

FTF Internal Audit Service

Annual Internal Audit Report 2022/23

Report No. B06/24

Issued To: Carol Potter, Chief Executive
Margo McGurk, Director of Finance and Strategy
NHS Fife Executive Directors Group

Gillian MacIntosh, Head of Corporate Governance and Board Secretary

Audit & Risk Committee
External Audit

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Draft Report Issued	13 June 2023
Management Responses Received	19 June 2023
Target Audit & Risk Committee Date	20 June 2023
Final Report Issued	19 June 2023

INTRODUCTION AND CONCLUSION

1. This annual report to the Audit & Risk Committee provides details on the outcomes of the 2022/23 internal audit and my opinion on the Board's internal control framework for the financial year 2022/23.

2. Based on work undertaken throughout the year we have concluded that:

- The Board has adequate and effective internal controls in place;
- The 2022/23 internal audit plan has been delivered in line with Public Sector Internal Audit Standards.

3. In addition, we have not advised management of any concerns around the following:

- Consistency of the Governance Statement with information that we are aware of from our work;
- The description of the processes adopted in reviewing the effectiveness of the system of internal control and how these are reflected;
- The format and content of the Governance Statement in relation to the relevant guidance;
- The disclosure of all relevant issues.

ACTION

4. The Audit & Risk Committee is asked to **take assurance from** this report in evaluating the internal control environment and **report** accordingly to the Board.

AUDIT SCOPE & OBJECTIVES

5. The Strategic and Annual Internal Audit Plans for 2022/23 incorporated the requirements of the NHSScotland Governance Statement and were based on a joint risk assessment by Internal Audit and the Director of Finance & Strategy and were approved by both the Executive Directors Group (EDG) and the Audit & Risk Committee. The resultant audits range from risk based reviews of individual systems and controls through to the strategic governance and control environment.

6. The authority, role and objectives for Internal Audit are set out in Section 20 of the Board's Standing Financial Instructions and are consistent with Public Sector Internal Audit Standards.

7. Internal Audit is also required to provide the Audit & Risk Committee with an annual assurance statement on the adequacy and effectiveness of internal controls. The Audit & Assurance Committee Handbook states:

The Audit & Risk Committee should support the Accountable Officer and the Board by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of the financial statements and the annual report. The scope of the Committee's work should encompass all the assurance needs of the Accountable Officer and the Board. Within this the Committee should have particular engagement with the work of Internal Audit, risk management, the External Auditor, and financial management and reporting issues.

INTERNAL CONTROL

Previous recommendations

8. The Internal Control Evaluation (ICE), issued March 2023, was informed by detailed review of formal evidence sources including Board, Standing Committee, Executive Directors Group (EDG), and other papers. The ICE noted actions to enhance governance and achieve transformation and concluded that NHS Fife's assurance structures were adequate and effective but did agree recommendations for implementation by management.
9. Internal Audit monitor progress with outstanding recommendations through the Audit Follow Up system and all management responses are validated. Progress with Annual Report and ICE recommendations is now reported to the Audit & Risk Committee at each meeting and the EDG on a quarterly basis. NHS Fife has demonstrated steady progress towards completion of most of our previous recommendations, with some not yet due.
10. Most of the recommendations are due for completion around June and August 2023. Aspects of some recommendations have been completed with status provided to Internal Audit to confirm progress is on track. Minor slippage on Information Governance recommendations is noted.
11. The 2023/24 ICE will provide an update on the remaining actions as well as providing an opinion on the efficacy of implementation of all agreed actions.
12. As well as following up previously agreed actions, we have completed testing to identify any material changes to the control environment in the period from the issue of the ICE to the year-end. Areas for further development were identified and will be followed up in the 2023/24 ICE. The remaining actions to address recommendations in our previous ICE and Annual Reports, along with an assessment of progress are included in Section 5.

Governance Statement

13. Throughout the year, our audits have provided assurance and made recommendations for improvements. Where applicable, our detailed findings have been included in the NHS Fife 2022/23 Governance Statement.
14. For 2022/23, the Governance Statement format and guidance were included within the NHSScotland Annual Accounts Manual. Whilst Health and Social Care Integration is not specifically referenced, the guidance does make it clear that the Governance Statement applies to the consolidated financial statements as a whole, which would therefore include activities under the direction of Integrated Joint Boards (IJBs).
15. The Board has produced a Governance Statement which states that:
 - *'During the 2022/23 financial year, no significant control weaknesses or issues have arisen in the expected standards for good governance, risk management and control.'*
16. Our audit work has provided evidence of compliance with the requirements of the Accountable Officer Memorandum and this combined with a sound corporate governance framework in place within the Board throughout 2022/23, provides assurance for the Chief Executive as Accountable Officer.
17. Therefore, **it is my opinion** that:
 - The Board has adequate and effective internal controls in place.

- The Accountable Officer has implemented a governance framework in line with required guidance sufficient to discharge the responsibilities of this role.
18. All Executive Directors and Senior Managers were required to provide a statement confirming that adequate and effective internal controls and risk management arrangements were in place throughout the year across all areas of responsibility and, this process has been further enhanced by guidance written by the Director of Finance and Strategy. These assurances have been reviewed and no breaches of Standing Orders / Standing Financial Instructions were identified.
 19. The Governance Statement reflects the Board governance and operating arrangements. It includes details of the Board performance profile and risk management arrangements, and organisational and supporting strategies. All elements of the Governance Statement have been considered by Internal Audit in previous internal audit annual reports and the ICE and have been followed up in detail in this report.

Key Themes

20. Detailed findings are shown later in the report, which also shows, for context, relevant Corporate Risks against each strand of Corporate Governance. Key themes emerging from this review and other audit work during the year are detailed in the following paragraphs.
21. The Board has improved its governance during the year in number of areas and has responded positively to the 2nd edition of the Blueprint for Good Governance, issued November 2022, in line with a very positive and pro-active governance and risk management culture.
22. We commented on performance in the ICE but in common with many Health Boards, NHS Fife is finding achievement of national targets and improvements extremely challenging. The majority of targets set by Scottish Government are no longer being met. Operational performance has been difficult during the year and it is likely that the challenge will continue in the medium term until strategic solutions can be found, working in partnership with the IJB.
23. As reported in the Annual Internal Audit Report for 2021/22, the challenge now is balancing short term risks against longer term risks which can only be mitigated through strategic change. Amongst a number of initiatives, including the Strategic Planning and Resource Allocation (SPRA) which is central to sustainability, NHS Fife approved the Population Health and Wellbeing Strategy (PHWS) in March 2023, and the Corporate Objectives, which are linked to the new NHS Fife Strategic Priorities.
24. Whilst the Scottish Government has set a number of very challenging national objectives, NHS Fife will need to be mindful that its own strategic objectives must be deliverable within acceptable risk tolerances. The PHWS acknowledged financial pressures but, as a high level strategy, did not provide detailed information on how these would be addressed. As NHS Fife moves into the delivery stage, clarity around how the PHWS will be delivered within the financial and workforce constraints should begin to emerge as well as an understanding of any elements of the strategy which might not be achievable within its lifespan.
25. Although the 2022/23 ICE reported considerable financial pressures, these have subsequently become even more pressing, across the whole of NHSScotland. The Audit Scotland report '*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. This could limit investment in recovery and reform’.

26. Within previous Internal audit reports we have recorded similar concerns and highlighted the importance of strategic responses to these challenges. The NHS Fife Medium-Term Financial Plan for 2023-28 included scenario planning to demonstrate the impact variables may have on achieving financial stability. Traditional approaches to making efficiencies were producing declining savings, and new solutions will be required to ensure that services are sustainable. NHS Fife will need to ensure that it has the capacity and capability required to identify, develop and implement these solutions whilst maintaining business as usual.
27. We are aware that NHSScotland as a whole is predicting significant requirements for brokerage by 2025-2026 and that the Scottish Government has announced that it has a £1bn shortfall in 2023/24, rising to £1.9bn in future years. In these circumstances, whilst the NHS Fife cumulative 3 year brokerage, at a total of £35m, is relatively modest compared to some other NHS Boards, it is by no means certain that it will be available when needed.
28. The Audit Scotland report ‘NHS Scotland 2022’ recognises workforce capacity as the biggest risk to the recovery of NHS services and highlights that the NHS Recovery Plan was not informed by robust modelling and there is a risk workforce targets will not be achieved.
29. Workforce risks remain high across NHSScotland and indeed health sectors all over the world and our view is that the current risk and target risk scores for Workforce within NHS Fife need to reflect local, national and international pressures and the extent to which these are and can be mitigated by key actions and controls, most notably the Workforce Plan. Our review of the NHS Fife Workforce Plan 2022-25 highlighted a number of areas for improvement in future iterations, which will now be incorporated within the Annual Delivery Plan.
30. NHS Fife continues to implement its Risk Management Framework Improvement Programme during 2022/23:
 - New Corporate risk Register mapped to the Corporate Objectives
 - Reporting to Standing Committees and introduction of deep dives
 - Risk escalation process through the Board structure
 - Strategic risk dashboard through the IPQR
31. This work will continue during 2023/24, when the Corporate Risk Register will be further refined and the deep dive process providing greater assurance as it matures. We have also identified some areas for further improvement as part of this process, including increasing the influence of Risk Appetite on strategy, budgeting decision making and organisational focus.
32. A Risks and Opportunities Group has been established which aims to embed an effective organisational risk management framework and culture, including assurance mapping principles. Risk scores and achievement of target scores by target dates are now being considered and potential enhancements to the Deep Dive process have been shared by Internal Audit.
33. The Clinical Governance Strategic Framework and associated Annual Delivery Plan for 2022/23 were approved by Fife NHS Board on 28 March 2023. This outlines the governance framework and assurance reporting routes for clinical governance throughout the full span of NHS Fife responsibilities. This includes those services delegated to Fife IJB which continues a number of positive developments in Clinical Governance over recent years.

34. This report contains a number of recommendations that reflect the changes to the risk environment in which the Board operates. During 2022/23 the Board Secretary has worked with Standing Committee Chairs to ensure Committee Assurance Principles are embedded within the Board's formal assurance processes. There are opportunities now to enhance governance through the further application of assurance mapping principles. Our recommendations are aimed at ensuring coherence between Governance Structures, Performance Management, Risk Management and Assurance.

Key developments since the issue of the ICE included:

- An update on the second edition of the Blueprint for Good Governance was provided to the March 2023 Audit and Risk Committee;
- The Population Health & Wellbeing Strategy 2023-28 – Living well, working well and flourishing in Fife was approved by the Board at the March 2023 meeting. It details NHS Fife strategic priorities for the next 5 years, which will focus on continuing to deliver high quality clinical services and an increased focus on reducing health inequalities to support improvement in the health and wellbeing of the citizens of Fife;
- Initial drafts of Annual Delivery Plan 2023/24 and Medium-Term Plan 2023/26 were considered by the EDG in May 2023;
- The Chief Internal Auditor delivered a presentation on assurance mapping and principles to the Audit and Risk Committee and a presentation on non-executive challenge to Non Executive Directors in May 2023;
- The introduction of a new escalation process, whereby a report to the EDG flags out-of-date policies by service and seeks individual Executive Director support to progress these within their respective portfolios;
- The EDG at its meeting on 4 May 2023 considered the key corporate objectives for 2023/24, which align to the recently approved NHS Fife Population Health and Wellbeing Strategy;
- Interim Progress Report on Equality Outcomes and Mainstreaming Plan 2021- 2025;
- Primary Care Strategy development update to the EDG in April 2023. This strategy is one of nine transformational strategies supporting implementation of the Strategic Plan for Fife 2023-26 which was approved by the IJB on 23 January 2023;
- Approval of the Medium-Term Financial Plan for the next 5 years by the Board on 28 March 2023;
- Whistleblowing directives issued by the Independent National Whistleblowing Officer have now been implemented within NHS Fife and are currently being refined after the completion of investigations into concerns raised;
- A revised approach, including additional information being supplied to management, is being taken in 2023/24 to improve Personal Development Plan Review completion, mandatory training uptake and a reduction in sickness absence;
- The Clinical Governance Strategic Framework and associated workplan were approved by Fife NHS Board on 28 March 2023;

- The Resilience Forum presented their first Annual Statement of Assurance to Clinical Governance Committee on 5 March 2023.
35. Overall, there has been good progress on recommendations from the ICE from last year and the Annual Internal Audit Report for 2021/22. Where action is still to be concluded, the Board has been informed of the planned approach and timescales, as well as associated improvement plans.

Audit Output

36. During 2022/23 we delivered 16 audit products with 3 currently at draft report stage. Work is progressing on the 6 remaining reviews at work in progress, with these and the 3 draft reports to be completed for the August 2023 Audit & Risk Committee meeting. These audits reviewed the systems of financial and management control operating within the Board and the IJBs.
37. Our 2022/23 audits of the various financial and business systems provided opinions on the adequacy of controls in these areas. Summarised findings or the full report for each review were presented to the Audit & Risk Committee throughout the year.
38. A number of our reports, including the ICE, have been wide ranging and complex audits and have relevance to a wide range of areas within NHS Fife. These should provide the basis for discussion around how NHS Fife can best build on the very good work already being done to improve and sustain service provision.
39. Board management continue to respond positively to our findings and action plans have been agreed to improve the systems of control.

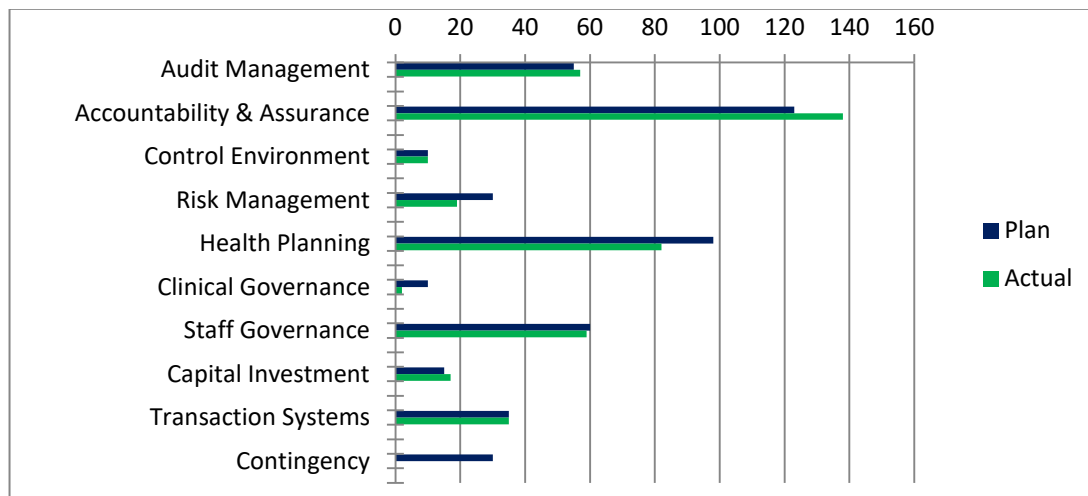
ADDED VALUE

40. The Internal Audit Service has been responsive to the needs of the Board and has assisted the Board and added value by:
- Examining a wide range of controls in place across the organisation.
 - Becoming lead auditors for Fife IJB internal audits.
 - Providing internal input into Board and delivered a presentation on non-executive challenge to Non-Executive Directors in May 2023.
 - Coordinating consideration of assurance issues and updates, dissemination and implementation of the Committee Assurance Principles across NHS Fife, Forth Valley, Tayside and Lanarkshire via the Chief Internal Auditor's continued leadership of the Assurance Mapping Group.
 - The Chief Internal Auditor's delivery of a presentation on assurance mapping and principles to the Audit and Risk Committee.
 - Reviewing the deep dive process introduced following the change from Board Assurance Framework approach to a Corporate Risk Register for strategic risk management, this will be discussed with the Associate Director - Digital & Information and at the Risk and Opportunities Group.
 - Providing advice to Senior Management on the application of assurance mapping and risk management principles.
 - Advising on amendments to the Fife IJB Risk Management Strategy.

- Attending Information Governance and Security Steering Group and Digital & Information Board meetings and providing advice.
 - Input to the update of the NHS Fife Standards of Business Conduct policy
 - Input to the response to Scottish Government regarding updating the Property Transaction Handbook
 - Providing opinion on and evidence in support of the Governance Statement at year-end and conducting an extensive ICE which permitted remedial action to be taken in-year. This review made recommendations focused on enhancements to ensure NHS Fife has in place appropriate and proportionate governance, which supports and monitors the delivery of objectives and is commensurate with the challenging environment within which it is operating.
 - Providing Audit Follow Up reporting to the NHS Fife Audit and Risk Committee.
41. Internal Audit have also used time made available by necessary senior management prioritisation of Covid19 duties to reflect on our working practices, both to build on action taken in response to previous External Quality Reviews and to adapt to a post Covid19 environment. This has included:
- Development of a good practice template for the process of developing new Strategic Plans in IJBs and Health Boards.
 - Updating of the FTF website.
 - Review and update of the FTF self assessment against the Public Sector Internal Audit Standards (PSIAS).
42. The 2023/24 Annual Internal Audit Plan included provision for delivering audit services and providing the Chief Internal Auditor function to Fife's Integrated Joint Board, with Internal Audit Plans agreed. Internal Audit has continued to highlight the importance of maintaining momentum to clear intractable and long-standing issues with all partners, the requirement for coherence between governance structures, performance management, risk management and, in particular, assurance to improve the ability of the IJB to monitor the achievement of operational and strategic objectives.

INTERNAL AUDIT COVER

43. Figure 1: Internal Audit Cover 2022/23



44. Figure 1 summarises the 2022/23 outturn position against the planned internal audit cover. The initial Annual Internal Audit Plan was approved by the Audit & Risk Committee at its meeting on 16 June 2022. As at end of April 2023 we had delivered 418 days against the 463 planned days. There are currently 3 Health Board and 3 IJB reviews at work in progress stage.

45. A summary of 2022/23 performance is shown in Section 3.

PERFORMANCE AGAINST THE SERVICE SPECIFICATION AND PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)

46. The FTF Partnership Board met in March 2023 and the 2023/24 budget was approved. The Partnership Board is chaired by the NHS Tayside Director of Finance and the FTF Client Directors of Finance are members. The FTF Management Team members are attendees.

47. We have designed protocols for the proper conduct of the audit work at the Board to ensure compliance with the specification and the PSIAS.

48. Internal Audit is compliant with PSIAS, and has organisational independence as defined by PSIAS, except that, in common with many NHSScotland bodies, the Chief Internal Auditor reports through the Director of Finance rather than the Accountable Officer. There are no impairments to independence or objectivity.

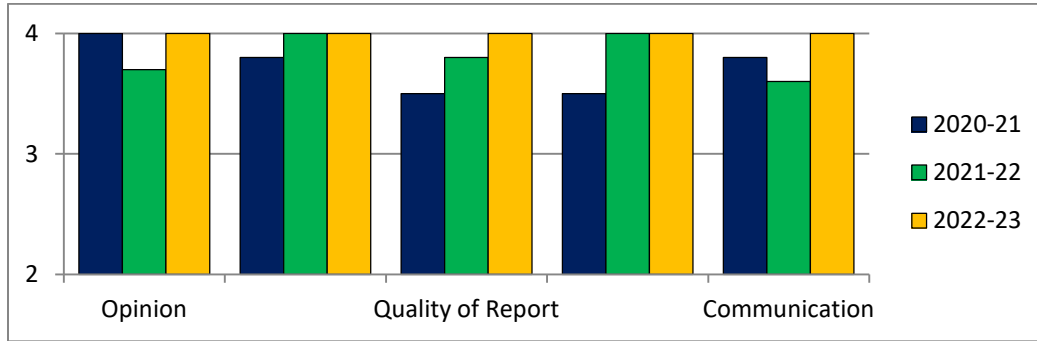
49. Internal and External Audit liaise closely to ensure that the audit work undertaken in the Board fulfils both regulatory and legislative requirements. Both sets of auditors are committed to avoiding duplication and securing the maximum value from the Board's investment in audit.

50. PSIAS require an independent external assessment of internal audit functions once every five years. The most recent External Quality Assessment (EQA) of the NHS Fife Internal Audit Service in 2018/19 concluded that, 'it is my opinion that the FTF Internal Audit service for Fife and Forth Valley generally conforms with the PSIAS.' FTF updated its self assessment during 2022/23. A further EQA is due to take place in 2023/24.

51. A key measure of the quality and effectiveness of the audits is the Board responses to our client satisfaction surveys, which are sent to line managers following the issue of each audit report. Figure 2 shows that, overall, our audits have been perceived as good or very good by the report recipients.

52. Figure 2: Summary of Client Satisfaction Surveys

Scoring: 1 = poor, 2 = fair, 3= good, 4 = very good.



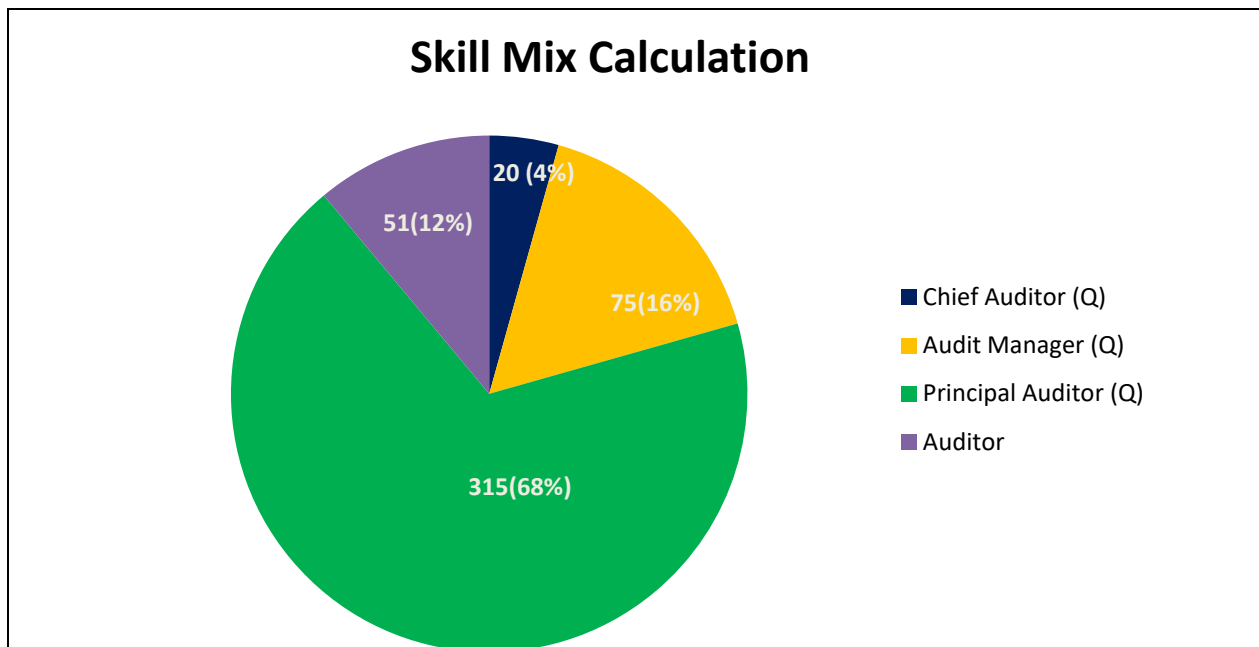
53. Other detailed performance statistics are shown in Section 3.

STAFFING AND SKILL MIX

54. Figure 3 below provides an analysis, by staff grade and qualification, of our time. In 2022/23 the audit was delivered with a skill mix of 88%, which substantially exceeds the minimum service specification requirement of 50% and reflects the complexities of the work undertaken during the year.

55. Figure 3: Audit Staff Skill Mix 2022/23

Audit Staff Inputs in 2022/23[days] Q= qualified input.



ACKNOWLEDGEMENT

56. On behalf of the Internal Audit Service I would like to take this opportunity to thank all members of staff within the Board for the help and co-operation extended to Internal Audit, throughout my tenure as Chief Internal Auditor.
57. My team and I have greatly appreciated the positive support of the Chief Executive, Director of Finance and Strategy, the Board Secretary and the Audit & Risk Committee.

A Gaskin, BSc. ACA
Chief Internal Auditor

Corporate Governance

Corporate Risks:

Risk 1 – Population Health and Wellbeing Strategy – High Risk (12); Target (12) Moderate

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

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

During the pandemic, NHS Fife initiated an organisational command structure to provide direction, decision-making, escalation and communication functions. During the winter period of 2022/23, this structure was used to manage winter pressures.

NHS Fife has now rolled out the Operational Escalation Framework (OPEL), which is designed to support proactive management of increased activity, and the related impact on capacity and flow, to enable services to effectively manage associated clinical risks within acceptable limits. The OPEL provides clear escalation levels for actions to be taken and reporting of OPEL scores is available on a daily basis on Stafflink.

Blueprint for Good Governance

NHS Fife has continued to improve Board effectiveness for example introducing a new Code of Conduct for Members of Fife NHS Board in June 2022 and continuing with a yearly survey of all Board and Standing Committee members and attendees. The outputs help to identify areas for improvements and are a useful tool for supporting the year end assurance process. The interim Chair has instituted a programme for Non-Executive Directors including events to enhance scrutiny and challenge.

All actions from the initial Blueprint have been reported to the NHS Fife Board as completed. The second iteration of the Blueprint was published on 23 December 2022. A presentation of the Blueprint has been provided with a national event undertaken in May 2023, to which NHS Fife had both executive and non-executive attendance. An update was also provided to the March 2023 Audit and Risk Committee. A Board-level survey is expected to be released in early summer 2023 from the Scottish Government, the results of which will enable individual Boards to benchmark their current arrangements against the revised Blueprint and develop an action plan in response. Internal Audit has allocated time in the 2023/24 Internal Audit Plan to review the implementation of the updated Blueprint.

Strategy Development

NHS Fife Board formally approved the new Population Health & Wellbeing Strategy (PHWS) at the meeting on 28 March 2023. The Strategy describes NHS Fife's role in continuing to provide high quality clinical services but also now creating significant focus on improving population health and wellbeing. The Strategy also recognises the importance of being closely aligned to the Fife Health & Social Care Partnership's (HSCP) Strategic Plan.

The PHWS supports the four strategic priorities of NHS Fife, being:

- improving health and wellbeing
- improving the quality of health and care services
- improving staff experience and wellbeing
- Delivering value and sustainability

The delivery of the strategy will be dependent on the enabling strategies in the areas of digital and information, property and asset management, finance and workforce. The alignment of these supporting strategies to deliver the overall PHWS will be key to the effective implementation of the PHWS within the financial and workforce resources available.

The SBAR accompanying the PHWS did not reference the scale of the savings required to delivery financial sustainability, although it did say that *'We know that we will need to continue carefully manage our resources and the strategy provides the NHS Fife Board a framework to support decisions about the allocation of our financial resources'*.

Similarly the Strategy itself did not set out the scale of the financial challenge and commented that *'Whilst planning services, we bring together operational, workforce and financial objectives to ensure the most effective allocation of resources across our health system. The finite nature of our financial resources will inevitably require us to prioritise areas for investment and disinvestment.'*

Internal Audit Report B13/22 & B14/23 Strategic Plan Development, which is out in draft, provides further detail.

Operational Planning

The draft Annual Delivery Plan 2022-23 was presented to the Board in July 2022 before submission to the Scottish Government by the end of July 2022 and subsequent approval by the Board in September 2022.

The delivery of the Annual Delivery Plan is monitored by the EDG with the most recent report to the 20 April 2023 EDG meeting for Quarter 4. Progress reporting to Standing Committees on the Annual Delivery Plan 2022/23 was added to the Workplans of the Financial Performance & Resources Committee (FPRC) and PHWC during the year but actually ceased after the November 2022 FPRC and PHWC. The 2023/24 FPRC Workplan does include Annual Delivery Plan monitoring to every meeting but the PHWC workplan does not.

There were 63 deliverables completed and 11 deliverables that are unlikely to be completed on time. Projections show that almost 100 out of 173 deliverables from the Annual Delivery Plan 2022/23 will be completed by the end of Q1 2023/24. Some of the outstanding deliverables for 2022/23 are included in the 2023/24 Annual Delivery Plan.

The guidance for Annual Delivery Plan 2023/24 and Medium-Term Plan 2023/26 was received from the Scottish Government on 28 February 2023. The EDG at its meeting on 4 May 2023, considered the first draft of both the Annual Delivery Plan and Medium-Term Plan.

This guidance provides a summary of a number of strategic level programmes contributing to the planning guidance, and commits to progressing a refreshed NHS Delivery and Outcomes Framework in collaboration with NHS Boards during 2023/24. In addition, the Scottish Government re-iterated its intention to better align workforce planning and financial planning with delivery planning although there was no reference to areas for de-prioritisation, which would free up resources to be moved to identified priority areas.

To support ongoing improvement and resilience, the Scottish Government has developed 10 recovery drivers. Annual Delivery Plan¹ provides the overview to the Annual Delivery Plan consisting of Board Actions aligned to each Recovery Driver along with relevant commentary on the following:

- Finance & Sustainability
- Workforce
- Value Based Health & Care
- Integration
- Improvement Programmes

The Medium-Term Plan is currently in development and will be presented initially to the private session of the NHS Fife Board in June 2023. The plan will reflect the priorities agreed within the recently approved PHWS aligned to the 10 Scottish Government Recovery Drivers. The plan will also align with and be influenced by the NHS Fife Population Health and Wellbeing Strategy priorities and ambitions.

Assurance Mapping

The Chief Internal Auditor has continued to lead the Assurance Mapping Group, which coordinates consideration of assurance issues and updates, dissemination and implementation of the Committee Assurance Principles across NHS Fife, Forth Valley, Tayside and Lanarkshire.

The Chief Internal Auditor delivered a presentation on assurance mapping and principles to the Audit and Risk Committee and a presentation on non-executive challenge to Non-Executive Directors in May 2023.

A review has also been undertaken of the deep dive process introduced following the change from Board Assurance Framework approach to a Corporate Risk Register for strategic risk management, which will be discussed with the Associate Director - Digital & Information and at the Risk and Opportunities Group.

Internal Audit continues to provide advice to Senior Management on the application of assurance mapping and risk management principles to NHS Fife managers and Executive Directors.

Integration

A revised Fife Integration Scheme, following joint review by the partners, received formal sign-off by the Scottish Government on 8 March 2022.

In January 2023, the FPRC considered a report outlining the performance of the Fife HSCP against meeting the targets detailed in the Ministerial Strategic Group report on Integration, published in 2019. It also benchmarked Fife against other Partnerships across Scotland. The report highlighted several examples of good practice, with work required across six further areas to fully support integration principles.

Performance

The FPRC considered a report on the outcome of the IPQR review process at its July 2022 meeting and supported its recommendations on the enhancement of metrics and targets to be scrutinised by the FPRC.

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

The latest IPQR, presented at the May 2023 Board meeting highlighted:

- 31 Day Cancer Target decreased to 90.1%, the first time below the 95% target since April 2019. Performance against the 62-day Cancer Standard deteriorated to 67.5% with a target of 95%.
- SAB HAI/ IVF Treatment Waiting times/Antenatal access/Drugs and Alcohol/Immunisation 6 in 1 at age 12 –all meeting target.
- Three indicators not achieving target but performing in the upper quartile: C Diff HAI/HCAI, Patient TTG %<=12 weeks and Delayed discharge % Bed Days Lost (Standard).
- 10 indicators not achieving target but performing within the Mid Range quartile for benchmarking: ECB – HAI/HCAI; Complaints Closed Stage 1; Complaints Closed Stage 2; 4- Hour Emergency Access; New Outpatients; Diagnostics; Delayed discharge % bed days lost all; Sickness Absence; Smoking Cessation; CAMHS Waiting Times and Psychological Therapy Waiting Times.
- Activity within TTG, New Outpatients and Diagnostics were all higher than forecast.

In common with all of NHSScotland, performance against national targets is proving challenging. It is imperative that NHS Fife is able to set and deliver realistic targets, within the context of its new Strategic Framework, as soon as possible, so that performance can be measured meaningfully. NHS Fife, like all other NHS Boards in Scotland will however require to follow the Scottish Government performance management arrangements currently in place and any changes which arise in due course.

Best Value

Best value and effective allocation of resources are a key element of the Strategic Planning and Resource Allocation (SPRA) process and the Financial Improvement & Sustainability Programme (FISP). Both of these contribute to *“a more effective triangulation of workforce, operational and financial planning, which supports the promotion and delivery of best value across all of our resource allocation.”* Each standing committee and the FPRC in particular, received progress reports on both the SPRA and FISP. Along with the completion of the Best Value Framework as part of each Standing Committees' Annual Report, NHS Fife can demonstrate processes are in place to promote and deliver best value.

Policies

A General Policies and Procedures update was provided to the May 2023 meeting of the FPRC. In April 2023, of the 56 General Policies, 11 (19%) remain beyond their due date, and are presently being followed up. Review work is underway within departments for 10 (18%) of General Policies, 1 (2%) has been submitted to go through the formal approval process and 34 (61%) of General Policies are up to date. Since the last report in November 2022, this represents an improved position.

We note the introduction of a new escalation process, whereby a report to the EDG flags out-of-date policies by service and directs individual Executive Director to progress these within their respective portfolios.

Corporate Objectives

The EDG at its meeting on 4 May 2023 considered the key corporate objectives for 2023/24, which align to the recently approved NHS Fife Population Health and Wellbeing Strategy. These were approved by the NHSF Board on 30 May 2023. The corporate objectives have been mapped to one of the four NHS Fife agreed strategic priorities or to the new 'Cross Cutting Actions' category, with delivery mapped to a responsible Executive Director.

Board and Standing Committee Development Sessions

Board Development Sessions continue to be held and areas covered since the issue of the ICE include Population Health & Wellbeing Strategy - – Living Well, Working Well & Flourishing in Fife; Medium-Term Financial Plan; Fife Mental Health Redesign; National Treatment Centre Fife Orthopaedics; and Operational Update and Winter Planning and Proactive Discharge from Hospital. Given the importance of these sessions and to ensure their value is maximised, we reiterate our comment in the B08/23 ICE that consideration should be given to formal outputs from Board Development Sessions and action plans to ensure any agreed decisions/actions are taken forward.

Audit Follow Up

Internal Audit provided reports detailing the Audit Follow Up position to the Audit & Risk Committee on four occasions throughout 2022/23. Throughout the year, we liaised with officers to obtain meaningful updates on ongoing audit recommendations, obtained evidence to support the reported progress and completed validation checks to ensure the information provided to the Audit & Risk Committee was accurate. We have updated our report style to reflect the requirements of the recent update to the Governance Blueprint.

Whilst improvements in reducing the number of outstanding actions have been seen in this reporting year, the Audit & Risk Committee has noted that further effort is required to enhance the effectiveness and timeliness of completing audit recommendations. The Director of Finance & Strategy continues to pursue this as a priority action, with quarterly consideration of the remaining actions by the EDG to drive forward prompt resolution.

Board and Standing Committee Annual Reports

All Standing Committees' draft annual reports are broadly in line with the FTF Committee Assurance Principles and will be presented to the 23 June 2023 Audit & Risk Committee. Committee Annual reports, Directors Statements and the Governance Statement are consistent in content.

Code of Corporate Governance

An update to the NHS Fife Code of Corporate Governance was due to be presented to the Audit & Risk Committee in May 2023, but the meeting was cancelled. However the Code of Corporate Governance was remotely noted by members and was considered by the Board for formal approval in May 2023.

Risk Management

Over the years Internal Audit have made many risk management recommendations, many of which have now been implemented. We have commented positively on a number of individual Risk Management developments and also on a fundamental change in the overall approach to risk management and risk culture, which has been gratifying. However, some elements still remain outstanding and it is important that the overall improvements are embedded within the working practices of the Board and formally recorded within an approved Risk Management Framework.

Following engagement with the EDG, Senior Leadership Teams and the Board, a Corporate Risk Register (CRR) is now in place, with Standing Committees receiving reports on the respective CRR since the formal approval of the CRR at the 29 November 2022 NHS Fife Board meeting. Updates and progress were presented to the Audit & Risk Committee throughout 2022/23.

The Risk Management Annual Report 2022/23, which will be considered by the Audit & Risk Committee at its June 2023 meeting, 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 the risk management framework arrangements.

The NHS Fife Annual Risk Management report identifies the following areas for development in 2023/24:

- Completing the refresh of the Risk Management Framework including finalising the process to support the escalation, oversight and governance of risks;
- Refining risk management processes;
- Reviewing and updating of the Board risk appetite statement;
- Updating risk key performance indicators;
- Improving the content and presentation of risk management reports;
- Supporting the continuing development of assurance reporting in which risks are effectively reviewed, addressed and controlled through the Board's governance structures;
- Devising and delivering an education and training programme that equips staff with risk management knowledge and skills according to their roles and responsibilities.

The Board considered its risk appetite pre-pandemic in 2019 and a revised risk appetite statement was considered at a Board Development Session in June 2022, with approval by the Board on 26 July 2022.

NHS Fife have applied the risk appetite levels against each of the four strategic priorities within the new Population Health & Wellbeing Strategy, with these now reported within the CRR reports presented to the Standing Committees with an assessment provided against the risk appetite.

While we commend the positive steps taken by NHS Fife for risk management, there is a need for future development of risk appetite to include greater detail on how it will affect Strategy, decision-making, prioritisation, budget setting and organisational focus; the 'so what' question, which is fundamental to making risk appetite real. Risk reporting to Board and Standing Committees does reference risk appetite but as the framework evolves we would expect risk appetite to be overtly reflected, particularly within target scores, when risks are updated and reviewed and for the actions to be taken, where risks are above appetite to be defined. These might include increased monitoring and application of a prioritised action plan in the first instance, but in the longer term we would hope to see risk appetite influencing strategy, budgets and decision-making i.e. investment in areas above appetite would be prioritised over those at or below appetite. Target dates have now been introduced and we would expect these to feature in the deliberations of Committees as they bed in.

Standing Committees are now receiving deep dive reviews on the corporate risks delegated to them. Currently these deep dives provide evidence of the status of the mitigation plan, but require further development on assessing the key controls, actions, assurances. Mitigations are provided but the criticality and effectiveness of these is not always clear.

The CRR will continue to evolve and will be subject to further refinement and development during 2023/24. Areas for enhancement to the process and assurance reporting should include determining which management actions will impact on the target score with success criteria stated, ranking the importance of controls and the effectiveness of implemented controls and assessing the proportionality of further controls required and whether they are sufficient to achieve the target score.

An updated Risk Management Framework and Policy has been in development for some time and an update on progress will be presented to the September 2023 Audit & Risk Committee. In particular, we have highlighted the need for clarity around joint risk management arrangements with the IJB for many

years and whilst principles have been agreed, these are still not formalised within NHS Fife's own arrangements.

Internal Audit have attended the Risk and Opportunities Group and provided input accordingly, with a focus on embedding the assurance principles and sharing best practice from across the FTF client base. Moving into 2023/24 the Risk and Opportunities Group *'will further develop its knowledge and understanding of the new Population Health & Wellbeing Strategy, the Strategic Planning & Resource Allocation process and the Corporate Objectives in order to inform recommendations on changes or additions to the Corporate Risks and the broader organisational risk profile.'*

Action Point Reference 1 - Risk Management Framework

Finding:

While we commend the many positive developments in risk management in recent years, there is room for further development and formalisation of these within an approved Risk Management Framework. In particular, the following areas can be developed further:

- Risk appetite.
- Deep Dives
- KPIs
- Clarification and formalisation of the joint risk management process with Fife IJB

Audit Recommendation:

Risk Appetite

We acknowledge that risk reporting to Board and Standing Committees includes the risk appetite for each risk, we recommend this to include greater detail on how the risk appetite will affect Strategy, decision-making prioritisation, budget setting and organisational focus, with the 'so what' question, which will be fundamental to making risk appetite real.

Deep Dives

We recommend consideration is given to enhancing the process and deep dive assurance reporting as follows:

- Providing 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.

KPIs

We made detailed recommendations on these a number of years ago and these should be implemented so that the ARC has data on which to assess the overall effectiveness of the system of Risk Management.

Integration

The Risk Management Framework should provide a detailed description of joint Risk Management arrangements with the IJB including responsibility for operational risks, sharing of information and provision of assurance consistent with the IJB Risk Management Strategy which has recently been agreed, but not yet presented to NHS Fife.

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:	
Management accept there is further work to do to enhance and embed the new arrangements and will take these helpful points forward during 2023/24.	
Action by:	Date of expected completion:
Director of Finance & Strategy	31 March 2024

Clinical Governance

Corporate Risks:

Risk 3 – Covid 19 Pandemic – Moderate Risk (12); Target (12) Moderate

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

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

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

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.

Annual Statement of Assurance

The Clinical Governance Committee (CGC) annual statement of assurance provided a reflective and nuanced conclusion that the Committee had fulfilled its remit and that adequate and effective clinical governance arrangements were in place throughout NHS Fife during the year, and provided commentary on a range of key areas and assurance arrangements.

Covid 19 Pandemic

A Deep Dive into this risk was presented to Clinical Governance Committee on 3 March 2023 which described the management actions in place for Population Health protection.

- Achievement and maintenance of high vaccination coverage for risk groups
- Support for vulnerable settings through provision of tailored guidance and infection prevention control advice to prevent outbreaks. This includes healthcare and non-healthcare settings
- Contribution to national surveillance from community and hospital sites

This risk has achieved the target level and actions in place were deemed to provide Substantial Assurance, noting that any significant mutation of the virus would reduce the benefit of management actions and increase the risk to population health.

Clinical Governance Strategic Framework

The Clinical Governance Strategic Framework and associated Annual Delivery Plan were approved by Fife NHS Board on 28 March 2023.

The implementation of the delivery plan is to be overseen by the Clinical Governance Oversight Group (CGOG).

Actions to address related recommendations from internal audit report B19/21 Clinical Governance Strategy and Assurance, are progressing and are reported to the Audit & Risk Committee within the Audit Follow Up report. Currently no regular update on progress to address internal audit recommendations is provided to CGOG or CGC and there is no conclusion regarding this in the CGC's annual statement of assurance. This will be considered for all strands of governance as part of the scheduled update to the Audit Follow Up Protocol.

CGC Governance and Assurance

The CGC annual statement of assurance reports that a comprehensive review of workplans and terms of reference of the CGC and Public Health and Wellbeing Committee has taken place, to limit the potential for any unnecessary duplication of effort and help clarify each committee's responsibilities over agenda items that might be tabled to more than one standing committee, as part of reporting through the governance structure.

The Clinical Governance Oversight Group (CGOG) has an agreed Terms of Reference and Workplan. CGOG considered its annual statement of assurance at its April 2023 meeting but unfortunately this was not subsequently presented to CGC. We are advised that this was due to an administrative oversight and the 2023/24 statement is scheduled on the CGC workplan to be presented in March 2024. The CGOG Terms of Reference was to have been reviewed but this slipped, this will be presented to the CGOG on 20 June 2023.

The Clinical Governance Strategic Framework referred to above outlines the governance framework and assurance reporting routes for clinical governance and includes services delegated to the IJB, although there is little detail on those aspects delegated to the Public Health and Wellbeing Committee.

As per section directly above the actions to address related recommendations from internal audit report B19/21 Clinical Governance Strategy and Assurance are in the process of being implemented with the following remaining to be fully implemented:

- NHS Fife and IJB Risk Management Frameworks, consistent and complementary with each other, to be finalised and approved.
- Clarification of the scope of the IG&SSG in respect to services delegated to the IJB.
- Updates to the CGOG Terms of Reference to include its responsibilities for providing CGC with a regular assurance report as well as copies of minutes from its meetings.
- CGC Terms of Reference to include its responsibility for providing assurance on Information Governance to Fife NHS Board.
- Clarification of the rationale behind the decision of which sub-groups/committees reporting into the CGC required to provide an annual assurance report and statement in a time frame that allows these to be considered by the CGC before it finalises its own annual assurance report and statement and those that provide their annual reports after CGC has concluded on its own statement.
- Update to the CGC workplan to indicate the year annual reports relate to.

Service Provision Impact Post Pandemic

The CGC Annual Statement of Assurance has provided a nuanced and balanced reflection around reporting on the impact of cessation of treatment/diagnosis, in terms of the impact on patients, future treatment profiles and the risk of additional death and harm without appropriate prioritisation.

We also noted that 8-hour unscheduled care waits are reported within the IPQR section related to the 4-hour emergency access target and commend this as recent research has established a direct link between these waits and increased mortality.

Risk Management

The CGC has considered the risks aligned to it throughout 2022/23. This began with scrutiny of the relevant Board Assurance Frameworks and as the NHS Fife Risk Management processes have evolved CGC now considers the risks aligned to it in the corporate register (see above).

Deep dive information on risks 3 – Covid 19 and 5 – Optimal Clinical Outcomes was presented to the March and May 2023 CGCs respectively. We highlighted in our ICE report (B08/23) that risk 7 – Access to Outpatient, Diagnostic and Treatment Services, aligned to the Finance, Performance and Resources Committee, is also of interest to the CGC. This risk will remain aligned to FPRC but, going forward, it will also be presented to CGOG and CGC for information/assurance. Deep dive information on risk 7 was presented to the FPRC in March 2023.

The rewording of risk 7 to convey the entirety and seriousness of the risk has been agreed by the Director of Acute Services and the revised risk will be presented to FPRC in July 2023. The risk was scored at 16 - High when reported to FP&RC in November 2022 and but had increased to 20 – High by May 2023.

Recommended enhancements to the deep dive process are included within the Corporate Governance section.

Reporting to CGOG on the risk associated with Adult and Child Protection is scheduled in the CGOG 2023/24 Workplan for the 20 June 2023 meeting.

The IPQR has been enhanced to show relevant corporate risk information in all sections including Clinical Governance.

External Review

An activity tracker is presented to each CGOG meeting which shows inspections undertaken by external bodies (eg Healthcare Improvement Scotland (HIS)).

In response to a previous internal audit recommendation a paper was presented to CGOG meeting on 18 April 2023 regarding reviews of services delegated to the IJB undertaken by external bodies (eg the Mental Welfare Commission) that are relevant to NHS Fife Clinical Governance. The CGOG 2023/24 workplan has been updated to have an HSCP inspection update as a standing agenda item.

CGC was also informed that the issues cited in the letter sent to all NHS Scotland Boards from HIS highlighting general concerns raised via a number of recent Safe Delivery of Care Inspections have been considered, an action plan to address the issues has been developed and mock inspections are to be undertaken to confirm that the changes have been implemented.

The Ockenden Report (independent review of maternity services delivered at the Shrewsbury & Telford Hospital NHS Trust) was presented to CGC with assurance that NHS Fife's maternity service had carefully benchmarked its activities against the system-wide recommendations made and had identified areas where action was needed, to help improve the quality and safety of maternity care.

Consideration will be given to conducting an Organisational Learning Group focussed on findings from external bodies and considering whether improvements are required to internal control/assurance mechanisms to ensure that should the issues highlighted recur they would be highlighted to management before an inspection discovers them.

Significant Adverse Events

The narrative included in the IPQR presented to CGC on 3 March 2023 highlighted performance issues regarding the Adverse Events Management Process with only 37% of actions closed within the 90 day expected completion time. The reason for this was stated as being an increase in numbers of SAER/LAERs on top of an existing accumulation of open SAER/LAERs and the action being taken to address this includes a change to the process around the executive review and approval of SAER to reduce the time commitment of review teams and improve efficiency. Adverse events KPIs are now reported to CGOG routinely.

The revised draft Adverse Events Policy (GP/I9) was approved by CGOG on 14 February 2023 and has been published on Stafflink.

Organisational Duty of Candour

The Annual Duty of Candour (DoC) report covering the 2021/22 financial year was presented to Fife NHS Board at their 28 March 2023 meeting. This informed the Board that between 1 April 2021 and 31 March 2022, there were 36 adverse events reported where DoC applied.

The report also included assurance that NHS Fife had complied with DoC in all 36 cases and the lessons learned from these cases as a result.

The SBAR supporting the DoC Annual Report for 2021/22 presented to March 2023 CGC includes an update on DoC activity in 2022/23 to date - 8 confirmed DoC (including 4 tissue viability and 3 falls) with 9 outcomes recorded (7 being an increase in treatment).

Clinical Policies and Procedures

CGOG was regularly updated on the review status of clinical policies and procedures in 2022/23 via the work of the Clinical Policies and Procedures Authorisation and Co-ordination Group. The CGOG annual statement of assurance reported that over the year a 98% compliance rate was achieved.

Health and Safety

The 2022/23 Health & Safety Sub-Committee Annual Statement of Assurance confirmed that there were no significant control weaknesses or issues at the year-end which it considered should be escalated to the Clinical Governance Committee or disclosed in the Board's Governance Statement.

The assurance also outlines the staffing changes made in year to strengthen the team and that whilst the re-establishment of the Sharps Strategy Group stalled due to continuing pressures on clinical staff, sharps was added as a standing item to the Acute Services & Corporate Directorates Local Partnership Forum meetings, to enhance scrutiny in this area. At the June 2023 meeting of Health & Safety Sub-Committee agreed that a separate Sharps Group does not require to be re-established as it has been integrated effectively into the above meetings.

There was no Health & Safety Executive enforcement undertaken during the year within NHS Fife.

Resilience

An annual statement of assurance for the Resilience Forum was presented to CGC on 5 May 2023. A new Head of Resilience appointed in spring 2022 is progressing areas of focussed work around emergency planning, resilience guidance documents and Business Continuity Planning across the organisation.

The actions to address recommendations from Internal Audit Report B23/22 on Resilience are progressing and are reported within Audit Follow Up reports to the Audit & Risk Committee.

Staff Governance

Corporate Risks:

11 Workforce Planning and Delivery - High Risk (16); Target (12) Moderate

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 deliver services.

12 Staff Health & Wellbeing - High Risk (16); Target (12) Moderate

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.

Workforce Planning

B17/23 Workforce Planning reviewed NHS Fife's Workforce Plan submitted to the Scottish Government in July 2022. We concluded that whilst the plan represented an important and helpful first stage in the process and was developed broadly in line with the Scottish Government 5 Pillars approach, the next iteration, which will now be taken forward through the Annual Delivery Plan, requires further development to ensure that it contributes fully to the achievement of NHS Fife's strategic objectives and operational sustainability, and the mitigation of the significant workforce risks facing NHS Fife. Key issues identified were:

- It is not clear that the Workforce Plan is sufficient to mitigate the Workforce Risk to its planned target level which appears optimistic in the current circumstances.
- Given the challenges faced across the Health & Social Care Sector, further analysis is required to understand the gap between future staffing requirements and likely staff availability and how this will be filled.
- Future iterations through the Annual Delivery Plan should incorporate work being taken forward through the SPRA and there should be greater clarity around financial implications.
- The Workforce Plan covers staff in non-delegated functions and needs to be considered alongside the HSCP Workforce Strategy and Plan. Work should continue to develop the integrated workforce planning approach described in the national guidance which will ensure effective governance and assurance arrangements for NHS Fife staff covered by the IJB's Workforce Plan.
- SMART actions and associated actions derived from the Workforce Action Plan need to be developed and fully reflected in the Annual Delivery Planning process.
- The Terms of Reference of the SGC should be reviewed to include specific focus on the development and delivery of the Workforce Plan, which should be a key element of the SGC's assurance reports to the Board.

The draft report concluded appropriate governance arrangements were in place for the development of the plan. This included a timeline being developed to ensure that it was endorsed by the relevant stakeholders, SGC and the Board before it was finalised for submission to the Scottish Government within the required timescale. Further detail on Internal Audit findings and associated recommendations will be included within the finalised B17/23 Workforce Planning audit report.

Workforce Risks

During 2022/23, the SGC continued to review the Corporate Risks assigned to it, both of which remain high. Due to the level of challenge associated with the workforce, which is associated with both of the Corporate Risks overseen by the SGC, a deep dive review of the operational risk for nursing and midwifery was completed. This included a review of the existing mitigating actions and the inclusion of additional actions. Overall, there remains a significant level of delivery challenge relating to achieving the necessary nursing and midwifery staff levels. Arrangements are in place for completing future deep dive reviews of the Corporate Risks.

Staff Governance Assurances

Arrangements are in place via the SGC Workplan to ensure that it is given assurances on the action taken to enable NHS Fife to comply with the different strands of the Staff Governance Standards. Each strand is also considered by the Acute Services Division & Corporate Directorates local partnership forum and by the HSCP local partnership forum. Annual Reports for each local partnership forum for 2021/22 were presented to the SGC during 2022/23. Consideration of the Staff Health and Wellbeing Framework and further staff reports, provided further detail on the action taken to meet the Staff Governance Standards. This is supplemented, by a summary of the reporting made to the SGC throughout 2022/23 being included in its annual assurance statement.

The above is reporting on the action taken by NHS Fife to comply with the Staff Governance Standards during 2022/23. However, there was no concluding statement at the year-end giving the SGC an assessment of what had been achieved during the year in implementing the different strands of the Staff Governance Standards, detailing what has still to be achieved to fully comply with the standards and the actions being taken forward into 2023/24.

Remuneration Committee

The Remuneration Committee held regular meetings throughout 2022/23. It completed an annual assessment of its performance for 2022/23, with only a small number of minor changes to future performance being required. The SGC completed a review of its terms of reference for 2023/24 at its May 2023 meeting.

Promoting Health and Wellbeing and Appropriately Trained & Developed

Both Personal Development Plan (PDP) and sickness absence statistics are now reported to the SGC as part of the IPQR.

Completed PDP reviews at March 2023 were at 38% and Mandatory Training completion levels at April 2023 at 57%, both well below the target of 80%. New management actions have been agreed and are in place to improve the completion of both during 2023/24.

Sickness absence at March 2023 was 6.76%, with the average for 2022/23 being 6.59%, a downward trend since a peak of 7.86% in December 2022, despite now including Covid-19 sickness absence. Further consideration of actions to reduce the current levels of sickness absence during 2023/24 was recently completed by the EDG in May 2023.

The results of the 2022/23 iMatter survey and the comparative national results were presented to the SGC in January 2023. NHS Fife data were broadly comparable to the national average. The results have been considered by the Area Partnership Forum, with no significant issues reported and arrangements are now being made for the 2023/24 survey.

The Workforce Plan 2022-25 includes an action to consider succession planning for a range of critical roles, including specialist and advanced practitioner roles.

Whistleblowing

Internal Audit report B18/23 on Whistleblowing, which provided reasonable assurance, reviewed Whistleblowing arrangements and found that:

- NHS Fife has introduced arrangements to comply with the Independent National Whistleblowing Officer (INWO) standards.
- Two concerns had been raised at the time of our review and although our review indicated that full efforts were made to conduct the whistleblowing investigations in accordance with the INWO standards, there is an opportunity to improve aspects of the investigation process through review of the manner in which the two concerns raised were investigated.
- Six merits attention recommendations were made to further enhance the implementation of whistleblowing arrangements and the processing and reporting of concerns raised.

Quarterly update reports detailing the steps taken to comply with the National Whistleblowing standards and report on the number of concerns raised within NHS Fife are being presented to the SGC. Assurance has also been provided in the SGC annual assurance statement on compliance with the National standards and progress in processing concerns raised.

The Whistleblowing Champion is a member of the SGC and therefore reviews all whistleblowing assurance provided to the SGC, including that within the committee's annual assurance statement. However, based on the important oversight role of the Whistleblowing Champion, it is viewed as more appropriate by Internal Audit that in future an overt statement is included within the SGC annual assurance statement specifically from the Whistleblowing Champion giving their opinion on the adequacy of NHS Fife's whistleblowing arrangements. An Annual Whistleblowing Report for 2022/23 has still to be prepared and it should include a similar statement from the Whistleblowing Champion.

Action Point Reference 2 - Staff Governance Standards

Finding:

There has been positive reporting to the SGC on the action taken within NHS Fife to comply with the SGs during 2022/23. However, this would be further enhanced by a concluding statement being provided to the SGC at the year-end giving it an assessment of what had been achieved during the year in implementing the different strands of the Staff Governance Standards and detailing what still had to be achieved to fully comply with the standards and was being taken forward as actions into 2023/24.

Audit Recommendation:

To evidence that NHS Fife is fully considering its compliance with the different strands of the Staff Governance Standards and is following a predetermined plan, a separate paper should be scheduled into the SGC 2023/24 workplan to provide specific 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.
- What actions are being taken forward into 2024/25, plus the further coverage planned for each strand during 2024/25.

The above feedback should form a key element of the SGC Annual Report

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:


I am content with the audit findings and although we already prepare and end of year summary for staff governance and agree a work plan for the following year with the chair and committee, this could be amended to take into account the points raised by the audit findings.

Action by:

Action by:

Director of Workforce

March 2024

Action Point Reference 3 - Whistleblowing	
Finding:	
<p>The B08/23 ICE review contained an agreed recommendation that SGC Annual Statement of Assurance should provide an overt opinion on the adequacy of NHS Fife’s whistleblowing process and include a concluding statement from the Whistleblowing Champion. Whilst details were included in 2022/23 SGC Annual Statement of Assurance on the implementation of whistleblowing arrangements within the previous year, but there was no overt assurance from the Whistleblowing Champion on the adequacy and effectiveness of NHS Fife’s whistleblowing arrangements.</p>	
Audit Recommendation:	
<p>In future the SGC Annual Assurance Statement should include a statement confirming the Whistleblowing Champion’s opinion on the adequacy NHS Fife’s whistleblowing arrangements.</p>	
Assessment of Risk:	
<p>Merits attention</p>	<div style="display: flex; align-items: center; justify-content: center;">  <p>There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.</p> </div>
Management Response/Action:	
<p>The opportunity to learn lessons from the experience of working with the whistleblowing standards is a key feature of how we ensure the development of our open culture in Fife. It is recognised that over the course of implementation of the whistleblowing standards, lessons learned have identified further improvements we can make with our concern handling. We have created an action plan showing specific areas where improvement can be achieved.</p>	
Action by:	Action by:
Director of Workforce	March 2024

Financial Governance

Corporate Risks:

13 Delivery of a balanced in-year financial position – High Risk (16); Target (12) Moderate

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 brokerage from Scottish Government.

14 Delivery of recurring financial balance over the medium-term - High Risk (16); Target (12) Moderate

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.

15 Prioritisation & Management of Capital Funding - Moderate Risk (12); Target (8) Low

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.

Financial Performance

The draft financial outturn position to 31 March 2023, subject to external audit review, was:

- A break even position against Revenue Resource Limit (£908.757m) after brokerage of £9.738m
- A break-even position against the core Capital Resources Limit (CRL) of £30.709 million
- 2022/23 savings delivered of £9.8 million of which £3.0 million (32%) were recurring

The draft year-end figures for the HSCP was breakeven for Health delegated.

Finance reporting to Board and FPRC has been transparent and open and the Director of Finance and Strategy has consistently and clearly articulated financial challenges through EDG, Standing Committees and the Board. Papers presented highlighted the many risks to the achievement of the target deficit budget position of £10.4m, although additional Scottish Government allocations received late in the financial year and confirmation of brokerage from Scottish Government allowed NHS Fife to achieve its original financial planned deficit level.

Medium-Term Financial Plan

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

Following discussions and agreement with the Scottish Government, NHS Fife has 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 Medium-Term Financial Plan was endorsed by the FPRC (Reserved Business) on 14 March 2023, followed by Board approval (Reserved Business) on 28 March 2023. The Medium-Term Financial Plan provides clarity on funding and expenditure assumptions with areas of greatest risk and uncertainty highlighted and presenting a range of potential scenarios which demonstrate the impact of changes to key parameters.

One key additional factor which will need to be taken into account, when assessing financial risk, is the availability of funds for brokerage across the whole of NHS Scotland. We understand that all mainland Boards will require significant brokerage for the next three years and whilst the total quantum is unknown, funding the likely overall brokerage requirement is likely to be extremely challenging, especially given the Scottish Government's financial situation as set out with its own medium term financial plan. Whilst NHS Fife's cumulative 3 year brokerage, at a total of £35m is relatively modest compared to some other NHS Boards, it is by no means certain that it will be available when needed. NHS Fife should monitor this risk and have contingency plans in place; the impact of a sudden, unplanned unavailability of brokerage could impact on service provision.

Very recent (post-audit) confirmation of additional recurring funding to take the Board close to NRAC parity and also non-recurring funding for new medicines will impact positively on the medium-term financial plan. This is currently being reviewed by the Director of Finance & Strategy.

Over the years NHS Fife has not always been successful at achieving its efficiency targets and most savings have been non-recurrent, with a particular reliance on financial flexibility. The 5 year plan highlights that NHS Fife will need to achieve £15m of recurrent savings each year for the next 5 years, which greatly exceeds any previous performance.

The Scottish Government's formal response to NHS Fife's Medium-Term Financial Plan was received on 31 March 2023 and has not yet been presented to the FPRC, expects the following actions by 30 June 2023:

- To provide an update on progress against actions set out in your financial recovery plan, including the work carried out in collaboration with your 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.
- Development of other measures to be taken to further reduce the financial gap.
- Review of key underlying drivers of the deficit and specific risks as presented within the Financial Plan.
- To focus on addressing Covid-19 legacy costs, including additional bed capacity.

Whilst NHS Fife's financial governance arrangements are robust, they are operating within a system facing severe pressures and one in which resource allocation and organisational focus were understandably prioritised towards the Covid 19 response. As the environment has become more difficult, risks have increased and therefore existing controls may not be sufficiently resilient to substantially mitigate the new and increased pressures.

The 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. In particular, it should understand the staff resource and cultural changes which will ensure that this area is given the required priority, which will be particularly challenging in a difficult operating environment and one in which NHS Fife is subject to potentially conflicting priorities from the Scottish Government.

During the Covid pandemic, there was a necessary shift of focus towards operational priorities, which reflected the extreme risks in those areas as well as an influx of Covid related funding which lessened the immediate financial risk. In future, the risks related to financial sustainability are likely to rise sharply and rapidly, with the acute sector in particular facing very significant financial challenges. NHS Fife has already begun to demonstrate the necessary shift in culture required to adapt to this change, for example through its approach to agency costs, but this will require leadership from the Board itself who

should ensure that financial sustainability is at the heart of decision making and support officers when they are required to make difficult decisions.

Efficiency Savings

For 2022/23 the NHS Fife Financial Plan included an overall savings target of £11.7m. As at 31 March 2023, NHS Fife delivered £9.8m against the cost improvement programme of £11.7m, with only £3.0m (32%) of savings recurrent.

For 2023/24, a 3% cost improvement target was applied across NHS Fife's core revenue resource limit which includes the funds delegated to the Fife HSCP. A cost improvement target of £4.6m will be delegated to the partnership and the remaining £15m will be the responsibility of Health Board retained services to deliver each year for the next 5 years.

Key areas of the 2023/24 cost improvement plans are agency staff (£10m) and surge capacity (£5m).

As stated in B08/23 ICE - savings identified within the Financial Improvement and Sustainability Programme are mainly operational rather than strategic, although the NHS Fife Population Health and Wellbeing Strategy does state that *'The finite nature of our financial resources will inevitably require us to prioritise areas for investment and disinvestment.'* We strongly agree with this assessment and it is vital that the delivery of this aspect of the PHWS is monitored, encouraged and supported to ensure that the identification of priority areas and disinvestment opportunities proceeds at pace, with full engagement with the Board and that clear linkages to detailed savings and transformation programmes are established as soon as possible.

Property Asset Management, Net Zero and Capital Risk

The Five Year Capital Plan 2022/23 was endorsed at the March 2022 FPRC and approved at the NHS Fife Board meeting. For 2022/23 NHS Fife achieved its Capital Resource Limit (CRL) financial target, subject to external audit.

An interim update Property and Asset Management Strategy (PAMS) was endorsed by the FPRC and approved by the NHS Fife Board in September 2022. The PAMS is clear on its role as an enabling strategy as part of the Population Health and Wellbeing Strategy.

The Estates, Facilities and Capital Planning SPRA process has identified short and long term strategic priorities, which have been included in the PAMS as an action plan against which progress will be reported to the Fife Capital Investment Group and the FPRC.

The Scottish Government have advised that NHS Boards will not be asked to submit a PAMS but instead will require a 'Whole System Plan' setting out proposals on a system-side basis for asset investment to facilitate the achievement of strategic plans. There has been no formal guidance issued other than NHS Fife should have a programme Initial Agreement to identify relevant priorities.

Following the publication of the PHWS, NHS Fife intend to:

- Publish a PAMS (or local equivalent) document annually as a supporting strategy to the PHWS
- Adopt a more "whole system approach" which will include: -
 - The primary care premises strategy.
 - Master plans for VHK/QMH.
 - Details of any gaps including the Community Hospitals Strategy.

- Re-iteration of priorities including Mental Health Inpatients, Kincardine & Lochgelly wellbeing hubs and refurbishment programme for Acute in Dunfermline/Kirkcaldy.

The FPRC have not yet been formally informed of this approach, although a workshop on whole system working held at Fife Capital Investment Group in January 2023, included a wide range of stakeholders and the notes of the workshop were presented to the March 2023 FPRC.

The Medium-Term Financial Plan stated that during 2022-23 NHS Fife secured grant funding and took forward a significant energy saving project which reduced energy consumption by 7% as well as its carbon footprint. Going forward, NHS Fife plans to continue this agenda by investing savings from energy efficiencies to recruit staff to progress the Climate Emergency and Sustainable Development Policy including agreed Net Zero Commitments, although the associated costs have never been reported to the FPRC or considered overtly within the relevant risk.

The PHWS reflects Climate Change throughout, and there is now a relevant section in the Annual Delivery Plan for 2023-24. The Public Health and Well Being Committee receive the risk reports on Corporate Risk 4 - Policy obligations in relation to environmental management and climate change. However, the risk does not include any consideration of the associated financial costs, which are likely to be considerable.

The FPRC receive regular updates on current major capital projects. The Fife Elective Orthopaedic Centre was delivered broadly in line with the revised budget, which reflected increases for staff costs which were approved by the SG. The Fife Elective Orthopaedic Centre was formally opened by the then First Minister of Scotland on 27 March 2023.

The FPRC receives regular reports on the Corporate Risk 15 - Prioritisation & Management of Capital Funding. A deep dive is scheduled for this risk to the July FPRC meeting. As a minimum we would expect that the impact of Net Zero and the 'whole system plan' are prominent in the consideration of this risk.

Finance Risk Reporting

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. These risks were first reported to the FPRC at the 15 November 2022 meeting.

The risk reporting process will continue to evolve over the coming months, in particular developing a model that allows for provisions of appropriate levels of assurance. This to include a mechanism for clearly defining specific levels of assurance, linked to the impact of risk mitigation, to be used in conjunction with the existing Assurance Principles. This should enable an explicit conclusion to be reached on the overarching level of assurance provided by the risk owner and received by a Committee. As noted above, the financial sustainability risk should include specific reference to the potential that the anticipated brokerage funding may not be available in full. In addition, controls and actions should overtly reflect any changes in culture required, capacity and capability within the organisation to deliver the expected levels of savings in addition to business as usual, and the key actions to follow from the production of the PHWS in terms of prioritisation and service change.

Action Point Reference 4 –Capacity and Capability

Finding:

NHS Fife will need to deliver unprecedented savings, simply to deliver a predicted £35m cumulative overspend in 3 years with financial balance to be achieved after year 5. Although risks have been well set out, there are two key aspects which need to be considered and over which assurance should be provided:

- a) The plan relies on delivering £15m of recurrent savings each year, which is significantly above those achieved by NHS Fife in previous years
- b) The plan is contingent on the Scottish Government having the funds available to provide £35m brokerage by year three.

Audit Recommendation:

NHS Fife should present a financial sustainability action plan to the FPRC and Board which demonstrates clear links to the Population Health and Well Being Strategy, the Workforce and Digital & Information strategies, and service redesign and transformation. This should include, *inter alia*:

- A clear process and timetable for the setting and implementation of organisation priorities, a clear methodology for agreeing areas for de-prioritisation and a robust process for identifying and delivering service change, all linked overtly to the required savings
- The process for formal monitoring of operational and strategic savings programmes
- 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 on the short and longer term
- 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.

Assessment of Risk:

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.

Management Response/Action:

There is an agreed medium-term financial plan which clearly sets out the level of challenge the organisation is facing. There is also a well-established FIS Programme which challenges, monitors and reports on in-year progress in delivering the savings required. Our efforts are on reviewing our 3 focus areas for 2023/24 and growing a pipeline for further opportunities across a number of key areas including Bank & Agency, Surge, Medicines Optimisation, Property & Infrastructure, Corporate Overheads and major contract reviews. We have successfully lobbied for more equitable NRAC parity

allocation which will significantly reduce the original £35m.

We have also agreed with the CE and Chair that in addition to the IPQR we will commence specific reporting on Financial Performance and Sustainability through FPRC and the Board which we hope to start in summer 2023. This will further support the level of transparency, scrutiny and challenge required over the coming years.

Action by:	Date of expected completion:
Director of Finance & Strategy	31 March 2024

Action Point Reference 5 –Scottish Government Brokerage

Finding:

We understand that all mainland Boards will require significant brokerage for the next three years and whilst the total quantum is unknown, funding the likely overall brokerage requirement is likely to be extremely challenging, especially given the Scottish Governments overall projected deficit. Whilst NHS Fife’s cumulative 3 year brokerage, at a total of £35m is relatively modest compared to some other NHS Boards, and it is likely that this will be further reduced by the receipt of significant new funding very recently, there is still a possibility that brokerage might be necessary and the availability of any required level of funding may not be guaranteed, dependent on circumstances.

Audit Recommendation:

NHS Fife should 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.

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:

Following the very recent additional funding announcement, we are in the process of reviewing and revising the MTFP. Once completed we will report the revised position to the EDG and Board, and be cognisant of this risk.

Action by:

Date of expected completion:

Director of Finance and Strategy

30 September 2023

Digital and Information Governance

Corporate Risks:

Risk 17 – Cyber Resilience - High Risk (16); Target (12) Moderate

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 & Information (D&I) - High Risk (15); Target (15) High

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.

Actions to Address Recommendations made in Previous ICE and Internal Audit Annual Reports

The following recommendations have been completed or in progress:

- Assurance reporting regarding the review status of Information Governance & Security (IG&S) Policies and Procedures is now in place and two key policies that had lapsed review dates have been reviewed, updated and published on Stafflink.
- The Clinical Governance Committee has been updated on the implementation of the Digital and Information Strategy including the risk that that elements of the strategy will no longer be delivered within the original timeframe of the strategy.
- The revised reporting format described in the section below, based on the Information Commissioner’s Office Assurance Framework (ICOAF) and Scottish Public Sector Cyber Resilience Framework (SPSCRF) mapping exercise, has been communicated to Scottish Government as an example of a more streamlined approach to assurance that could be implemented across Scotland.
- Improvements have been made to the IG&S Update report for CGC including the section on incident reporting which now provides assurance regarding compliance with the 72 hour timescale for reporting to the ICO. This is to be further improved with an indication of whether any of the incidents will require to be, or are likely to require to be, included as disclosures in the Board’s Governance Statement
- The Digital & Information (D&I) Workforce Plan is not yet included as a mitigation to the D&I Strategy Risk recorded on the Corporate Risk Register but we are advised that it will be in its next iteration.

Governance Arrangements and Assurance Reporting

Reporting to the IG&SSG and the D&I Board has been consistent throughout the year. Both groups provided update reports to the CGC during the year and Annual Assurance Reports/Statements at year-end.

Reporting to IG&SSG has been refreshed during 2022/23 following a mapping exercise of the controls required by the ICOAF and the SPSCRF (which incorporates the controls required by the Network & Information Systems Regulations (NISR). The first report prepared on this basis was presented to IG&SSG on 11 April 2023 and is titled ‘Information Governance & Security Accountability and Assurance Framework (IG&SAAF)’. The content of the report includes an executive summary, including performance measures and a risk management summary, and performance assessment reports split

across 10 categories linked to the ICOAF & SPSCRF. The report is a work in progress with data still to be added for some categories, for example subject access requests in some localities and training compliance, but is to be continually improved and will be used for assurance to various audiences going forward including the ICO and Competent Authority auditors. This new method of reporting incorporates the assurance previously reported in the Activity Tracker and Key Measures reports which have been superseded by the IG&SAAF.

Digital and Information Strategy

Reporting to CGC regarding the implementation of the Digital and Information Strategy 2019-24 in 2022/23 has highlighted ongoing challenges to delivery including financial constraints and has informed members that continual prioritisation of business cases and work packages is being undertaken to ensure maximum return on investment is achieved. CGC have been informed that this prioritisation will continue over the remaining period of the strategy and that some elements may not be delivered within the original anticipated timescale of the strategy (eg National Programmes for Laboratory Information Management Systems, GP-IT Re-provisioning and Child Health system).

The development of the next D&I Strategy should include at the outset a resourcing and financial assessment to assess its likelihood of being delivered within the stated timescale.

Risk Management

Risk reports were presented to each IG&SSG and D&IB meeting in 2022/23 including visualisation of the risk profile. Analysis on highest ranked risks (deep dives) provided the Group with additional understanding of the risk and allowed them to consider if the management actions would mitigate the risk within a suitable timescale. During the period, IG&SSG noted that 9 risks improved their rating, 1 risk deteriorated during the period, 3 equalled their target risk rating and moved to a status of monitoring and 5 risks were closed whilst D&IB noted that 15 risks improved their rating, 5 moved to the target risk rating and moved to a status of monitoring and 4 risk were closed.

An IG&S Risk Management Framework was presented to IG&SSG in 2022/23. This included a risk appetite and tolerance matrix with 7 tolerance categories and was approved by IG&SSG at their April 2023 meeting.

A deep dive was presented to CGC in January 2023 regarding corporate risk 18 - Digital & Information (Finance). This listed the root causes of the risk as follows:

- Lack of financial feasibility assessment when D&I Strategy (2019-24) was written
- Historic investment in digital capability has not considered the total cost of ownership
- Digital response to the pandemic increased number of digital capabilities and infrastructure being introduced
- scale and number of nationally mandated programmes that are not fully funded
- Legacy and fragile systems are allowed to consume resource and money to run and operate as they are considered clinically important or too costly to replace

These issues are in line with Internal Audit understanding and the risk rating of high (15) and conclusions on actions to reduce this in future appear reasonable.

The SBAR supporting the deep dive stated that *'work is underway to further enhance the deep dive review component. This will require the inclusion of clear statements as to the proximity of the risk and the related risk appetite, as well as explicit evidence of assurances provided'*. The CGC noted this risk continues to be high, and that the action plan will support reducing the level of risk.

External Review

Competent Authority NISR Audit

The results of the NISR audit by the Competent Authority were reported to IG&SSG at its 6 July 2022. This scored NHS Fife as 76% compliant which is an improvement on 2021 (69%) and 2020 (53%). The Competent Authority will undertake their next audit of NHS Fife in August 2023, which will incorporate elements of the new Cyber Resilience Framework.

ICO Accountability Framework

The audit was focussed on Governance & Accountability and Data Sharing i.e. *'The extent to which information governance accountability, policies and procedures, and information sharing agreements and logs which comply with the principles of all data protection legislation are in place and in operation throughout the organisation'*.

The draft ICO report was presented to April 2023 IG&SSG and graded NHS Fife as 'Reasonable' – *'There is a reasonable level of assurance that processes and procedures are in place and are delivering data protection compliance'*. The audit identified some scope for improvement in existing arrangements to reduce the risk of non-compliance with data protection legislation. There are twelve high, 8 medium and 3 low priority recommendations with none 'urgent'. The final report from the ICO contained no substantial changes and an action plan to address the recommendations included in the report is being developed with an activity tracker to be presented to IG&SSG to monitor progress of implementation of the actions.

Keeper of the Records of Scotland

The response from the Keeper of the Records of Scotland to NHS Fife Records Management Plan was presented to IG&SSG in October 2022 and to CGC in January 2023. The Keeper acknowledged that the Records Management Plan set out proper arrangements for the management of NHS Fife's public records and noted the improvement activities necessary in Business Classification and Audit Trail.

Digital Maturity Assessment

A paper on the forthcoming Organisational Digital Maturity Assessment, required by Scottish Government as part of NHS Fife's Annual Delivery Plan, was presented to D&I Board on 19 April 2023 and to EDG on 4 May 2023. The paper was also presented to Health & Social Care Senior Leadership Team in April 2023.

Information Governance Incidents

Through the year, 14 incidents were reported to the ICO, the same number as the previous year, of which, 8 (71%) were reported within the 72-hour requirement, 10 did not require any further follow up and 4 are unconfirmed.

As per the Audit Follow Up section above, improvements have been made to the IG&S Update report for CGC including the section on incident reporting which now provides assurance regarding compliance with the 72 hour timescale for reporting to the ICO. This is to be further improved with an indication of whether any of the incidents will require to be, or are likely to require to be, included as disclosures in the Board's Governance Statement (Rec10 from B08/23 - ICE).

Action Point Reference 6 – D&I Strategy

Finding:

Reporting to CGC regarding the implementation of the Digital and Information Strategy 2019-24 in 2022/23 has highlighted the ongoing challenges to delivery including financial constraints, that this prioritisation will continue to be required over the remaining period of the strategy and that some elements may not be delivered within the original anticipated timescale of the strategy (e.g. National Programmes for Laboratory Information Management Systems, GP-IT Re-provisioning and Child Health system).

Audit Recommendation:

NHS Fife should identify and report to the CGC on those elements of the 2019-2024 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 development of the next D&I Strategy 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.

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:

The recommendation will feature in reporting to CGC for their July 2023 and January 2024 meetings.

The creation of a revised D&I Strategy will include at the outset a resourcing and financial assessment to support the likelihood of delivery. These items will be reported to the D&I Board and through reporting to CGC during 2023/24, with final evidence being shown on the publication of the D&I Strategy in July 2023.

Action by:

Associate Director of Digital and Information

Date of expected completion:





31 July 2024



Key Performance Indicators



Planning	Target	2021/22	2022/23
Strategic/Annual Plan presented to Audit & Risk Committee by June.		Draft presented May 2022	Draft presented June 2023
Annual Internal Audit Report presented to Audit & Risk Committee by June	Yes	Presented Audit & Risk Committee – June 2022	Presented Audit & Risk Committee – June 2023
Audit assignment plans for planned audits issued to the responsible Director at least 2 weeks before commencement of audit	75%	100%	100%
Efficiency			
Draft reports issued by target date	75%	67%	57%
Responses received from client within timescale defined in reporting protocol	75%	100%	80%
Final reports presented to target Audit & Risk Committee	75%	67%	57%
Number of days delivered against plan	100% at year-end	67%	90%
Number of audits delivered to planned number of days (within 10%)	75%	91%	79%
Skill mix	50%	80%	88%
Staff provision by category	As per SSA/Spec	Pie chart	
Effectiveness			
Client satisfaction surveys	Average score of 3.5	Bar chart	

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.	One Point 4
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.	Three Points 1, 5 & 6
Merits attention		There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.	Two Points 2 & 3

ICE Report 2022/23 (B08/23) - Update of Progress Against Actions		
Agreed Management Actions with Dates	Progress with agreed Management Actions	Assurance Against Progress
<p>1. Committee Assurances</p> <p>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</p> <p>b. risk section 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</p> <p>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.</p> <p>Action Owner: Head of Corporate Governance & Board Secretary</p> <p>Original target implementation date 30 June 2023.</p>	<p>a. The Board’s Action List was included on the agenda for its meetings on 31 January and 28 March 2023 and comparison of the two Action Lists shows that it is being updated between meetings.</p> <p>b. A sample of SBARs presented to Fife NHS Board and its Standing Committees in March 2023, were checked and although there is some evidence of links to relevant risks being quoted conclusions regarding the impact of the papers the SBARs are supporting on the risks is not being included. A further review of the SBAR template to strengthen the guidance in this section is to be undertaken and will look to illustrate this with an exemplar to help guide paper authors. This will be completed by the end of June validation date.</p> <p>c. The update on General Policies and Procedures presented to FP&RC on 9 May 2023 includes reference to risk assessments being required for lapsed policies. The new process (storing policies exclusively on the Board’s internet website) will significantly reduce the risk of superseded policies remaining accessible to staff. This is included in the update to FPRC on 9 May 2023.</p>	 <p>On track</p>
<p>2. Risk Management</p> <p>a. Risk Management KPIs to be presented for approval and reported to the Audit and Risk Committee</p> <p>b. Risk appetite to be overtly reflected in the corporate risk register updates to standing committees, particularly within target scores, when</p>	<p>a. KPIs for Risk Management are still being updated and a date for presentation to A&RC has not yet been agreed.</p> <p>b. The Corporate Risk Register presented to Audit & Risk Committee on 15 March 2023</p>	 <p>Minor slippage on agreed timelines</p>

<p>risks are updated and reviewed.</p> <p>Action Owner: Director of Finance & Strategy</p> <p>Original target implementation date 30 June 2023.</p>	<p>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.</p>	
<p>3. Clinical Governance and Assurance re Services Delegated to the Integration Joint Board</p> <p>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</p> <p>b. Reporting on risk associated with Adult and Child Protection to the CGOG.</p> <p>Action Owner: Director of Health and Social Care Partnerships</p> <p>Original target implementation dates a - 30 April 2023 & b – 31 July 2023.</p>	<p>a. Inspections and methodology reported to CGOG on 18 April 2023 and future reporting scheduled in CGOG 2023/24 workplan.</p> <p>b. Report scheduled for the CGOG meeting on 20 June 2023 on its 2023/24 workplan.</p>	 <p>On track</p>
<p>4. Clinical Governance Strategic Framework & Clinical Governance Risk Management</p> <p>a. The Clinical Governance Strategic Framework (CGSF) to be presented to Fife NHS Board for approval</p> <p>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</p> <p>c. The Terms of Reference for the Clinical Governance Oversight Group 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</p> <p>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</p> <p>e. Minutes of Organisational Learning Group meetings to be routinely presented to the Clinical Governance</p>	<p>a. The CGSF was approved by Fife NHS Board on 28 March 2023.</p> <p>b. The 2023/24 CGSF Workplan is in development and will be presented to CGOG for approval in June 2023</p> <p>c. CGOG Terms of Reference was to have been reviewed prior to its last meeting but this slipped, and the ToR is currently being reviewed. Consideration will be given to adding a responsibility for CGOG to receive assurance confirming appropriate action is being taken to address recommendations made in reports by external regulators/auditors on clinical areas in NHS Fife and services delegated to the IJB.</p> <p>d. There have not been many inspections undertaken recently but consideration will be given to conducting an OLG focussed on findings from external bodies and considering whether improvements are required to</p>	 <p>On track</p>

<p>Oversight Group</p> <ul style="list-style-type: none"> f. The description of risk 7 on the corporate risk register 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 Clinical Governance Committee i. The difficulties in meeting targets for Serious Adverse Events Reviews to be reported to the Clinical Governance Committee. <p>Action Owner: Medical Director</p> <p>Original target implementation date 31 August 2023.</p>	<ul style="list-style-type: none"> e. Meetings have been held recently but these have been of an informal nature and concerned with setting up the group and understanding its role. A formal meeting will take place shortly and the minutes of the meeting will be presented to CGOG prior to 31 August 2023. f. The rewording of CRR 7 has been agreed by the Director of Acute Services. The reworded risk will be presented to FPRC on 11 July 2023. Therefore on track for 31 August 2023 target. The Director of Acute Services advised that the scoring is reviewed regularly and was last updated at the end of April. The risk was scored at 16 High when reported to FP&RC 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. 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 will be presented to CGOG and CGC for information/assurance going forward. This will take place prior to 31 August 2023. i. The narrative included in the IPQR presented to CGC on 3 March 2023 highlighted the performance issues regarding the Adverse Events 	
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	Management Process and the action being taken to address this.	
<p>10 IG Incident Reporting to CGC</p> <ul style="list-style-type: none"> The IG&S update report for the Clinical Governance Committee to be updated to include a section for IG Incident Management including: <ul style="list-style-type: none"> 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. <p>Action Owner: Associate Director of Digital and Information</p> <p>Original target implementation date 31 May 2023.</p> <p>Extended to 31 October 2023</p>	<p>IG&SSG Update to CGC on 3 March 2023 – Item 9.1 - Summary of Incident Reporting in the period including assurance that they all complied 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 8 September 2023.</p>	 <p>Minor slippage on agreed timelines</p>
<p>11 D&I Strategy Risk</p> <ul style="list-style-type: none"> 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. <p>Action Owner: Associate Director of Digital and Information</p> <p>Original target implementation date 31 May 2023.</p> <p>Extended to 31 July 2023</p>	<p>The CRR extract presented to CGC on 3 March 2023 (Item 6.3) does not include the D&I Workforce Plan as a mitigation to risk 18 – D&I Strategy as was required by the recommendation. This is to be included in the update to CGC on 7 July 2023.</p>	 <p>Minor slippage on agreed timelines</p>