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| NHS 24 Board Meeting | | 20 June 2019 For assurance | |
| AUDIT AND RISK COMMITTEE ANNUAL REPORT TO THE BOARD – 2018/19 | | | |
| Sponsor: | Chair, NHS 24 Audit and Risk Committee | | |
| Lead Officer/Author: | Deputy Director of Finance | | |
| Action Required | The Annual Report of the Audit and Risk Committee is presented to the Board for assurance. | | |
| Key Points | This report sets out the activities of the Audit and Risk Committee during 2018/19 and details how it has fulfilled its governance remit. | | |
| Financial Implications | There are no direct financial implications associated with this paper. | | |
| Timing | The Audit and Risk Committee prepares a report on its activities on an annual basis. This report is then considered by the Board. | | |
| Contribution to NHS 24 strategy | The Audit and Risk Committee, as part of its wider corporate role in reviewing governance arrangements and reporting procedures generally, incorporates consideration of the performance of the organisation against the NHS 24 Strategy on an ongoing basis. | | |
| Contribution to the 2020 Vision and National Health and Social Care Delivery Plan (Dec 2016) | The Audit and Risk Committee reviews the organisation's contribution against the 2020 Vision and National Health and Social Care Delivery Plan (Dec 2016) on an ongoing basis. | | |
| Equality and Diversity | The Audit and Risk Committee supports NHS 24 in meeting its duties with regard to equality and patient engagement. | | |

1. RECOMMENDATION

- 1.1 The Annual Report of the Audit and Risk Committee 2018/19 is presented to the Board for assurance.

2. INTRODUCTION

- 2.1 This report sets out the main activities of the Audit and Risk Committee and describes how the committee has fulfilled its governance remit during 2018/19.

3. REMIT

- 3.1 The Audit and Risk Committee is a statutory committee of the Board. Its role is to provide assurance that appropriate governance structures are in place in relation to systems of internal control and risk management. The committee does this by critically reviewing governance and assurance processes on

which the Board places reliance. The Board will look to the committee to provide assurance on the internal control framework and the public disclosure statements that flow from the assurance process.

4. MEMBERSHIP / ATTENDANCE

4.1 The members and attendees of the committee are listed below:

Members

| | |
|--------------------|----------------------|
| Mr Albert Tait | Committee Chair |
| Ms Julianna Butler | Non-Executive Member |
| Mr Mike McCormick | Non-Executive Member |
| Mr Martin Togneri | Non Executive Member |

Attendees

| | |
|-----------------------|--|
| Ms Angiolina Foster | Chief Executive |
| Mrs Margo McGurk | Director of Finance & Performance |
| Mr David Miller | Director of Workforce |
| Mr Iain Adams | Deputy Director of Finance |
| Ms Stephanie Phillips | Director of Operations |
| Mr Kenny Woods | Partnership Forum Nominated Staff Representative |
| Ms Esther Robertson | Chair of Board |
| Dr Anna Lamont | Associate Medical Director |
| Mr Sanny Gibson | Head of Information Governance & Security |
| Mr Kevin McMahan | Head of Risk Management & Resilience |
| Mr Drew Wemyss | Assistant Director of Governance & Performance |
| Mr Iain Adams | Deputy Director of Finance |
| Mr Alasdair Quinney | Associate Director of Operations |
| Ms Cheryl Glancy | Planning Manager |
| Ms Toni Lee Shirley | Planning Manager |
| Ms Linda Robertson | Risk & Resilience Manager |

In addition, Internal and External Audit attend each meeting.

5. MEETINGS

5.1 The committee met on four occasions during the year between 1 April 2018 and 31 March 2019. On one occasion (September 2018) the meeting was not quorate, comments were provided on the papers in advance by Mr McCormick. Whilst the comments were considered at the December 2018 meeting, it has been noted that these were not formally ratified in the minute of the December 2018 meeting. For completeness the Committee will be asked to agree to minute the ratification at the May 2019 meeting.

6. COMMITTEE ACTIVITIES

6.1 Key committee activities during 2018/19 were:

- a review of committee effectiveness;
- detailed scrutiny and review of the 2018/19 Internal Audit Plan;

- detailed scrutiny and review of the 2018/19 External Audit Plan;
- detailed scrutiny of the NHS 24 Statutory Accounts for 2017/18 which concluded with a formal recommendation being made by the committee to the Board to approve the financial statements;
- consideration of the revised Corporate Governance Framework;
- the Committee considered risks pertinent to audit and risk matters on a quarterly basis and was assured that risks are actively managed by the organisation;
- updated the Audit & Risk Committee Terms of Reference;
- reviewed the Banking Services Contract;
- provided scrutiny on NHS 24 Brexit Preparations;
- the Committee provided advice on the National Boards Collaborative Partnership: Draft Governance Framework;
- reviewed NHS 24 Strategic Risk Management & Risk Appetite
- reviewed Payroll and Finance System National Service Audit Reports
- update on the annual accounts process and timetable; and
- progress updates on the External Technology Implementation Lessons Learned Report

Internal Audit Activity 2018/19

- 6.2 It was previously agreed by the committee to join a West of Scotland NHS Board tender exercise to procure Internal Audit services from. This resulted in PwC being replaced by Grant Thornton as the NHS 24 internal auditors for a two year period from July 2018, with option to extend by one year.
- 6.3 The internal audit workplan for 2018/19 reported to the Committee the following reviews:
- PwC - Business Continuity Management Follow up (medium risk);
 - Financial Controls – payroll (significant assurance);
 - Project Management Office (advisory report)
 - Financial Sustainability (significant assurance);

The following were in the audit workplan and commenced in 2018/19 and will report back in early 2019/20.

- Governance;
 - GDPR and information governance;
 - Service model - Delivery
- 6.4 Based on the work undertaken for the year ended 31 March 2019, Grant Thornton can provide reasonable assurance on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

External Audit Activity

- 6.5 Scott-Moncrieff completed the third year of its five year term as External Auditor. The contract runs to 2020/21.

- 6.6 In relation to the annual accounts for the year ended 31 March 2019, Scott-Moncrieff will report, within their independent auditor's report, an unqualified opinion on the financial statements, an unqualified opinion on regularity and an unqualified opinion on other prescribed matters.

Board Papers

- 6.7 Formal Minutes of each Meeting were taken and once approved were placed on the next available Board Agenda. In addition, any significant matters arising from discussions at meetings were highlighted verbally to the Board by the committee Chair at the next available Board Meeting.
- 6.8 At the committee meeting in June 2018, the annual report from the Audit & Risk Committee was approved for submission to the Board.

7. RISK MANAGEMENT

- 7.1 The Audit & Risk Committee was updated on the developments to risk management arrangements in NHS 24.
- 7.2 This included an update on how strategic risk would be managed in NHS 24 and the methodology used in two strategic risk workshops, which had been held by the Executive Management Team (EMT). Strategic risks would be owned by the Board, with the ongoing executive management of them would be undertaken by the EMT Risks & Opportunities Group.
- 7.3 The Audit and Risk Committee will review the Strategic Risk Management & Risk Appetite report twice a year, prior to it being presented to the Board.

8. INFORMATION GOVERNANCE AND SECURITY

- 8.1 NHS 24 successfully achieved the Cyber Essentials (UK Government standard) mark as part of the Scottish Government mandated Cyber Resilience Action Plan.
- 8.2 NHS 24 continues to work towards full compliance with the data protection legislation. The Committee recommended that internal audit conduct a review of GDPR compliance.

9. EXTERNAL GUIDANCE, STANDARDS AND LEGISLATION

- 9.1 During the year the Audit & Risk Committee received regular reports from the Director of Finance & Performance on technical matters, external standards and legislation as they applied to NHS 24.

10. COMMITTEE REVIEW

- 10.1 The Committee Terms of Reference was updated and approved at the June 2018 meeting. These took into account the publication of the new Audit Committee Handbook.

11. PRIORITIES FOR THE YEAR AHEAD

- 11.1 The committee will continue to provide assurance that the internal controls including risk assessment and management processes are functioning effectively and adding value throughout the organisation.
- 11.2 The Committee will review the development of the strategic risk register along with regular updates of the corporate risk register.
- 11.3 Grant Thornton enter their second year as internal auditors. The Committee will review reports including the appropriateness of financial controls, stakeholder engagement and how NHS 24 is placed to support the Scottish Government Mental Health Strategy.

12. CONCLUSION

- 12.1 During 2018/19 the Audit & Risk Committee continued to develop the contribution it makes to reviewing and reporting on the effectiveness of the corporate governance framework arrangements operating across NHS 24 and will seek to maintain that progress in 2019/20.
- 12.2 The committee recognised the improvements made to the arrangements in relation to information governance, risk management and organisational resilience.
- 12.3 The Chair concludes that the Audit and Risk Committee has fulfilled its remit and can confirm reasonable assurance on the internal control arrangements in place to assure the Board of the effectiveness of the corporate governance framework arrangements across the organisation.

Mr Albert Tait
Chair
NHS 24 Audit & Risk Committee