

**NHS 24
BOARD MEETING**

**20 JUNE 2019
FOR ASSURANCE**

**Approved Minute of the Audit and Risk Committee Meeting held on
Thursday 21 March 2019 at 10am,
Committee Room, Caledonia House**

The Committee is asked to approve the Minutes of the Audit and Risk Committee held on 21 March 2019 as an accurate record of discussions.

1. WELCOME AND APOLOGIES

Committee Members

Mr Martin Togneri	Non-Executive Member (Chair)
Mr Albert Tait	Non-Executive Member (via Teleconference)
Dr Juliana Butler	Non-Executive Member
Mr Mike McCormick	Non-Executive Member

In Attendance

Ms Angiolina Foster	Chief Executive
Ms Margo McGurk	Director of Finance & Performance
Mr Iain Adams	Deputy Director of Finance
Mr Kevin McMahan	Head of Risk Management & Resilience
Mr John Boyd	Grant Thornton
Ms Joanne Brown	Grant Thornton
Mr David Miller	Director of Workforce
Ms Linda Robertson	Risk & Resilience Manager (Item 4)
Mr Kenny Woods	Staff-side Representative
Ms Rachel Wynne	Scott-Moncrieff
Ms Yvonne Kerr	Executive Assistant (Minutes)
Mr Murdoch Carberry	Head of Service Development (Item 5.3)

Apologies

Ms Esther Robertson	Chair of NHS 24
Mr Nick Bennett	Scott-Moncrieff
Mr Alan Webb	Non-Executive Director

Mr Togneri welcomed members and attendees to the meeting and introductions took place around the table. Mr Tait joined via teleconference. Mr. Togneri explained that Mr. Tait had asked him to chair the meeting given Mr. Tait's inability to attend in person. As this was Mr Adams last meeting, Mr Togneri thanked him for his service and support to the Committee. Ms McGurk advised that apologies were noted from Mr Webb, however given the recent confirmation of committee membership approved by the Board, Mr Webb will not be a member of this Committee going forward.

2. DECLARATION OF INTERESTS

- 2.1 Mr Togneri's standing declaration as a Non-Executive Board member at the Scottish Ambulance Service (SAS) was noted.

3. MINUTES OF PREVIOUS MEETING

- 3.1 The minutes of the meeting held on 3 December 2018 were approved as an accurate record of discussions, subject to a minor amendment at 2.1 in relation to Mr Togneri's declaration of interest.

4. RISK MANAGEMENT

4.1 Risk Management Update

- 4.1.1 Mr McMahon presented the Risk Management Update to the Committee, noting the two very high risk scores have decreased.

- 4.1.2 Reduced Risk: (RPND/032645).
Mr McMahon advised that this risk score has decreased as ICT on call arrangements have now been established and have been operational from 8 March 2019.

- 4.1.3 Reduced Risk: (RPND/032338).
Mr McMahon advised that this risk score has decreased as the short-term solution in place over the festive period has been extended.

Dr Butler asked how long the short-term cover would be extended for. Mr McMahon advised it is anticipated a technical solution will be in place for Easter. Ms Foster confirmed changes are required at partner level to ensure readiness for Easter however, if the technical solution is not in place by then the short-term solution will remain.

Mr Togneri asked if the risk would increase if the technical solution were not in place by Easter. Mr McMahon advised this is unlikely. Ms Foster noted the likelihood of the risk crystallising is low, however, it would be of a high impact if it did.

- 4.1.4 Reduced Risk: (RPND/030232).
Dr Butler asked for clarification on the narrative, in particular how does the new management structure being in place help if there are insufficient staff. Ms McGurk confirmed the structure of the Service Development Directorate has now changed and has been formally established. The reason this risk has been reduced relates to the full departmental structure and not just the management structure. The narrative will be amended to reflect this.

Action: Mr McMahon

- 4.1.5 Closed Risk: (RPND/034149)
Dr Butler questioned if this risk should be closed if there is not a plan in place. Mr McMahon advised we are better aligned between the products and

the next step is to develop a joint plan. The narrative on this risk is to be amended to provide assurance on this.

Action: Mr McMahon

4.1.6 The Committee noted the report for assurance.

4.2 Strategic Risk Management & Risk Appetite

4.2.1 Mr McMahon presented the Strategic Risk Management & Risk Appetite report to the Committee.

4.2.3 Ms McGurk advised this was presented to the Board Meeting in January for discussion to ensure risk definitions and impacts were correct and it was noted that further work is required on the scoring and mitigating action descriptions. The Committee discussed the strategic risks, Ref 01 to 11, within the report and after discussions provided feedback and comments for amendment which were noted by Mr McMahon for incorporation into the documentation.

Action: Mr McMahon

4.2.4 Mr McMahon informed the Committee this report will be presented twice yearly for review prior to submission to the Board.

4.2.5 At the conclusion of the discussion, the Committee was content to recommend to the Board following further work on the mitigating action descriptions and amendments as discussed.

Action: Mr McMahon

5. INTERNAL AUDIT

5.1 Internal Audit Activity Report to March 2019

5.1.1 Ms Brown, on behalf of Grant Thornton, presented the progress report to the Committee.

5.1.2 Ms Brown reported that final reports for Financial Controls (Payroll), Financial Sustainability and Project Management Office have been issued.

5.1.3 Ms Brown advised that the General Data Protection Regulations (GDPR) Report was not able to be presented as scheduled due to the availability of NHS 24 staff. This will be presented to the May Committee meeting together with the other remaining reports.

5.1.4 It was noted that grammatical errors within the report will be amended.

Action: Ms Brown

5.1.5 The Committee noted the report for assurance.

5.2 Financial Controls

5.2.1 Mr Boyd presented the Financial Controls Report to the Committee.

- 5.2.2 Mr Boyd advised that the overall conclusion was significant assurance with some improvement required and 2 low risk recommendations were noted in the report.

Mr Togneri queried the completion date for the 2nd action within the report and asked if this could be brought forward. Mr Adams advised this is possible and will agree the process with NHS Greater Glasgow & Clyde and advise the Committee of the revised date.

Action: Mr Adams

- 5.2.3 The Committee noted the report for assurance.

5.3 PMO Arrangements

- 5.3.1 Mr Boyd presented the Project Management Office (PMO) Report to the Committee.
- 5.3.2 Mr Boyd advised the internal review of PMO arrangements within the Service Development Directorate focused on the current arrangements and looking ahead to potential improvements required in the service.
- 5.3.3 Mr Carberry advised the priority for the Service Development Directorate is to deliver the PMO process under the Service Transformation portfolio. As a priority, Mr Carberry will be responsible, working alongside other staff, to create an improvement plan to align with portfolio objectives.

Mr McCormick agreed with the issues identified and noted that not all projects will require the same level of input and we may need more capability and capacity on PMO to change how we operate at the moment.

Mr Carberry confirmed work on the action plan has begun with project management training for staff either at beginner level or refresher training.

Ms Foster advised that the input from the internal auditors was welcome and the recommendations have been endorsed by the Executive Management Team.

- 5.3.4 The Committee agreed this was a good report with useful recommendations and an identified way forward for the team.
- 5.3.5 The Committee was content with the action points and noted the report for assurance.

5.4 Financial Sustainability

- 5.4.1 Mr Boyd presented the Financial Sustainability report to the Committee.
- 5.4.2 Mr Boyd advised the overall conclusion of the report is positive with significant assurance and low risk recommendations. Mr Boyd noted the overall financial planning process for the Strategic Planning Resource Allocation (SPRA) process was particularly strong.

- 5.4.3 The Committee noted the report for assurance.

5.5 **Draft Internal Audit Plan 2019/20**

5.5.1 Ms Brown presented the Draft Internal Audit Plan to the Committee advising this is a refresh of the 2018/19 plan.

5.5.2 The Committee discussed the timing of the Strategic Direction review as it was agreed that NHS 24 would complete an annual strategy refresh, however the audit plan states this will be in year 3. Ms Foster advised a fuller refresh would not be required until 2021/22. Following this it was agreed that year 3 was acceptable.

Ms McGurk advised that NHS 24 completed a strategy refresh this year as the strategy is now 2 years old. It was noted this would not be the best use of Internal Auditors time to review the annual refresh process every year.

5.5.3 Ms McGurk confirmed the detailed review completed by the previous internal auditors did not raise any significant concerns.

5.5.4 Ms McGurk advised the Draft Annual Audit Plan is for assurance and not approval. More detailed further discussions will be held by EMT and then the final plan will be brought back to the Committee for final approval in May 2019.

5.5.5 It was noted the report contains some grammatical errors and Ms Brown confirmed these would be rectified.

Action: Ms Brown

5.5.6 The Committee noted the report for assurance.

6. **EXTERNAL AUDIT**

6.1 **Interim Audit Report 2018/19**

6.1.1 Ms Wynne provided a verbal update on the Interim Audit Report 2018/19 to the Committee.

6.1.2 Ms Wynne advised that the interim audit work was completed in January and there were no issues.

Ms McGurk requested in future if there are no findings that a summary report is provided to the Committee instead of a verbal update.

Action: Ms Wynne

6.1.3 The Committee noted the report for assurance.

6.1.4 Dr. Butler left the meeting at this point.

6.2 **External Audit Plan 2018/19**

6.2.1 Ms Wynne presented the External Audit Plan 2018/19 to the Committee.

6.2.2 Ms Wynne advised this report was presented in December 2018 noting there are no significant changes, with the audit fee now being included together with presentational changes.

6.2.2 Ms Wynne highlighted the following points:

- The Wider Scope Audit (page 16) includes: EU Withdrawal, Changing landscape of public financial management, Dependency on key suppliers and Openness and transparency.
- The external audit fees for 2018/19.
- Changes to the Audit team as outlined in appendix 1.
- Mr McCormick commented that paragraph 67 on page 17 indicated there are no significant risks identified in relation to other dimensions, but questioned whether this took account of ICT. Ms Wynne advised although this is not explicit within the plan, it is considered. Ms McGurk advised the risk at the moment is that the plan to deliver the full technology refresh has not yet been agreed.

6.2.3 The Committee noted the report for assurance.

7. CORPORATE GOVERNANCE

7.1 Corporate Governance Activity Report March 2018

7.1.1 Mr Adams presented the Corporate Governance Activity Report to the Committee noting key highlights since the last meeting.

7.1.2 Mr Adams noted there was an incorrect alignment of the change control note (CCN) to the original Capgemini contract. It was noted this has now been corrected and is now aligned to the new Capgemini direct contract.

7.1.3 There was discussion about the GP Triage initiative and the funding required for this. Ms Foster confirmed this funding comes from the Transformation Fund and is identified through the SPRA process. Ms McGurk confirmed approval of spend against this resource is considered and reviewed by the Finance and Performance Committee and then approved by the Board.

7.1.4 The committee noted the report for assurance.

7.2 Annual Accounts Process Update

7.2.1 Mr Adams presented the Annual Accounts Update to the Committee.

7.2.2 Mr Adams highlighted the challenging timetable for this year as the next Audit & Risk Committee will be held 1 week earlier than usual at the end of May 2019. It was noted Scott-Moncrieff will be on the premises on 29 April with the general ledger closing on the same day.

Mr Adams assured the Committee there is an internal timetable in place to address this.

7.2.3 The Committee noted the report for assurance.

7.3 NHS 24 Brexit Preparations

7.3.1 Mr McMahon presented the Report to the Committee.

7.3.2 Mr McMahon updated the committee on NHS 24's preparations resulting from the UK exiting the EU. Mr McMahon outlined that there is expected to be minimal impact on NHS 24 in the short term in relation to workforce and the supply chain. A risk remains in relation to demand management and supply of medicines. NHS 24 capability to provide a special helpline and use of NHS Inform would be expected to mitigate this risk, however there has been a delay in receiving the appropriate information that would allow NHS 24 to effectively deliver a helpline. This issue has been escalated to the Scottish Government. The EMT will monitor this issue.

7.3.3 The Committee noted the report for assurance.

7.4 CIPFA Review of Governance

7.4.1 Ms McGurk presented the report to the Committee.

7.4.2 Ms McGurk advised the content of the report was approved in November 2018 noting the Board agreed that an action plan should be created to focus on tracking improvement in three main areas: Stakeholder Engagement, Performance Management and Risk Management. Mr Togneri confirmed it is clear the report addressed the actions.

Mr Tait asked if these actions can be included within internal audit plan to reconfirm and reassure the Committee on the continuing progress of the actions. Ms Brown confirmed these are included within the internal plan.

7.4.3 The Committee noted the report for assurance.

7.5 Update on Progress with the External Technology Implementation Lessons Learned Report

7.5.1 Ms McGurk provided a verbal update to the Committee.

7.5.2 Ms McGurk advised that Edinburgh University were commissioned to generate a report for learning purposes on the implementation of the new technology system in 2017.

Ms McGurk expressed disappointment that the report has not yet been received and is outwith the timeline agreed for delivery. It was anticipated an executive summary would have been received in time for this meeting.

Ms McGurk advised the timeline has moved as the report was expected by the end of 2018 and it is noted NHS 24 would like completion of this report by the end of this financial year.

Mr Togneri suggested, given the missed timelines, that NHS 24 should seek a discount on the agreed cost for this project. Ms McGurk will take this forward.

Action: Ms McGurk.

7.6 National Boards Collaborative Partnership: Draft Governance Framework

7.6.1 Ms McGurk presented the Draft Governance Framework to the Committee.

7.6.2 Ms McGurk asked the Committee to review the framework recognising there is further work to do on this and that the framework will come back with more detail on the specific arrangements for pooled budgets in due course. Mr Togneri advised there are some points to be addressed before a recommendation can be made.

Pooled budgets were discussed at length and concerns raised that funds will belong to the National Board Collaborative and not NHS 24 and Board Members will as a result be unable fully to exercise their fiduciary duties in respect of the safeguarding of public funds. Mr Tait agreed that the Committee was not ready to make a recommendation and would welcome further clarification on the pooled budgets.

Ms McGurk confirmed the term “not legally binding” within the framework refers to the fact that the framework proposes no structural change and no change to legislation. Each Board is required to agree a mechanism to be able to work collaboratively and all 8 Boards would need to agree

Mr Togneri summarised that the Committee is supportive in principle, but noted concerns in the execution of decisions and the need for further detail in a range of areas.

Ms McGurk agreed to share the framework with the Central Legal Office (CLO) for their assessment.

Action: Ms McGurk

7.6.3 The Committee noted the report for assurance.

7.7 Audit & Risk Committee Workshop and Revised Terms of Reference

7.7.1 Ms McGurk presented the revised Terms of Reference (ToR) to the Committee and the output from the recent workshop.

7.7.2 Ms McGurk advised that the ToR was prepared reviewing previous versions and comparison with other Boards to ensure best practice. The content is based on the output and discussions of the recent workshop.

Monitoring effectiveness of the Boards arrangements for whistleblowing was discussed and whether this was within the scope of the Committee. Ms McGurk confirmed assurance on the whistleblowing process is the requirement from this Committee with further assurance being provided by the Staff Governance Committee.

Mr Tait agreed this Committee should provide assurance that mechanisms are in place and are working. The Committee should obtain assurance from Staff Governance Committee that these matters are addressed.

Action: Ms McGurk/Mr Tait

7.7.3 The Committee approved the output and the revised ToR.

7.8 Audit & Risk Committee Workplan 2018/29

7.8.1 Mr Adams presented the workplan to the Committee.

7.8.2 Ms Adams advised on the list of standing actions to be presented at future meetings.

Mr McMahon commented that the Strategic Risk element should be included within the workplan as it is expected to come back to this Committee twice yearly before presentation to the Board and dates will require to be aligned.

Action: Mr Adams

7.8.3 The Committee noted the report for approval.

8. MATTERS ARISING FROM PREVIOUS MEETINGS

8.1 Action List

8.1.1 After discussion the Committee agreed actions 564, 570, 573, 574, 576, 581 and 582 marked as complete can be removed from the Action List.

8.1.2 After discussion, the Committee agreed action 575 can also be closed.

8.1.3 After discussion, the Committee agreed that actions 577 and 579 should remain open until there is evidence they are finalised.

Action: Mr Adams

9. AGREED COMMITTEE HIGHLIGHTS TO THE BOARD

9.1 The Committee highlights to the Board report will be produced after the meeting and sent to the Chair for approval prior to the Board Meeting due to be held on 11 April 2019.

Action: Ms Kerr

10. ANY OTHER BUSINESS

10.1 Quality & Appropriateness of Committee Papers

10.1.1 The Committee was content with the quality and appropriateness of the papers.

10.2 Date & Location of Next Meeting

10.2.1 The date of the next meeting of the Committee is Thursday 30 May 2019 at 10.00 am in the Boardroom, Clydebank Contact Centre.

11. PRIVATE MEETING OF THE AUDIT COMMITTEE

- 11.1 Following the meeting, the Non-Executive Members held a private meeting with External Auditors, Scott-Moncrieff.