiting Times; Freedom of Information Requests and Antenatal access.
- The Cancer 31 Day DTT current performance is at 90.6% with a target of 95%, which is a decrease in performance from last year.
- The Cancer 62 Day DTT current performance is 77.1% against a target of 95%, which has decreased in performance since last year.
- The following indicators show an Amber status, which is behind the target but within 5% of the Standard/Delivery trajectory: Cancer 31 Day DTT; Major/Extreme Adverse Events - % Closed on Time; Detect Cancer Early; Immunisation 6 in 1 at Age 12 months and Immunisation MMR2 AT 5 Years.
- Twelve indicators are not achieving target but are performing within the Mid-Range quartile for benchmarking: Cancer 62 Day RTT, S1 Complaints Closed in Month on Time, S2 Complaints Closed in Month on Time; 4-Hour Emergency Access (A&E) & (ED); Patient TTG%; New Outpatients; Diagnostics; Sickness Absence; CAMHS Waiting Times; Psychological Therapies Waiting Times (Statistical Process Control has identified this as an outlier and negatively outside the control limits) and Drugs & Alcohol Waiting Times.
- Performance in September for the 4-Hour Emergency Access decreased from 79% to 73.3%, significantly below the 95% national target and just below the 24-month average of 73.9%.

The pressures on the system are making performance against a range of targets challenging for NHS Fife in common with the entirety of NHSScotland.

Risk Management

The Risk Management Framework 2023-2025 was approved at the September 2023 Board meeting, following consideration by the ARC in August 2023. A delivery plan is being developed to support the implementation of the Framework.

More than 60% of the Corporate Risk scores are above risk appetite, meaning that action to bring risk scores within appetite and within a short timeframe are required. The annual review of risk appetite

has not yet taken place. Within the context of the unprecedented challenging external environment we are of the opinion that risk appetite needs to be revisited.

The implementation of Deep Dive risk reviews is designed to provide Governance Committees with assurance on the appropriate management of risk. We commend the paper to the 2 November 2023 EDG, where recommended criteria for undertaking a Deep Dive review was agreed. The triggers for invoking a Deep Dive review were outlined as, Proposed New, Deteriorating and Static, Corporate Risks, and Proposed De-escalation of a risk. Internal Audit will review these arrangements, including a review the full Deep Dive process, within B14/24 Risk Management this year.

The Risk and Opportunities Group (ROG) continues to meet to provide leadership and promote and embed an effective risk management culture.

Risk management dashboard operational guidance and a demonstration of the Risk Summary Dashboard was provided to the 2 November 2023 EDG. 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. KPIs for operational risks have been developed and will continue to be refined as part of the ROG agenda.

Action Point Reference 1 – Governance Statement Disclosures

Finding:

Papers have been presented to each standing committee that highlight serious issues, but they have not concluded on, or prompted discussion on, whether these issues are likely to require disclosure in the Board's Governance Statement.

Audit Recommendation:

A process should be implemented that ensures serious issues are highlighted to all Standing Committees and members are prompted to agree if the issue warrants disclosure in the Board's Governance Statement. This may include a direction in the SBAR supporting the relevant paper, along with providing members with the key considerations for deciding upon disclosures from the relevant section of the Scottish Public Finance Manual:

- '*might the issue prejudice achievement of the business plan or other priorities?*
- *could the issue undermine the integrity or reputation of the organisation?*
- *what view does the audit committee take on the issue?*
- *what advice or opinions have internal audit and/or external audit given?*
- *might the issue make it harder to resist fraud or other misuse of resources?*
- *does the issue put a significant programme or project at risk?*
- *could the issue divert resources from another significant aspect of the business?*
- *could the issue have a material impact on the accounts?*
- *might financial stability, security or data integrity be put at risk?*'

A register of potential disclosures should be maintained and considered at year-end when preparing the Board's Governance Statement.

Assessment of Risk:

Merits attention		There are generally areas of good practice. **Action may be advised to enhance control or improve operational efficiency.**

Management Response/Action:

Standing Committees each reflect on their year's business at the point of reviewing their annual assurance report. Significant work has been taken forward in recent years to enhance the content and detail of these reports, ensuring that the information provided within is comprehensive, robust and relevant for the purpose of providing assurance to the Board. It is at that point where committees discuss and decide on any potential disclosures, reflecting on the year's business overall and the movement of potential disclosure issues throughout the year (some in-year issues can be satisfactorily resolved by year-end, for instance).

In totality, the consideration of each Standing Committee's assurance statement influences the content and conclusions of the Governance Statement, which is discussed in draft and agreed with the Audit & Risk Committee. We believe the process in place at present is robust and appropriately reflective, without the need for a rolling issue list to be created, or additional changes to the SBAR template.

Action by:	Date of expected completion:
Head of Corporate Governance & Board Secretary	**N/A**

CLINICAL GOVERNANCE

Corporate Risks:

Risk 3 – COVID-19 Pandemic – Moderate (9); Target (12) Moderate by October 2023 – Below Risk Appetite

There is an ongoing risk to the health of the population, particularly the clinically vulnerable, the elderly and those living in care homes, that if we are unable to protect people through vaccination and other public health control measures to break the chain of transmission or to respond to a new variant, this will result in mild-to-moderate illness in the majority of the population, but complications requiring hospital care and severe disease, including death in a minority of the population.

Risk 5 - Optimal Clinical Outcomes – High Risk (15);Target (10) Moderate by March 2024 – Within Risk Appetite

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.

Risk 9 - Quality & Safety – High Risk (15);Target (10) Moderate by March 2024 – Above Risk Appetite

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.

Risk 16 - Off-Site Area Sterilisation and Disinfection Unit Service – Moderate Risk (12);Target (6) Low by April 2026 – Within Risk Appetite

There is a risk that by continuing to use a single offsite 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.

Risk 17 & 18 are aligned with the Clinical Governance Committee but are considered under the Information Governance section below.

Risk 7 is aligned with the Finance Performance and Risk Committee. We recommended that consideration be given to aligning this risk to the Clinical Governance Committee. This was considered but it was felt appropriate that the risk remained aligned to the FP&RC. The Clinical Governance Committee was updated on the deep dive into this risk at its 7 July 2023 meeting.

Risk 7 - Access to Outpatient, Diagnostic and Treatment Services - High Risk (20);Target No target due to uncertainty over level of funding – Above Risk Appetite

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.

Clinical Governance Framework

The Clinical Governance Strategic Framework was approved by Fife NHS Board on 28 March 2023 and the annual delivery plan and progress update was presented to the Clinical Governance Oversight Group (CGOG) in October 2023, setting out the workstreams, objectives, leads, timescales and their status.

The only item reported as having slipped was the Risk Management Policy which is being revised following Board approval of the NHS Fife Risk Management Framework at the end of August 2023.

A Fife Health and Social Care Partnership (HSCP) Clinical & Care Governance Strategic Framework is in development and is to be presented to the IJB for approval by January 2024. This will outline arrangements for providing strategic direction and assurance on health and social care to the IJB, Fife Council and NHS Fife. This framework will complement the existing NHS Fife Clinical Governance Strategic Framework which describes HSCP Clinical and Care Governance Assurance Arrangements.

Fife IJB report F06/22 - Clinical and Care Governance was issued on 31 October 2023 and provided reasonable assurance on developments to Clinical and Care Governance Assurance processes and made two significant and three moderate recommendations. The significant findings related to the reporting of assurance regarding the management of the corporate risk recorded regarding Child and Adult Protection and establishing regular reporting on Adult and Child Protection to Fife Council's People and Communities Scrutiny Committee and the IJB's Quality and Communities Committee and SLT Governance and Assurance.

Clinical Governance Committee

Updated CGC Terms of Reference (ToR) were included in the Code of Corporate Governance approved by Fife NHS Board on 30 May 2023 and include a membership change related to patients' representative, responsibility for oversight of patient experience and feedback mechanisms and other administrative items.

The CGC 2023/24 annual workplan is presented to each CGC meeting with the latest update indicating that CGC should receive all items in 2023/24.

Clinical Risk Management

The four corporate risks detailed at the start of this section have been aligned to the CGC, as have two Information Governance risks.

Risk 7 - Access to Outpatient, Diagnostic and Treatment Services is aligned to the Finance Performance and Risk Committee. Internal audit previously recommended this risk should be aligned to the CGC, but we were advised that the risk would remain aligned to the FPRC. However, the CGC was updated on the deep dive into this risk on 7 July 2023.

The CGC has also considered deep dive assurance reports for risks 9, 16 and 18 in 2023/24 and reviewed the corporate risks aligned to the Committee on 8 September 2023 and 3 November 2023.

Clinical Performance Reporting

The latest IPQR presented to CGC on 3 November 2023 highlighted the following areas which are not achieving target, with the SBAR providing detailed narrative and actions to improve:

- Adverse Events - August 2023 – 48.4% LAER/SAERs closed on time against a target of 50%:
- Escherichia Coli Bacteraemia (ECB) (HAI/HCAI) - August 2023 – 38.4 HAI/HCAI per 100,000 Occupied Bed Days against a target of 33.0
- Complaints (Stage 1 & Stage 2) - August 2023 - Stage 1 closed in month on time 42.6% against a target of 80% & Stage 2 closed in month on time 11.1% against a target of 50%. (A project and improvement plan is being developed by the Patient Experience Team in conjunction with a Senior Project Manager to improve performance in this area).

Quality Performance Indicators (QPIs) included in the Clinical Governance Strategic Framework are reported to the CGC along with details of remedial action being taken to address any indicators that were performing below target with the exception of:

- Adverse Events Improvement Actions (70% target for closure of actions within timescales)

- Complaint Closed- Stage 1 (80% target) – The summary table on the IPQR reported 42% for this, significantly below the target of 80% but there is no narrative included in the Clinical Governance section and any remedial action being taken (there is narrative regarding Stage 2 performance and improvement actions).

External Review

External Inspection Reports are included on an Activity Tracker document routinely considered by the Clinical Governance Oversight Group (CGOG).

In response to a recommendation in our 2022/23 ICE report (B08/23) a HSCP Inspection Update is presented to each CGOG meeting as a standing agenda item.

We commend the presentation of the papers on the HIS inspection and the Fatal Accident Enquiry to the CGC. These papers highlighted the serious issues raised to CGC members but, in common with other standing committees, did not include a conclusion on whether they require to be included as disclosures in the Board's Governance Statement at year-end and the members of the CGC were not asked to consider this. A recommendation relevant to this is included in the Corporate Governance section above at Action Plan Point 1.

The Cabinet Secretary requested all Boards in Scotland provide assurance that their processes and systems for the early identification, reporting and robust timely investigation of patient and staff safety concerns are fully effective. The NHS Fife Chief Executive commissioned a review of the Organisational Learning Group (OLG) which had a remit to ensure that the learning gained from events is used to optimise patient safety, outcomes and experience and to enhance staff wellbeing and job satisfaction. Our 2022/23 ICE report recommended that the OLG need to consider the effectiveness of internal control and reporting systems in relation to adverse findings in external reports.

Healthcare improvement Scotland (HIS) Inspection Report

HIS undertook an unannounced inspection on Acute Hospital Safe Delivery of Care at Victoria Hospital between 31 July and 2 August 2023 and reported serious concerns about the condition of the healthcare-built environment within the older building of the hospital and stated nine requirements and made two recommendations. The initial findings from the inspection were reported to CGC in September 2023 ahead of the publication of the final report on 26 October 2023. This update informed CGC that NHS Fife took immediate action to address issues identified by relocating a ward to another area in the hospital and bringing forward a planned programme of ward refurbishment. The timing of the publication of the final report did not allow enough time for an update to be provided to the CGC meeting in November 2023 but an update on progress to address the findings in the report is to be provided to the January 2024 CGC meeting. We are advised by the Director of Nursing that this update will consider the effectiveness of internal control and reporting systems (ie why corrective action wasn't undertaken before the issues were highlighted by HIS and what improvements need to be made to ensure that should similar issues occur, Senior Management are promptly notified).

Fatal Accident Enquiry

CGC were updated on the outcome of the fatal accident enquiry into death of a patient in the intensive care unit (ICU) at Victoria Hospital in October 2019. The report identified three specific shortcomings in the care of the patient and stated that had any one of the three been undertaken properly this might realistically have resulted in the death being avoided. The action plan to address the 8 recommendations made in the report was presented to CGC and the status of the actions is to be monitored by the Acute Services Division CGC which reports into CGOG.

Significant Adverse Events

The revised Adverse Events Policy (reviewed February 2023) is available on Stafflink and includes a flowchart of the revised process which links to further Adverse Events Management Resources on Stafflink.

The target related to closing SAERs within timescale has only been achieved in 1 month of the 5 reported to date. Actions designed to improve this are being implemented and are reported as being on track for implementation by 31 March 2024.

Duty of Candour (DoC)

The latest DoC Annual Report presented to the CGC on 3 March 2023 related to the financial year 2021/22 and included an update on DoC activity in 2022/23 to date. We have been advised by management that the 2022/23 DoC annual report for presentation to CGC in March 2024 will include an update on DoC activity in 2023/24.

Action Point Reference 2 – Performance Monitoring

Finding:

Quality Performance Indicators (QPIs) included in the Clinical Governance Strategic Framework should be reported to the CGC along with evidence of review and remedial action. We confirmed that reporting on QPIs to CGC or CGOG is evident in 2023/24 and that remedial action was reported where required, with the following exceptions:

- Adverse Events Improvement Actions (70% target for closure of actions within timescales) – not included in the IPQR or the Adverse Events reporting to CGOG
- Complaint Closed- Stage 1 (80% target) – the summary table on the IPQR reported 42% for this significantly below the target of 80% but there is no narrative on this and on remedial action included in the Clinical Governance section.

Audit Recommendation:

Performance reporting for the Clinical Governance Strategic Framework QPIs referred to in the finding above should be added to the performance reporting to CGC.

Assessment of Risk:

Moderate  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.

Management Response/Action:

Adverse Events:

The action closure rate was added to IPQR from January 2023. The initial target was set at 70%, however it quickly became apparent that we would not be able to meet this until improvements were made to the actions module on Datix and some training and education was devised and delivered. This was escalated through to CGOG on 20 June along with an overview of the short and long term goal for the improvements required. There was agreement to have a staggered approach to achieving the target. The target was reduced to 50% to be achieved by March 2024, at which time it would be reassessed and increased to the 70% if appropriate. An update on the short term goals was provided in August 2023, both of which will have been captured in the minutes.

Actions on Stage 1 Complaints:

The Patient Experience Team (PET) are working with services to improve the compliance of Stage 1 complaints, focusing on ensuring these are resolved locally at the service level via telephone or face-to-face, aiming to reduce the number of Stage 1 written complaint responses required. A new Stage 1 template has been created and tested within Acute to raise awareness of these complaints being resolved locally and highlight lessons learned.

The PET dashboard has been launched, raising awareness and providing up-to-date data regarding all open, Stage 1, Stage 2, enquiries and concerns.

A new weekly complaint report has been created and highlights the compliance target of 80% for Stage 1s and the previous month's data for Acute and H&SCP and whether the target has been achieved. A PET staff page has been created on Blink to raise awareness of the PET and the complaints process. There is greater engagement with PET and Services, focusing on open complaints, providing support, advice, and training. Roles and responsibilities with PET have been streamlined, releasing time for the support officers to focus on stage 1 complaints, concerns, and enquiries. PET will link with Planning and Performance Team to include narrative in IPQR.

Action by:	Date of expected completion:
Director of Nursing / Planning & Performance Team	**31 December 2023**

STAFF GOVERNANCE

Corporate Risks:

Risk 11 - Workforce Planning and Delivery – High Risk (16); Target (8) Moderate by March 2025 – Above Risk Appetite

There is a risk that if we do not implement effective strategic and operational workforce planning, we will not deliver the capacity and capability required to effectively.

Risk 12 - Staff Health and Wellbeing – High Risk (16);Target (8) Moderate by March 2025 – Above Risk Appetite

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.

Risk 19 – Implementation of Health and Care (Staffing) (Scotland) Act 2019 [HCSA] – Moderate (12); Target (9) Moderate (no date given) – Within Risk Appetite

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. While the consequences of not meeting full compliance have not been specified, this could result in additional Board monitoring /measures.

Governance Arrangements

The SGC approved revised Terms of Reference in March 2023 and updates on the progress of the 2023/24 SGC workplan are reported to each meeting.

Workforce Strategy/Planning

The NHS Fife Workforce Plan 2022-2025, agreed by the Board and Scottish Government (SG), was published in November 2022. Internal Audit will comment on the plan within internal audit B17/23 – Workforce Planning, which will be presented to the SGC once finalised. Work to capture information on the identifying and meeting future workforce requirements is ongoing, with the granular information to be obtained by service-based workforce plan templates.

An update on the Three-Year Workforce Plan 2022-25 was presented to the September 2023 SGC meeting with an action plan to address both SG feedback and the recommendations from the Internal Audit Annual Report 2022/23 (B06/24). The majority of the actions are scheduled for completion by March 2024, with the timescale for one action to be confirmed.

The Workforce Plan should provide an opportunity to identify strategic solutions to critical workforce risks and a coherent, cohesive and proportionate response to extreme pressures is needed. The Medium Term Plan 2023-26 highlights the positive steps being taken by NHS Fife to develop and sustain its workforce.

Risk Management

The SGC has oversight of the Workforce Delivery & Planning and Staff Health & Wellbeing corporate risks, both of which have a current high rating. The planned date to reduce the risk score from high to moderate for both risks has been changed to the end of March 2025 (previously March 2023). Whilst these target dates are more realistic, due to the pressures within the system achievability of these dates may need to be reconsidered over time.

A paper on implementation of the Health & Care (Staffing) (Scotland) Act 2019 (Safe Staffing Legislation) was presented to the 14 September 2023 SGC meeting, to update it on the action being

taken to comply with this legislation, which has to be fully implemented by 1 April 2024. To help manage this a new corporate risk has been created, which will be reported to the SGC.

Staff Governance Standards

The SG do not require a staff governance action plan for 2023/24 and no further guidance on Staff Governance Standard (SGS) monitoring procedures has been issued. NHS Fife does ensure the principles of the SGS are followed through:

- SGC workplan reports on the strands of the SGS are presented.
- Signposting other papers to the strand of the SGSs to which they relate.
- Board Development Days.

A date for reporting on the Well-Informed strand has yet to be confirmed.

The Internal Audit Annual Report 2022/23 concluded that further improvements could be made to monitoring and reporting on compliance with the SGS with progress on track for financial year end reporting.

A copy of the 2022/23 Annual Monitoring Return was presented to the 9 November 2023 SGC meeting prior to submission to the SG. For 2021/22 the SG provided feedback on suggested topics for further consideration, which were highlighted to the SGC. The SGC has not been provided with an update on whether action was taken in response to them, and we recommend that this is done.

A workforce policy update to the November 2023 SGC covered development and maintenance of local HR policies and Once for Scotland Workforce Policies. To raise awareness of workforce policies a number of briefing sessions have been held across various sites and virtually over the month of October 2023 with more scheduled for November 2023.

Staff Experience

An update paper on the Annual Delivery Plan (ADP) 2023/24 was presented to the 14 September 2023 SGC meeting to enable monitoring of workforce aspects, with the ADP a standing agenda item at the SGC. Nursing and midwifery staffing issues including the number of registered nurses needed and those entering the workforce, a decrease in for nursing courses in Scotland in 2023 and significant vacancy challenges within NHS Fife.

The September 2023 SGC was informed that iMatters engagement for 2023 had improved and was 66% compared to a national figure of 59%.

Whistleblowing

Implementation of whistleblowing arrangements and reporting was reviewed in Internal Audit Report B18-23. Steps are being taken to fully implement the directives of the Independent National Whistleblowing Officer, including quarterly and annual reporting of whistleblowing instances, investigation and implementation of lessons learned.

Recommendations made by Internal Audit have yet to be fully implemented and are being monitored through the Audit Follow-Up Protocol. This includes a recommendation that the SGC Annual Statement of Assurance 2023/24 includes an overt opinion on the adequacy of existing whistleblowing arrangements, supported by a concluding statement from the Whistleblowing Champion.

Remuneration Committee

The Remuneration Committee (RC) reviewed its terms of reference at its March 2023 meeting and completed a self-assessment of its performance.

Appraisals

The RC reviewed the completion of the 2022/23 performance appraisal process for the Executive and Senior Manager Cohort at its May and June 2023 meetings. The RC approved the 2022/23 objective setting process for the Executive and Senior Management Cohort at its June 2023 meeting. The RC agreed the Chief Executive's 2023/24 objectives at its May 2023 meeting and the 2023/24 Executive Cohort objectives at its July 2023 meeting. The RC also agreed that, due to the importance of ensuring that there is sufficient robust evidence to support the performance rating applied to each member of staff, the RC would further consider the appraisal process at a future date. We recommend this is built into the RC workplan.

The completion of annual Agenda for Change appraisals was 40% as at 31 October 2023, demonstrating a slight continuous improvement (38% at 31 March 2023 and 33% at 31 October 2022), but highlighting that more action to improve staff engagement is required. The SGC was advised that the appraisal performance is being monitored and actions to support staff engagement continue, with current initiatives to increase the focus on this process and sustain improvement ongoing.

Presentation of the 2022/23 Annual Report on Medical Consultant and GP appraisals to the November 2023 SGC has been delayed until the January 2024 meeting, due to the need to collate additional information on the appraisal strategic framework.

Core Skills Training

Core training compliance at 31 October 2023 was 63% (57% in May 2023) against the target of 80%, as reported to the November 2023 SGC meeting.

The SGC was advised of work to increase compliance to the 80% target by 31 March 2024, including:

- Developing compliance improvement trajectories across services to target and prioritise activity.
- Further engagement with training owners to establish delivery plans and improve levels of staff attendance/completion.
- The roll out of enhanced manager reporting to support compliance monitoring activity.
- Completion of a full core training compliance review to develop and refine the programme to improve role specific training requirement.

Sickness Reporting

Sickness absence is now reported to the SGC on a regular basis through the Promoting Attendance update reports, which detailed work being undertaken towards improving attendance and wellbeing. This is supplemented by summary data in the IPQR presented to each SGC. The absence rate at 30 September 2023 was 6.93%, which compares with a Scottish average of 5.94% and the target of 4%. The committee was advised that a range of support packages are being made available to help support the mental health of staff, including resources available on the Healthy Working Lives website, plus the Live Positive - Stress Management Toolkit. An Attendance Management training programme continues to be delivered in partnership to groups of managers within NHS Fife.

Action Point Reference 3 – SG Annual Monitoring Return	
Finding:	
The Scottish Government (SG) Annual Monitoring Return update to the 20 July 2023 SGC advised that the same 'streamlined' approach would be adopted for the 2022/23 return as in 2021/22, with the SG providing feedback on topics it feels Boards should concentrate on. The SGC was advised of SG feedback on the 2021/22 Return and areas that NHS Fife may wish to feed into the Staff Governance Plan and subsequent Return for 2022/2023. An example included feedback received from iMatter roadshows 'Have a natter because iMatter'. The SGC has not been advised as to whether the reported matters have been progressed and these areas do not feature specifically in the 2022/23 Annual Monitoring return presented to the 9 November 2023 SGC meeting.	
Audit Recommendation:	
Future updates to the SGC within the Annual Monitoring Return should include an update on action to address SG feedback from previous years.	
Assessment of Risk:	
Merits attention 	There are generally areas of good practice. **Action may be advised to enhance control or improve operational efficiency.**
Management Response/Action:	
We note the recommendations and will work with the Staff Governance Committee chair to progress the necessary updates	
Action by:	**Date of expected completion:**
Director of Workforce	**31 March 2024**

FINANCIAL GOVERNANCE

Corporate Risks:

Risk 13 Delivery of a Balanced In-Year Financial Position – High Risk (16); Target (8) Moderate by March 2025 – Above Risk Appetite

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.

Risk 14 Delivery of Recurring Financial Balance over the Medium-Term – High Risk (16); Target (12) Moderate by March 2024 – Above Risk Appetite

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.

Risk 15 Prioritisation & Management of Capital Funding – Moderate (12); Target (8) Moderate by April 2026 – Within Risk Appetite

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.

Medium Term Financial Plan (MTFP)

The SG issued formal guidance on financial planning covering the financial years 2023/24 to 2025/26 with final plans to be submitted to SG by 16 March 2023. The guidance required that Boards currently unable to deliver financial balance in 2022-23 without support from SG develop a Financial Recovery Plan to demonstrate how balance will be achieved within three years.

In agreement with SG, NHS Fife developed a 5-year plan on the basis that it provides a more realistic and credible timescale within which NHS Fife can achieve financial sustainability and commence brokerage repayments for the financial support received in the years 2022/25.

The MTFP was endorsed by the FPRC (Reserved Business) on 14 March 2023, followed by Board approval (Reserved Business) on 28 March 2023. It provides clarity on funding and expenditure assumptions with areas of greatest risk and uncertainty highlighted. It presents a range of potential scenarios which demonstrate the impact of changes to key parameters, with a £10.9m financial gap identified for 2023/24.

MFTP – SG Response and Brokerage Required

The SG acknowledged the position outlined in the MTFP in March 2023, with the Board advised to undertake the following actions:

- Provide an update on progress against actions set out in the financial recovery plan, including the work carried out in collaboration with the IJB and regional partners.
- Develop a plan to deliver 3% recurring savings in 2023-24 and develop options to meet any unidentified or high-risk savings balance.
- Develop other measures to be taken to further reduce the financial gap.
- Review key underlying drivers of the deficit and specific risks as presented within the Financial Plan.
- Focus on addressing Covid-19 legacy costs, including additional bed capacity.

The NHS Fife Financial Improvement and Sustainability Programme aims to mitigate the financial gap and deliver against the SG actions. Financial reporting to the Board and FPRC has highlighted that currently there is a high possibility that NHS Fife will require a level of brokerage from the SG

to deliver the identified financial gap of £10.9m it is however now clear that the in-year financial gap is materially increasing, the latest forecast is £23m, this position has been reported to NHS Fife Board and SG. The Board will work towards reducing the final level of brokerage where that is possible.

Internal Audit Annual Report 2022/23 (B06/24) previously highlighted that "*NHS Fife Board needs to assure itself that it has the capacity and capability sufficient to drive strategy, and the associated transformation programme as well as delivering savings of £15m a year*." NHS Fife needs to ensure it has the capacity to drive forward required savings, if it is to have any chance of avoiding the use of further brokerage in 2023/24 and onwards.

Current Financial Position for the period to 30 September 2023

Finance reporting to Board and FPRC has been transparent, and the Director of Finance and Strategy has consistently and clearly articulated financial challenges through EDG, Standing Committees and the Board.

The MTFP reports an underlying deficit of £25.9m with a £15m cost improvement plan and a projected residual gap of £10.9m for 2023/24. A £15.9m revenue overspend was reported for the six months to the end of September 2023. The financial report reflects the continuing impact of the historic and emerging financial pressures set out in the medium-term financial plan and, more importantly, reflects the limited progress to deliver against the agreed £15m cost improvement programme.

The overall financial overspend of £15.9m incudes extra funding allocations of £7.5m pro rata for the period to September 2023 (full year £15.1m) which, if they had not been received, would have substantially impacted the current overspend.

The SG has highlighted in recent letters to NHS Fife, following Quarter 1 results and the forecast year end position, that NHS Fife need to identify more actions between now and the financial year end to improve the forecast outturn and move towards break even.

Cost Improvement Plans (Savings)

In line with national expectations and highlighted above, a 3% cost reduction target was allocated across the Board core revenue resource limit which included the funds delegated to the Fife H&SCP. A cost improvement target of £4.6m was delegated to the partnership and the remaining £15m is the responsibility of NHS Fife to deliver.

The Financial Improvement and Sustainability (FIS) Board meets monthly. The update on the status of the FIS Programme to the end of September 2023 noted that £5.38m of cost improvement plans was confirmed as delivered, however only £2.56m is confirmed on a recurring basis. The absence of recurring savings will impact on subsequent years.

The MTFP savings identified £10m of temporary staff reduction and £5m of surge capacity reduction. The spend on temporary staffing has remained high and as highlighted in financial reports spending this year, this is more than last year, with only £0.31m confirmed savings. Initial plans to reduce surge capacity have not materialised and the Director of Finance has reported that savings will not be made in this area due to ongoing pressures within Acute Services. Other areas have been identified as providing savings but as of September 2023, £9.62m remains as unconfirmed.

The FIS report to the November 2023 FPRC refocused the approach to recovery options in 2023/24 (Horizon 1), for example, introducing a different approach to achieve supplementary staffing reduction with a "*focus on determining the impact and effectiveness of the additional measures taken over the past 12 months to increase substantive staffing to enable a reduction in premium cost agency staffing*". Further work (Horizon 2) is planned to assess the viability of a range of other options to deliver greater value and, where possible, achieve cost reductions over the medium

term, with options including Service Redesign, Estates Review, Reducing Corporate Overheads, Optimising Digital Opportunities and review of Waste systems. Horizon 3 will aim to drive forward the Values Based Healthcare discussion with clinicians to determine whether there are opportunities to realise greater value from the c£900m revenue budget based on considering how services might be delivered in the future.

Savings identified within the FIS Programme are currently operational rather than strategic in nature. Now that the PHWS has been approved and in-year and medium term plans are in place, the linkage of future cost improvement programmes to the operational delivery of the PHWS should be made explicit within future reporting.

Finance Risk Reporting Revenue

There are two corporate financial risks, one for in year delivery of the financial plan and the second related to the longer-term financial plan.

The update provided to the FPRC in November 2023 for Risk 13 - Delivery of a balanced in-year financial position noted the position '*has materially deteriorated in Q2 with very limited progress against the in-year cost reduction target. This position has been reviewed to determine actions which can be taken to reduce the level of forecast overspend. Despite ongoing attempts to reduce costs and a commitment to avoid any additional investment in our services, it is highly likely that the Board will require significant financial brokerage to break-even*'.

We commend the openness of the reporting of the financial position and the forewarning that brokerage will likely be required. We recommend that both target and actual risk scores are reviewed, to ensure they fully reflect the deterioration in the financial position and the challenging environment. The target risk scores due to be achieved by 31 March 2024 appear to be optimistic in the circumstances.

We reiterate our view from the Internal Audit Annual Report 2022/23 (B06/24) that the organisation must assure itself that it has both capacity and can affect cultural change sufficient to deliver the required level of savings in addition to business as usual. Key actions should follow from the production of the PHWS in terms of prioritisation and service change.

Property Asset Management, Net Zero and Capital Risk

In September 2023 NHS Fife Board approved the Whole System Property and Asset Management Strategy, developed from the previous Property Asset Management Strategy. This new Strategy demonstrates links to the PHWS. It is anticipated that the SG will request a 'Whole System Initial Agreement' and this new Property Strategy provides the strategic direction to develop this approach.

The capital plan for 2023/24 was approved in March 2023 as part of the MTFP. Reporting of the capital plan to the FPRC is frequent, with the latest report in November 2023 highlighting no significant risks but issues remain with long lead in times within the supply chain and continued inflationary challenges.

The new strategy highlights the importance of Net Zero, having started the process of creating net-zero carbon road maps for all NHS Fife sites as part of its building energy transition programme. This will show what NHS Fife needs to do to achieve net-zero emissions and the costs associated with that.

The Prioritisation & Management of Capital funding risk is reported to the FPRC, and a Deep Dive is due to be presented to the January 2024 meeting. As part of this we would expect an assessment is provided on the adequacy and effectiveness of key controls and actions.

Asset Verification

Physical checking of a sample of assets is a management requirement within the NHS Fife Financial Operating Procedures. Internal Audit have been provided with evidence that physical checking of equipment has been undertaken during the financial year to date.

INFORMATION GOVERNANCE

Information Governance

Corporate Risks:

Risk 17 – Cyber Resilience – High Risk (16); Target (12) Moderate by September 2024 – Above Risk Appetite

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.

Risk 18 – Digital and Information – High Risk (15);Target (8) Moderate by April 2025 – Above Risk Appetite

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.

Governance and Assurance

The Information Governance and Security Steering Group (IG&SSG) and Digital and Information Board (D&IB) continue to provide assurance to the CGC. The latest IG&S update was presented to CGC in September 2023, with a further update scheduled for March 2023. Updates on the D&I Strategy were provided to CGC in July and November 2023.

The IGS Accountability and Assurance Framework Report has been developed following a mapping exercise between the Scottish Public Sector Cyber Resilience framework and the ICO Accountability Framework and is presented to each meeting of the IG&SSG. Whilst we commend this approach, further development is required as only three of the 10 categories reported have fully defined performance metrics defined and only one of the 10 categories includes cross reference to the risks associated with it. The IG&SSG has been informed that work is underway to address these issues, but no definitive timeline has been communicated.

The Terms of Reference for both the IG&SSG and D&I Board require papers to be issued at least 5 clear days before the meetings but this has not been happening. Some papers have been delivered as presentations at the meeting without having been sent to members in advance. This should be remedied to ensure compliance with the ToR.

Risk Management – IG&SSG and D&I

The management of IG&S risks is reported to each IG&SSG meeting within the IGS Accountability and Assurance Framework Report and is included in the updates to CGC twice a year. A risk report is also presented to each D&IB and there is some commonality of risks in the reports presented to IG&SSG and D&IB.

The latest risk reporting to IG&SSG and D&IB shows that there are a total of 48 risks with 11 scored as high, 27 as medium and 10 scored as low. The graphical representations showed that 23 risks had improved scores since the last report, 24 had remained static and 1 had deteriorated.

Summary information is also provided indicating the total number of risks in each category across D&I with the number within (35%) and outwith (65%) the risk appetite highlighted. The report does not currently include commentary on whether the actions underway and planned will be sufficient to bring these risks within the risk appetite in an acceptable timescale.

Corporate Risks

The two Information Governance corporate risks have been aligned to the CGC for scrutiny and Deep Dives are reported. A deep dive into risk 18 – D&I Strategy was presented to CGC on 3 November 2023 and a deep dive into risk 17 Cyber Resilience is to be presented to the 12 January 2024 meeting. In common with other areas of risk management the format of the deep dives should be improved to address our annual report (B06/24) recommendations.

Although the scores on the corporate risks associated with IG&S have remained static in the year to date, there is evidence of actions being progressed to reduce these towards their target scores and the latest reporting includes a timescale for reaching the target level.

Digital and Information Strategy

The D&I Strategy update to the CGC on 3 November 2023 included analysis of delivery and clearly shows items partially or not delivered. It also identified themes for the next iteration of the strategy and confirmed that this will be supported by a financial framework.

The regular portfolio and project updates provided to the D&IB outline the status of projects and their strategic alignment.

Information Governance Responsibilities

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

Information Governance Policies and Procedures

The status of IG related policies is reported to IG&SSG in the IGS Accountability and Assurance Framework Report with the most recent report presented in October 2023 indicating that all 7 of the 8 policies were within their review date (87.5%). The exception being GP/D3 – NHS Fife Information Governance and Data Protection Core Policy which has a review date August 2023. The IGS Accountability and Assurance Framework Report states that this policy has been reviewed and is available for consultation.

Information Governance Incidents and Reporting

Updates on IG&S incident management are reported to each IG&SSG meeting and to the CGC twice per year. The most recent update to CGC on 3 November 2023 included:

- the number of IG&S incidents reported via DATIX
- the number of IG&S incidents reported to the ICO or Competent Authority, the number of these reported within the required 72-hour timescale and the number that required follow-up by the ICO.

At its meeting on 10 October 2023 the IG&SSG received an update on an incident where an imposter obtained personal identifiable information. This resulted in a reprimand from the ICO, which is the tier of ICO enforcement action below monetary penalties and can include publication of the reprimand on the ICO website. The IG&SSG agreed that the reports from the SAER would be provided to the IG&SSG for consideration before this incident would be highlighted to CGC outlining the issue would warrant disclosure in the Board's Governance Statement.

Action Point Reference 4 – Assurance Reporting to IG&SSG

Finding:

The IGS Accountability and Assurance Framework Report includes ten categories but while the IG&SSG have been advised that performance metrics are being developed for these, the group have not been informed of a timescale for completion of this and to date only three of the categories have fully established performance metrics defined.

Papers to the IG&SSG and the D&I Board has not always been timely and some papers have been delivered as presentations at the meeting without being distributed. The terms of reference for both IG&SSG and D&I Board state that the papers will be issued at least 5 clear days before the meetings, but this has not been happening in practice.

Audit Recommendation:

IG&SSG should be provided with a timescale by which the IGS Accountability and Assurance Framework Report will be improved to include:

- fully established performance measures for each category reported in the framework
- completed risk sections for each category in framework report including cross referencing to the ID of risk in DATIX and to the improvement actions that will reduce the risk score.

The timing of the issue of papers to IG&SSG and D&I Board members should be monitored, and action taken to ensure that the papers are provided to members at least 5 days before the meeting dates.

Assessment of Risk:

Merits attention		There are generally areas of good practice. **Action may be advised to enhance control or improve operational efficiency.**

Management Response/Action:

The performance measures will be established throughout the remainder of 2023-24. While the measures can be developed the ability to report on these in a consistent and efficient manner will need to be established.

The IG&S Accountability Framework will be updated to include the relevant risk summary.

The timing of the issue of papers will be monitored.

Action by:	Date of expected completion:
Associate Director of Digital and Information	**30 April 2024**

Action Point Reference 5 – IG&S Incident Management Assurance

Finding:

At its meeting on 10 October 2023 the IG&SSG received an update on an incident where an imposter obtained personal identifiable information. This resulted in a reprimand from the ICO, which is the tier of ICO enforcement action below monetary penalties and can include publication of the reprimand on the ICO website. The IG&SSG agreed that this incident would warrant disclosure in the Board's Governance Statement, however, the report and findings from the SAER group would need to be issued to the IG&SSG prior to the item being highlighted to the CGC.

Audit Recommendation:

Our existing recommendation in ICE 2022-23 (B08/23 point 10) relates to including a conclusion in the incident management part of the update report to CGC from IG&SSG regarding whether any of the incidents being managed are likely to require a disclosure in the Board's Governance Statement. Having considered the breach referred to above the approach to reporting on information governance and security breaches should be strengthened to ensure that:

- The IG&SSG consider whether any of the breaches being reported are likely to require to be disclosed in the Board's Governance statement
- CGC are informed at the earliest opportunity regarding any breaches that are likely to require a disclosure in the Board's Governance Statement
- These steps are reflected in the relevant policies and procedures.

Assessment of Risk:

Merits attention		There are generally areas of good practice. **Action may be advised to enhance control or improve operational efficiency.**

Management Response/Action:

The Incident reporting element to the IG&SSG will consider if any of the breaches are likely to require disclosure in the Board's Governance statement.

Through identification of these breaches the IG&SSG will consider the necessary escalation to the CGC.

Action by:	Date of expected completion:
Associate Director of Digital and Information	**30 April 2024**

Assessment of Risk

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

Fundamental		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.**	**None**
Significant		Weaknesses in design or implementation of key controls i.e. those which individually reduce the risk scores. **Requires action to avoid exposure to significant risks to achieving the objectives for area under review.**	**None**
Moderate		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.**	**One**
Merits attention		There are generally areas of good practice. **Action may be advised to enhance control or improve operational efficiency.**	**Four**