

**Approved Minutes of the Audit and Risk Committee Meeting held on
Thursday 30 May 2019 at 10am,
Boardroom, Clydebank**

1. WELCOME AND APOLOGIES

Committee Members

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

In Attendance

Ms Angiolina Foster	Chief Executive
Ms Esther Robertson	Chair of NHS 24
Ms Margo McGurk	Director of Finance & Performance
Mr Damien Snedden	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 Nick Bennett	Scott-Moncrieff
Ms Yvonne Kerr	Executive Assistant (Minutes)
Mr Sanny Gibson	Head of Information Governance & Security (Item 5.2 & 10.1)
Mr John Martin	Deputy Director of ICT (Item 10.1)
Ms Nicola Dawson	Head of Integrated Service Delivery (Item 5.6)

Apologies

Ms Steph Phillips	Director of Service Delivery
Dr Laura Ryan	Medical Director
Ms Ann-Marie Gallacher	Chief Information Officer

Mr Tait welcomed members and attendees to the meeting and introductions took place around the table.

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 21 March 2019 were approved as an accurate record of discussions.

4. EXTERNAL AUDIT

4.1 External Audit Annual Report to the NHS 24 Board 2018/19

4.1.1 Mr Bennett presented the External Annual Report to the Committee and highlighted key points.

4.1.2 Mr Bennett advised after Board approval in June 2019 the report will then be published on the Audit Scotland website.

4.1.3 Mr Bennett confirmed the audit was an independent process and that objectivity had not been compromised in any way. Mr Bennett confirmed the intention to issue an unqualified opinion on the annual report and annual accounts for 2018/19. It was noted papers received were of a high standard and Mr Bennett expressed his thanks to the staff.

4.1.4 Mr Bennett highlighted the areas where recommendations for process improvements on the asset register, the Pecos system and journal processing could be made. NHS 24 confirmed that all were accepted and work will progress during 2019/20 to address these areas.

4.1.5 Mr Bennett highlighted the increasing reliance on non-recurring savings places additional pressures on the future financial position and will require careful management by the Board.

4.1.6 Mr Tait indicated and the Committee agreed this was a very good report and thanked the Executive Management Team (EMT) and the wider support teams for all their efforts and hard work over the past year. It was noted that all recommendations from the report are accepted by EMT.

Mr Tait and Mr McCormick agreed a message to staff would be appropriate. Ms Foster agreed and will address this through the appropriate channel.

Action: Ms Foster

4.1.7 Mr Togneri noted some minor presentational changes that are required before the final report is submitted to the Board.

Action: Scott-Moncrieff

4.1.8 The Committee noted the report for assurance.

5. INTERNAL AUDIT

5.1 Follow up on Outstanding Audit Actions

- 5.1.1 Mr Boyd, on behalf of Grant Thornton, presented the progress report to the Committee.
- 5.1.2 Mr Boyd highlighted five actions have been closed and six remain ongoing with updates and implementation dates provided. It was noted there were no outstanding high risk actions.
- 5.1.3 Mr Togneri asked why the recommendation in relation to receiving and confirming the adequacy of NHS Greater Glasgow & Clyde (NHSGGC) business continuity plans for payroll have not been concluded. Mr McMahon advised this has been raised at executive level as the current SLA is not enough to provide full assurance. This is not yet resolved and action will remain open until the business continuity plans have been shared and reviewed.
- 5.1.4 It was noted there are a few presentation amendments required noted by Grant Thornton which will be amended.

Action: Grant Thornton

- 5.1.5 The Committee noted the report for assurance.

5.2 GDPR Review

- 5.2.1 Mr Boyd presented the GDPR Review to the Committee.
- 5.2.2 Mr Boyd highlighted the scope of the review of arrangements currently in place with particular focus on ICO 12 GDPR steps.

The review provided overall reasonable assurance with improvement required noting two low level recommendations relating to Training and Development and Information Asset Register.

Mr Gibson and Mr Miller gave some further information in relation to the recommendations and described how they would be responded to.

- 5.2.3 Mr Gibson specifically advised it is the responsibility of individual Information Asset Owners (IAO) to ensure the register is kept up to date for their area and fully populated. Training has been available to support this and more will be arranged if and when required.
- 5.2.4 The Committee noted the report for assurance.

5.3 Governance Review

- 5.3.1 Mr Boyd presented the Governance Review the Committee.
- 5.3.2 Mr Boyd highlighted the review reflects the level of transformation of governance arrangements over the past year.

5.3.3 The review provided significant assurance with some improvement required. The Committee discussed the report and recommendations.

5.3.4 The Committee noted the report for assurance.

5.4 Internal Audit Annual Report 2018/19

5.4.1 Mr Boyd presented the report to the Committee.

5.4.2 Mr Boyd advised that the overall opinion for the period 1 April 2018 to 31 March 2019 is that reasonable assurance can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The Committee discussed the report in the context of the previous reports noted in section 5 of the minute.

5.4.3 The Committee noted the report for assurance.

5.5 Internal Audit Plan 2019/20

5.5.1 Ms Brown presented the Internal Audit Plan to the Committee.

5.5.2 Ms Brown advised the plan for 2019/20 reflects the discussions from the last meeting of the Committee and discussions with EMT.

5.5.3 The Committee approved the Internal Audit Plan for 2019/20.

5.6 Service Model – Delivery (Phase 1)

5.6.1 Mr Boyd presented the report to the Committee.

5.6.2 Mr Boyd advised there will be two phases to the review. Phase 1 focused on the establishment and project management arrangements to support to change and phase 2 will focus on an assessment of adequacy and effectiveness of the testing and validation of the proposed model before go live. The latter is due to be completed in the coming months.

5.6.3 The review of phase 1 reported reasonable assurance with one medium and two low level recommendations.

5.6.4 Ms Dawson accepted the recommendations and advised they will be resolved by June 2019.

5.6.5 The Committee noted the report for assurance.

6. ANNUAL GOVERNANCE COMMITTEE REPORTS

6.1 Audit & Risk Committee Annual Report 2018/19

6.1.1 Mr Tait presented the report to the Committee.

6.1.2 Mr Tait advised while the retrospective work of the Committee is recognised there is no information on priorities going forward. It was agreed that the priorities for 2019/20 should be included within the report for all Committee annual reports.

Ms McGurk confirmed the reports can be amended before presentation to the Board on 20 June.

Action: All Report Authors

6.1.3 All Non-Executive Chairs not present at this meeting to be advised.

Action: Ms McGurk

6.1.4 Mr Tait requested the wording within the conclusion to be amended at 11.3 of the report and is detailed within the action log.

Action: Mr Snedden

6.1.5 The Committee noted the report for assurance.

6.2 Finance & Performance Committee Annual Report 2018/19

6.2.1 The Committee were content with the report.

6.2.2 The Committee noted the report for assurance.

6.3 Clinical Governance Committee Annual Report 2018/19

6.3.1 The Committee were content with the report although it was noted Clinical Governance Committee had allocated a significant part of their recent meetings which focused on Quality Improvement activity and suggested that this information be added to the report before presentation to the Board in June.

Action: Mr Snedden to advise author.

6.3.2 The Committee noted the report for assurance.

6.4 Staff Governance Committee Annual Report 2018/19

6.4.1 Mr Miller presented the report to the Committee.

6.4.2 Mr Togneri noted as the Remuneration Committee is a sub-committee of the Staff Governance Committee, that reference to the annual report from Remuneration Committee should be included within this report for assurance. This is to be amended prior to presentation to the board in June.

Action: Mr Miller

6.4.3 The Committee noted the report for assurance.

7. NATIONAL SERVICE AUDIT REPORTS

7.1 Finance System Annual Report 2018/19

7.1.1 Mr Snedden presented the report to the Committee.

7.1.2 Mr Snedden advised this is an unqualified report.

7.1.3 The committee noted the report for assurance.

8. GOVERNANCE STATEMENTS

8.1 Assurance from the Chief Executive

8.1.1 Ms Foster presented the report to the Committee.

8.1.2 Ms Foster advised this statement is part of the annual accounts and complies with all statutory requirements.

8.1.3 Ms Foster highlighted the levels of activity for 2018/19 and the broader organisational improvement activity.

Ms Foster highlighted the range of sources used to provide assurance as Accountable Officer.

Ms Foster confirmed all 7 statements of assurance from directorates were received and noted for formal assurance.

8.1.4 Ms Foster advised of an error in narrative on page 2, paragraph 4. This will be amended.

Action: Mr Snedden

8.2 Executive Directors Annual Certificates of Assurance

8.2.1 Ms Foster presented the Certificates of Assurance to the Committee.

8.2.2 Mr Tait queried if the certificates were derived from a standard template as there are variations in length and content. The Committee suggested the format and focus of the reports could be reviewed for 2019/20.

8.2.3 The Committee noted the certificates for assurance.

9. STATUTORY ANNUAL ACCOUNTS

9.1 Draft Annual Accounts 2018/19

9.1.1 Ms McGurk presented the Annual Accounts to the Committee and expressed thanks to Mr Adams for all his hard work.

- 9.1.2 Ms McGurk explained the key aspects of the Annual Report and Accounts referencing the key purposes of the Performance, Accountability, Governance and Remuneration statements.

Ms McGurk highlighted the key statements and notes, explaining the main variances between years and in-year.

- 9.1.3 The remuneration report (which is part of the Accountability report) on pages 22 – 27 sets out the remuneration disclosures required for both Executive and Non-Executive Board Members. The notes on each page highlight specific reporting disclosures required in-year.

- 9.1.4 The report on staff costs from page 28 reflects the number of senior staff in specific salary bands and also on page 29 highlights the gender information across a range of staff categories.

- 9.1.5 On page 30 there is also notification of a significant CNORIS payment reflecting the settlement of an existing claim of £633,000 during 2018/19.

Mr McCormick queried the approval and scrutiny supporting such payments. Ms McGurk advised that the process of approval is set out in the scheme of delegation and involves the Director of Nursing and Care and the Chief Executive as key approvers working on the advice of the CLO. Given the confidential nature of the claims they are reported in summary as Adverse Events/Fatal Accident Inquiries through the Clinical Governance Committee and the NHS 24 Board.

Statement of Comprehensive Net Expenditure

- 9.1.6 On page 35 a number of significant changes in expenditure level between years is explained.

“Major Programmes and Technology” – the cost in 2018/19 is c£8 million lower than in 2017/18. The main reasons relate to a combination of the reduced costs associated with the new direct contracts, double running costs in-year and very low spend on EU Programmes due to the transfer to NSS. This is explained more fully on Note 3b, page 54.

“Other health care expenditure” reduced by c£0.5 million as a result of the planned reduction in the level of pre-prioritised calls commissioned for NHS GGC and NHS Lothian in-year.

“Operating income” reduced by c£1 million mainly as a result of the transfer of EU programmes to NSS and an increase in secondment income in-year.

Statement of Financial Position

- 9.1.7 This is on page 37 and essentially represents the NHS 24 Balance Sheet. The overall position has not moved significantly however there is a significant movement in the Cash Balance between years of £3 million, this is however matched by a reduction in the level of trade creditors at the year end.

Statement of Cash Flows

- 9.1.8 There is a significant decrease in the net cash position at the year-end however this correlates appropriately with the movement in cash between 31 March 2018 and 31 March 2019.

Note 12 Contingency Liabilities

- 9.1.9 The CNORIS provision is established reflecting a percentage of funding towards each claim where Central Legal Office (CLO) believe that the case will eventually be settled in favour of the complainant.

The note describes the level of contingent liability which may be required in the event that CNORIS claims settle at the full claim amount in every case.

External Audit Opinion

- 9.1.10 The elements of the Accountability Report that are subject to External Audit review to support their audit opinion on page 14 refer to single total figure of remuneration for each minister and director. This should be amended to Executive Director and Non-Executive Director.

This will be amended in this report and External Audit.

Action: Scott-Moncrieff/Mr Snedden

- 9.1.11 Mr Snedden also advised this week that the External Auditor suggests the addition of financial information on Non-Executive Directors who are on the Boards of Scottish Ambulance Service (SAS) and NHS 24. This information will be added to Note 3.

Action: Ms McGurk

- 9.1.12 Mr Togneri advised there are a number of acronyms that require explanation, spacing issues and amendments that he will highlight after the meeting to Ms McGurk.

Action: Ms McGurk

- 9.1.13 The Committee discussed the main issues highlighted in this section of the minute in some detail and concluded that they will recommend to the NHS 24 Board that the Annual Report and Accounts be approved at the June Board meeting.

10. ANNUAL REPORTS

10.1 Information Governance & Security Annual Report 2018/19

- 10.1.1 Mr Gibson presented the report to the Committee noting key highlights.

- NHS 24 has achieved Cyber Essentials in line with other health boards.
- There has been a slight increase in Freedom of Information (FOI) requests on previous year.
- There has been a slight increase in Data Subject Access Requests on previous year.
- There were 8 late FOI response and work is ongoing to address this.

- There has been some progress on the policy compliance system. The closing date for this is July and it is hoped this will be achieved.
- Implementation of a Records Management Plan with support from Information Asset owners supporting the administrators.

10.1.2 Mr Togneri queried the causes of the late FOI and asked if there was a senior responsible manager for FOI and were FOI's logged as they are received. Mr Gibson confirmed he is the responsible manager and all FOI's are logged. Mr Gibson also confirmed that every effort is made to respond to FOI's on time however non-recurring procedural issues contributed to the late FOI's reported. Mitigation is now in place to ensure this is not repeated.

10.1.3 The Committee noted the report for assurance.

11. RISK

11.1 Corporate Risk Management Update

11.1.1 Mr McMahon presented the report to the Committee.

11.1.2 Mr McMahon advised the overall risk profile has reduced and noting 3 risk scores have reduced (RPND/030603, RPND034150 & RPND/033964), 1 new risk added (RPND/03551) and 1 increased risk (RPND/025796) since the last report.

11.1.3 Mr Tait advised as this Committee is secondary governance committee for 2 of the risks included that it was appropriate to have more discussion on them.

11.1.4 RPND/025797 relates to good record management and knowing who has access to what information and also at what level. The responsibility lies with the Information Asset Owners. Training has been provided although more can be arranged if required. A Statement of Responsibility has recently been introduced and requires a signature from Information Asset Owners.

Mr Gibson advised Ms Gallacher will be providing regular updates with increased focus at executive level.

The Finance & Performance Committee are the primary governance committee for this risk and Mr McCormick agreed with the Committee that this will be addressed at their next meeting.

Action: Mr McCormick

11.1.5 RPND/028862 relates to support for P1 technical issues. Mr Martin advised performance improvements are in place and meetings take place regularly to ensure a consistent approach going forward. A high alert process has been developed, is in place and functioning.

There are regular operational meetings between NHS 24 and the service provider to the monitor process and is then reported to EMT. Mr Martin advised the risk score will be continuously reviewed with a view to reducing it over time.

Mr Martin also confirmed Senior ICT Management are now on call to support front line staff when required.

11.1.6 The Committee noted the report and accepted the updates provided for assurance.

11.2 Risk Management Annual Report 2018/19

11.2.1 Mr McMahon presented the report to the Committee noting key highlights.

11.2.2 Mr McMahon advised the key achievement this year is the introduction of the Strategic Risk Register. This work has received continued support from the NHS 24 Board, EMT and the Risks and Opportunities Group.

Risk management software will be introduced this year as it is included within the Technology Refresh.

11.2.3 Mr Tait advised additional narrative for 3.2 within the report which is detailed in the action plan.

Action: Mr McMahon

11.2.4 The Committee agreed the information from Internal Audit around risk should be included within this report.

Action: Mr McMahon

11.2.5 Subject to the amendments noted above the Committee approved the Risk Management Annual Report.

12 CORPORATE GOVERNANCE

12.1 Annual Report to SGH&SCD – Reporting Significant Issues

12.1.1 Ms McGurk presented the report to the Committee advising no disclosure within the report.

12.1.2 Ms McGurk noted this report will be signed at the Board Meeting in June 2019 along with the Annual Report and Accounts.

12.1.3 The Committee noted the report for assurance.

12.2 Corporate Governance Activity Report April 2019

12.2.1 Mr Snedden presented the report to the Committee and opened for questions.

12.2.2 Mr Tait asked for clarification on the Breathing Space Endowment Fund. Ms Foster advised the donations received are specifically for Breathing space by donor.

Ms McGurk confirmed this is administered on our behalf by Golden Jubilee Foundation although all decisions are made by NHS 24.

12.2.3 The Committee noted the report for assurance.

12.3 Brexit Position (v)

12.3.1 Mr McMahon provided a brief verbal update for the Committee.

12.3.2 The Committee noted the update for assurance.

12.4 J Sturrock Report – NHS Highland

12.4.1 Mr Miller presented the report to the Committee noting work completed to date.

12.4.2 Mr Miller advised a Short Life Working Group has been established with EMT Members. The Director of Workforce will produce a response letter on the report to the Cabinet Secretary and will share for comment prior to submission date of 28 June. Mr Miller advised he would like to integrate information and learning from the External Report on Lessons Learned from the implementation of T2 report where that is appropriate.

Mr Miller noted each action will be reviewed independently and compared against our performance to develop our own action plan for assurance.

12.4.3 The Committee noted the report for assurance.

12.5 National Boards Collaborative on Model Standing Orders

12.5.1 Ms McGurk presented the report to the Committee.

12.5.2 Ms McGurk advised this was established through the National Board Chairs Group and the development of the work was allocated to the national Board Secretaries group. The Committee agreed this work would benefit from additional senior management level review.

Ms McGurk confirmed this was discussed at the national Director of Finance group who confirmed more detailed discussion was required.

Ms McGurk confirmed all Boards were originally requested to take this report to their Audit Committees and Board Meetings before August, it was agreed by the Committee that this timeline requires to be reviewed.

Any further comments on the report will be shared with Ms McGurk.

Action: All

13. WORKPLAN

13.1 Audit and Risk Committee Workplan 2019/20

13.1.1 Ms McGurk presented the work plan to the Committee.

13.1.2 Mr Tait noticed the External Audit Plan on the schedule has not been populated for 2019/20. Ms McGurk confirmed a draft version will be presented in November 2019 and the final plan in May 2020. The work plan will be amended to reflect the discussion.

Action: Ms McGurk

13.1.3 Mr Tait noticed the CIPFA Governance Review Action Plan was not scheduled for 2019/20. Ms McGurk confirmed the action plan was agreed at the March meeting with assurance actions were taken forward.

13.1.4 The Committee noted the report for approval after amendments.

14 MATTERS ARISING FROM PREVIOUS MEETINGS

14.1 Action List

14.1.1 After discussion the Committee agreed all actions recommended for closure can be removed for the action list.

15 AGREED COMMITTEE HIGHLIGHTS TO THE BOARD

15.1 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 20 June 2019.

Action: Ms Kerr

16 ANY OTHER BUSINESS

16.1 Quality and Appropriateness of Committee Papers

16.1.1 The Committee agreed all papers presented to the Committee were excellent and of high standard.

16.2 Date & Location of Next Meeting

16.2.1 The date of the next meeting of the Committee is Monday 26th August 2019 at 10am, Committee Room, Cardonald.

17. PRIVATE MEETING OF THE AUDIT COMMITTEE

17.1 Following the meeting the Non-Executive Directors held a private meeting with the Director of Finance and Performance.