

**NHS 24
BOARD MEETING**

**22 JUNE 2023
ITEM 12.3
FOR ASSURANCE**

**APPROVED Minutes of the Audit and Risk Committee Meeting held on
Thursday 23 February 2023 at 10am,
Microsoft Teams**

1. WELCOME AND APOLOGIES

Committee Members

Ms Carol Gillie	Non-Executive Director (Chair)
Mr Martin Togneri	Non-Executive Director
Mr Mike McCormick	Non-Executive Director
Ms Marieke Dwarshuis	Non-Executive Director
Mr David Howe	Non-Executive Director

In Attendance

Dr Martin Cheyne	Board Chair
Mr Jim Miller	Chief Executive
Mr John Gebbie	Director of Finance
Ms Steph Phillips	Director of Transformation, Strategy, Planning & Performance
Ms Ann-Marie Gallacher	Chief Information Officer
Ms Rachel King	Grant Thornton
Mr Adam Phipps	Grant Thornton
Mr David Eardley	Azets
Mr Gregor Oduor	Deloitte
Ms Karlyn Watt	Deloitte
Mr Damien Snedden	Deputy Director of Finance
Mr Kevin McMahon	Head of Risk Management & Resilience
Ms Suzy Aspley	Chief Communications Officer (Item 7.6)
Ms Yvonne Kerr	Executive Assistant (Minutes)
Ms Geraldine Mathew	Board Secretary
Ms Mary-Jane Mitchell	Staff Side Representative

Apologies

Dr Laura Ryan	Medical Director
Ms Joanne Brown	Grant Thornton

Ms Gillie welcomed members and attendees noting apologies as detailed above. Ms Gillie welcomed the newly appointed auditors to their first meeting specifically Mr Eardley, Mr Oduor and Ms Watt.

2. DECLARATION OF INTERESTS

2.1 There were no declarations of interest noted.

3. MINUTES OF PREVIOUS MEETING

- 3.1 The minutes of the meeting held on 1 December 2022 were approved as an accurate record of discussions.

4. INTERNAL AUDIT

4.1 2022/23 Audit Plan Progress Update

- 4.1.1 Ms King presented the Progress Update on the 2022/23 Audit Plan to the Committee.

4.1.2 It was noted the report was correct as of 16 February 2023. The Leadership, Culture and Management Decision Making Audit will now be presented at the June meeting along with the Health and Safety Risk Assessment Audit. Ms King provided a verbal update on the Leadership audit noting it has been rated as “reasonable assurance with some improvement required”

- 4.1.3 The Committee noted the update for assurance.

4.2 Internal Audit Report Updates

4.2.1 Governance

Ms King presented the Audit to the Committee noting key highlights.

The objective of the audit was to consider the controls (design and operation) in place at NHS 24 in relation to Governance.

It was noted the Scottish Government introduced a blueprint for good governance for the Scottish NHS in 2019. An updated version of this was released in draft in July 2022 with the final version being issued in December 2022.

The report has been rated as “reasonable assurance” as it contains three low rated findings. It was noted the management actions highlighted within the report are currently in progress.

The Committee noted the report for assurance.

4.2.2 Cyber Resilience & Recovery

Mr Phipps presented the Audit to the Committee noting key highlights.

Mr Phipps confirmed that the audit considered the design and operating effectiveness of the controls in place in relation to Cyber Resilience and Recovery.

IT resilience and recovery is a critical aspect of maintaining the overall health and continuity of an organisation's operations. It involves having comprehensive plans in place to ensure that IT systems and infrastructure can withstand and recover from disruptions, whether they are caused by natural disasters, cyberattacks, or other unforeseen events.

The report has been rated as “partial assurance with improvement required” as it contains four medium and one low rated finding. Mr Miller asked for further clarity on the findings to justify the overall rating of the audit. There were differing views on the level of risk associated with areas which had been highlighted for improvement but agreement that the key issue was that action was taken to address these. Each recommendation was considered by the Committee with a key area of focus being how assurance could be given that current staff training was effective.

Following discussion, Ms Gallacher confirmed that all recommendations on the audit were being progressed and an update will be presented to this Committee once actions are complete.

Action: Ms Gallacher

Mr McCormick suggested the report be referred to Planning and Performance Committee in order to review the recommendations and actions which were considered appropriate to NHS 24 in more detail.

Action: Mr McCormick

The Committee noted the report for assurance.

4.3 Internal Audit Follow Up Report

4.3.1 Ms King presented the Audit to the Committee noting key highlights.

4.3.2 Since the previous internal audit follow up report dated November 2022, there has been movement on the implementation of internal audit recommendations: In total 9 actions were brought forward from the June 2022 report. In addition to the new actions relating to the reports from the December meeting, 16 actions were being tracked during this reporting period. Nine actions have been completed with seven currently outstanding which are monitored.

4.3.3 Mr King advised five actions have not yet reached their original due date and the remaining two actions have not reached their revised due dates. Mr Gebbie confirmed the actions with revised due dates are in progress and will be completed by the next meeting.

Action: Mr Gebbie

4.3.4 The Committee noted the report for assurance.

4.4 Internal Tracker of Recommendations Process

4.4.1 Mr Snedden presented the report to the Committee.

4.4.2 The Audit and Risk Committee is asked to take assurance that action is being taken to effectively monitor and proactively manage the completion of management responses that have arisen out of audit findings. Significant progress is evident resulting in nine internal audit actions being formally approved for closure by Grant Thornton since the last report. Recommendations are followed up on a monthly basis with risk owners to provide assurance progress is being made. Deloitte confirmed they will be reviewing any outstanding external audit actions before the next meeting for the Committee. It was confirmed actions from today's audits will be added to the tracker for next Executive Management Team meeting.

Action: Mr Snedden

4.4.3 The Committee noted the report for assurance.

4.5 Internal Audit Contract Award

4.5.1 Mr Snedden presented the report to the Committee noting that Azets had been officially appointed as our new internal auditors in February 2023.

4.5.2 This paper highlights the appointment of the new Internal Audit Contract following the existing Internal Audit contract with Grant Thornton which expires in May 2023. The Internal Audit tender was progressed as a joint procurement with NHS Greater Glasgow & Clyde (GG&C), NHS Ayrshire & Arran (A&A) & National Waiting Times Centre (NWTC). It was noted although this was a joint procurement, the award letter issued contained embedded nuances for each Board to reflect their individual circumstances.

4.5.3 This paper was circulated virtually to the Committee and the Board in December 2022 for approval as it was out with the Committee cycle. The paper was virtually approved by the Committee in December 2022 and is presented to this meeting for formal homologation.

4.5.4 The Committee noted the report for approval.

4.6 Internal Audit Draft Audit Plan 2023/24

4.6.1 Mr Eardley presented the draft audit plan for 23/24 to the committee noting key highlights.

4.6.2 The Audit and Risk Committee members are asked to take assurance that the Internal Audit Plan for 2023/24 has been reviewed internally and discussed with Azets to ensure that we have prioritised areas to review in the next financial year appropriately. Comments from Committee members were welcomed on the draft plan and it was agreed that the final version will be issued to Committee members virtually for approval before the end of March.

Action: Mr Gebbie/Mr Eardley

4.6.3 The Committee noted the plan for assurance.

5. EXTERNAL AUDIT

5.1 Draft External Audit Plan 2022/23

5.1.2 The Committee noted this was the first meeting with the newly appointed External Auditors, Deloitte, as selected by the Auditor General.

5.1.1 Ms Watt presented the Plan to the Committee noting key highlights. Ms Watt confirmed timings for the plan are slightly later than normal due to the recent External Audit appointment.

5.1.2 Mr Oduor noted that the audit planning is scheduled for February/March with the final Audit Plan due to be submitted to Audit Scotland by 31 March 2023. As this falls out with the Committee cycle it was agreed that the final plan would be circulated virtually to Committee members for approval by 27 March. Ms Watt agreed to review the timeline and bring the plan forward if possible.

Action: Mr Oduor/Ms Watt

5.1.3 The Committee noted the plan for assurance.

6. RISK

6.1 Corporate Risk Register

6.1.1 Mr McMahon presented the Risk Register to the Committee.

6.1.2 Mr McMahon noted the Risk Register has been reviewed at various meetings in the last few weeks.

6.1.3 The Risk Register provides an update on all corporate risks scoring 10 and above as at 10 February 2022. There are 36 corporate risks in total (6 scoring 10 and above and 28 scoring below 10). At the last Committee meeting, there were 40 corporate risks in total. Since previously presented to the meeting on 1 December 2022, it was noted that the overall risk profile has continued to reduce, mainly due to completion of Phase 1C of the Connect Programme.

6.1.4 The closed risks have all been reviewed and approved for closure by the Operational Risk Management Group and the EMT Risks and Opportunities Group.

6.1.5 Following discussion on risks with impending target dates where risks had not been mitigated, it was agreed that risk RPND/038259 and other staff related risks will be referred to the Staff Governance Committee for a deep dive.

Action: Mr McMahon

6.1.5 The Committee noted the Risk Register for assurance.

6.2 Strategic Risk Register

6.2.1 Mr McMahon presented the register to the Committee noting key highlights.

6.2.2 The purpose of this paper is to outline the current strategic risk profile, and the process regarding risk management. This will be subject to continual review as the NHS 24 strategy is developed and monitored.

6.2.3 The strategic planning process for NHS 24 was outlined and discussed at the Planning and Performance Committee on the 13 February 2023. This involves engagement on the strategy, leading to the development and Board approval of a new strategy in May 2023. The Strategic Planning Resource Allocation (SPRA) process is underway throughout February 2023, with the Annual Delivery Plan (ADP) being undertaken in March 2023. The Strategic Risk Register is discussed regularly at the Strategic Planning Group and the EMT Risk and Opportunities Group on a regular basis.

6.2.4 The Committee noted the report for assurance

6.3 Risk Management Self-Assessment & Action Plan

- 6.3.1 Mr McMahon presented the report to the Committee noting key highlights.
- 6.3.2 Before presentation to the Committee the plan has been monitored by the Operational Risk Management Group and EMT Risks and Opportunities Group. The maturity action plan is based on a maturity assessment undertaken by the NHS 24 Internal Auditors. The assessment highlighted NHS 24 were a risk mature organisation. The action plan aims to further embed risk management throughout the organisation that will take NHS 24 to an increased level of risk management maturity. Progress has been made on the elements within the plan as demonstrated in the current plan. The Committee noted the improvements to the action plan since the last meeting.
- 6.3.3 The Committee noted the update report which was provided for assurance.

6.4 Risk Appetite

- 6.4.1 Mr McMahon presented the report to the Committee noting key highlights.
- 6.4.2 It was noted the Committee and the Board approved the Risk Appetite Statement in August 2022. The Committee agreed that the statement accurately reflected our current position and risk profile. The Committee accepted that the risk appetite should be kept under review in line with the strategic planning, financial planning and workforce strategy development and implementation and agreed this would be added to the workplan to be presented to the Committee twice per year for the foreseeable future.

Action: Ms Kerr

- 6.4.3 The EMT Risks & Opportunities Group and Strategic Planning group reviewed the risk appetite statement and confirmed that it is still in line with the current position.
- 6.4.4 The Committee noted the paper for assurance.

7. CORPORATE GOVERNANCE

7.1 Financial Assurance Summary Report

- 7.1.1 Mr Gebbie presented the report to the Committee.
- 7.1.2 Mr Gebbie noted that the Finance Plan for 2022/23 is still on track in terms of taking cognisance of known variables and their risks in meeting our financial obligations in year and that mitigations are in place to reduce these risks. As the financial reporting is discussed at the Planning and Performance Committee this paper will concentrate on the risk side of things.
- 7.1.3 It was noted our current draft financial plan shows that we enter 2023/24 in a recurrently balanced position, but inflation has a significant impact on next year's ability to breakeven. It was noted anticipated allocations have been received with

the exception of £1m for Mental Health which is expected soon. This has been confirmed in writing from Scottish Government. Mr Gebbie confirmed that NHS 24 have fully met the recurring savings targets.

7.1.4 The Committee noted the report for assurance.

7.2 Corporate Governance Activity Report

7.2.1 Mr Snedden presented the report to the Committee.

7.2.2 It was noted since the last Audit Committee there has been two new waivers of tender awarded. Eight new contracts were awarded and there was no new Service Level Agreement processed since the last meeting. There has been one offer of gifts and hospitality recorded since the last meeting. In order to allow the Committee advance notice, it was noted within the report that there are two potential waivers in progress and would be presented back in due course. The Committee was advised that work was underway to find a permanent solution to these areas of business.

7.2.3 It was noted the National Fraud Initiative opened this month on its 2-year cycle. NHS 24 will begin the matching process next month. Mr Snedden advised the Counter Fraud Services Annual Review Meeting is scheduled for March 2023 to highlight the work of Counter Fraud Services. It was noted there would be a presentation on this for Board at a future meeting.

7.2.4 The Committee noted the report for assurance.

7.3 Information Governance and Security Report

7.3.2 Ms Gallacher presented the report to the Committee.

7.3.2 The paper provides an overview of the key areas of activity for Q3 2022/23 for the Information Governance and Security (IG&S) team in ensuring compliance with all legislative requirements. Included in the new format report are a number of key points including the second and final review by the Health Competent authority of the 2020 NIS-R audit against the current Security Policy Framework. This showed continuing improvement in compliance throughout the three-year audit and review cycle. The continuing positive trend in the completion of the mandatory Information Governance and Information Security training has continued though progress has not yet reached the 95% compliance target. The current status is 90.8% for the Safe Information Handling (data protection) and 87.4% for Stay Safe Online (security) which is a significant improvement.

7.3.3 Mandatory training across the organisation has been a focus for all Directorates. To ensure compliance to the relevant Data Protection and Information Security legislation all staff must complete the mandatory Data Protection and Information Security eLearning training at least once every two years. There is a target of 95% compliance for the organisation and work is ongoing with Directorates to achieve this. Ms Gallacher confirmed Service Delivery have now scheduled time for front line staff to complete the modules. The ICO audit is due to be carried out in February 2023.

7.3.4 Ms Gallacher agreed to produce a briefing paper on the NIS-R Framework and achievement levels for the next Committee meeting.

Action: Ms Gallacher

7.3.5 The Committee noted the report for assurance.

7.4 Information Classification Report

7.4.1 Ms Gallacher presented the report to the Committee noting key highlights.

7.4.2 The Committee are asked to note this paper which provides information in support of the implementation and deployment of the Microsoft 365 (M365) Sensitivity Labelling across the NHS 24 email system. The implementation of sensitivity labelling on the NHS 24 email system would be a progression in information security for NHS 24 and would align with controls under the Network and Information Systems Regulations 2018. The implementation will be preceded by a communications exercise run in conjunction with the NHS 24 Communications team to ensure all staff are aware and understand the benefits of and how to use the M365 sensitivity labels on the email system. A small cohort of staff are in the testing phase and once approved a project plan will be developed and involve consultation and support from NHS Scotland resources. It was noted, additional test involving selected NHS 24 staff will be undertaken before full roll out and that enacting this security was a small additional step for staff when sending emails.

7.4.3 The Committee noted the report for assurance.

7.5 Terms of Reference

7.5.1 Mr Gebbie presented the Terms of Reference to the Committee.

7.5.2 The NHS 24 Board approved the current Audit and Risk Committee Terms of Reference (ToR) at its meeting of 8 December 2022, as part of the review of the Corporate Governance Framework. It is acknowledged that the Terms of Reference have recently been reviewed by the Committee, however this is presented to the February 2023 meeting to bring this back into line with the previous annual review of Terms of Reference schedule and sets the Terms of Reference for the next year. There have been no amendments or changes to the Terms of Reference since the last review in December 2022.

7.5.3 The Committee approved the Committee's Terms of Reference.

7.6 Annual Report 2022/23 Timetable Update

7.6.1 Ms Aspley presented the report to the Committee noting key highlights.

7.6.2 Following feedback received at the Audit and Risk Committee meeting of 1 December 2022 it was suggested that the Annual Report for 22/23 be shared in draft in the first instance to allow sufficient time for review and comments. This was discussed and was agreed by the Executive Management Team. Production has started comparatively early to enable Committee members to have input into the process and ensure that all aspects of NHS 24's progress is represented. It is expected the draft Annual Report will be shared with the Committee mid-May.

7.6.3 The Committee noted the report for assurance.

7.7 Corporate Governance Framework

- 7.7.1 Mr Gebbie presented the report to the Committee noting key highlights.
- 7.7.2 The Committee were content with the updated Corporate Governance Framework presented at the meeting held in December 2022. This was endorsed by the Audit and Risk Committee and subsequently approved by the NHS 24 Board at its meeting on 8 December 2022. The second edition of the Blueprint for Good Governance was published on 22 December 2022. A review of the final publication was undertaken and noted that there were no material changes to the second edition when compared with the first edition, although it was noted there were some minor amendments. It is proposed the amendments noted within the paper are recommended for inclusion in the next Annual Review of the Corporate Governance Framework in December 2023.
- 7.7.3 The timing of publication of Board papers was discussed as there is no clear direction within the Model Code of Standing Orders. It was advised Scottish Government are carrying out a review of all Health Boards to ascertain the variations in process. It was agreed an update be presented to the Committee once the review is complete.

Action: Ms Mathew

- 7.7.4 In relation to Legal Claims it was agreed further discussion is required to ensure that claims are referred to the most appropriate Committee.

Action: Mr Gebbie

- 7.7.5 Committee members noted the update to the framework for assurance and were content that all amendments will be included in the next annual review.

8. COMMITTEE EFFECTIVENESS

8.1 Annual Committee Effectiveness Review and Action Plan

- 8.1.1 Ms Mathew presented the report to the Committee.
- 8.1.2 The Audit and Risk Committee Annual Review of Effectiveness was undertaken in July 2022, the results of which were presented to the Committee in August 2022. Following the results of the Review, the original Action Plan was updated to incorporate one additional area of action. It was confirmed that Board Members will now receive the Scottish Governments publications file on a monthly basis

Action: Ms Mathew

- 8.1.3 The Committee are asked to note the updates to the actions and that all actions are now closed. The next Committee Review of Effectiveness will be undertaken in July 2023 and the results of this will be presented to the Committee in August 2023.
- 8.1.4 The Committee noted the report for assurance.

9 AUDIT AND RISK COMMITTEE WORKPLAN

- 9.1 Audit and Risk Committee Workplan 2023/24.
- 9.1.1 The Committee noted the workplan for assurance.

10. MATTERS ARISING FROM PREVIOUS MEETINGS

10.1 Review of Action Log

10.1.1 Following discussion the Committee agreed all actions recommended for closure can be removed from the action log.

11 INTEGRATED GOVERNANCE: KEY POINTS ARISING

11.1 The Committee is assured that where relevant key points discussed at this meeting have been referred to other Committees.

12. AGREED COMMITTEE HIGHLIGHTS TO THE BOARD

12.1 The Committee highlights will be produced after the meeting and reviewed by the Chair prior to the Board Meeting due to be held on 2 March 2023.

Action: Ms Kerr

13. ANY OTHER BUSINESS

There was no other business noted.

14. DATE & LOCATION OF NEXT MEETING

The date of the next meeting of the Committee is Thursday 8 June 2023 at 10.00 am, Boardroom, Lumina Building

15. PRIVATE MEETING OF THE AUDIT AND RISK COMMITTEE

15.1 External Audit

15.1.1 A private meeting with Deloitte was held with members of the Committee following the meeting.