

<p><b>NHS 24 BOARD</b></p> <p style="text-align: right;"><b>27 AUGUST 2020 ITEM NO. 6.5 FOR APPROVAL</b></p> <p style="text-align: center;"><b>SIGNIFICANT ISSUES CONSIDERED TO BE OF WIDER INTEREST – ANNUAL RETURN</b></p>	
<b>Executive Sponsor:</b>	Director of Finance and Performance
<b>Lead Officer/Author:</b>	Deputy Director of Finance
<b>Action Required</b>	The annual return to Scottish Government of any Significant Issues Considered to be of Wider Interest is presented to the Board for approval.
<b>Key Points for this Committee to consider</b>	The letter from Scottish Government requesting information on Significant Issues Considered to be of Wider Interest is appended together with the proposed response from the Chair of the Audit and Risk Committee and the 2019/20 Governance Statement.
<b>Financial Implications</b>	There are no direct financial implications associated with this paper.
<b>Key Risks</b>	There are no direct risks associated with this paper. Significant issues are covered in Annex B.
<b>Governance process</b>	The Audit and Risk Committee reviews the Significant Issues Considered to be of Wider Interest on an annual basis prior to submission to the Scottish Government.
<b>Strategic alignment and link to overarching NHS Scotland priorities and strategies</b>	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.
<b>Equality and Diversity</b>	The Audit and Risk Committee supports NHS 24 in meeting its duties with regard to equality and patient engagement.

## 1. RECOMMENDATION

- 1.1 The Board Members are asked to note the content of this paper and approve the letter at Annex B as the response to Scottish Government.

## 2. BACKGROUND

- 2.1 The Scottish Public Finance Manual directs all NHS Board Audit & Risk Committees to notify Scottish Government of any significant issues, which may have wider service or sector implications.
- 2.2 As a National Health Board, the Audit and Risk Committee Chair is requested to respond to an annual letter from SGH&SCD as part of the annual accounts

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process, which asks for confirmation whether there are any such issues to be reported. For the year ended 31 March 2020, the letter is attached at Annex A.

- 2.3 A response has been prepared, Annex B, from the Audit and Risk Committee Chair.

**ANNEX A**

**Health Finance, Corporate Governance & Value Directorate**  
Richard McCallum, Interim Director



**Scottish Government**  
Riaghaltas na h-Alba  
gov.scot

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NHS Board Chairs  
Chair, Mental Welfare Commission

*Copied to:*  
*NHS Board Chief Executives*  
*Chief Executive, Mental Welfare Commission*  
*NHS Board Directors of Finance*  
*Head of Corporate Services, Mental Welfare Commission*

15th July, 2020

Dear Chair

**SIGNIFICANT ISSUES THAT ARE CONSIDERED TO BE OF WIDER INTEREST**

The guidance in the Scottish Public Finance Manual (SPFM) requires Audit Committees of NHS Scotland Boards to notify the Scottish Government portfolio Audit and Risk Committee of any significant issues that are considered to be of wider interest.

<https://www.gov.scot/publications/scottish-public-finance-manual/audit-committees/audit-committees/>

The Chair of your Board's Audit Committee should provide details of any significant issues of fraud which arose during 2019-20 which they consider should be brought to the attention of the Health and Social Care Assurance Board.

This should be informed by the assurances received to support the Governance Statement in your Board's Annual Accounts and it is therefore appropriate for the Audit Committee to consider this statement at the same time as the Accounts and the Governance Statement. We recognise that, due to the impact of the COVID-19 response, this letter is being issued later than in previous years and that some Audit Committees may have considered and approved significant issue returns in advance of the receipt of this letter. Where this is the case, Chairs are asked to consider if any of the matters set out in this letter require to be included and – if so – to make a short supplementary return.

Audit committees have a role in providing the assurance required to underpin the [governance statement](#) provided by the Principal Accountable Officer (the Scottish Government Permanent Secretary) as part of the consolidated accounts of the Scottish Government. Your Board's Audit Committee is therefore required, at the earliest opportunity, to notify the Health and Social Care Assurance Board if it considers that it has identified a significant problem which may have wider implications. The Health and Social Care Assurance Board will in turn report relevant issues to the Scottish Government Assurance and Audit Committee.



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## COVID-19 – revised guidance

Two Finance Guidance Notes (FGNs) have been issued by Scottish Government and should be read alongside the SPFM to ensure that changes to internal processes, as a result of COVID-19, are appropriately reflected in 2019-20 significant issues letters and Governance Statements.

FGN2020/03	<a href="#">COVID-19 Accountable Officer Guidance and Funding Ask Template</a>	March 2020
FGN2020/04	<a href="#">COVID-19 - short-term changes to approval process for operational property transactions</a>	April 2020

In addition, Boards should refer to:

- my letter of 20 March (and subsequent correspondence) on Mobilisation Plans; and
- my letters of 25 March and 11 June (as appropriate) requesting detail on temporary changes to governance and the rationale for these changes.

All statements **including a copy of the governance statement** should be submitted by **31 August 2020**, in line with draft accounts submission per the revised timetable, to [nhsaccounts@gov.scot](mailto:nhsaccounts@gov.scot).

Please do not hesitate to contact Beth Grieve ([bethany.grieve@gov.scot](mailto:bethany.grieve@gov.scot)) if you require further information.

Yours faithfully



**Richard McCallum**  
Interim Director of Health Finance and Governance

**ANNEX B**

Date: 27 August 2020

**Richard McCallum**  
**Deputy Director of Health**  
**Finance & Infrastructure**  
**Health Finance Division**  
**Scottish Government**

Enquiries to:  
Finance Department  
Telephone 0141 337 4474  
Damien.Snedden@nhs24.scot.nhs.uk

Dear Richard,

**SIGNIFICANT ISSUES THAT ARE CONSIDERED TO BE OF WIDER INTEREST**

Thank you for your letter of 15 July 2020 asking that I write to advise on any significant issues that are considered to be of wider interest which arose during 2019/20 that I consider should be brought to the attention of the Health and Wellbeing Audit and Risk Committee.

**COVID-19**

There were no suspensions or rescinding of Standing Orders in the reporting period. However, in response to COVID-19, a Rapid Review of our Standing Orders resulted in some minor, temporary, refinements to Standing Orders.

Internal Governance was strengthened via an Incident Management Team (IMT) being established that met every day to ensure decisions could be made in an appropriate forum. There is more detail in the Governance Statement in Annex C

**FRAUD**

NHS 24 has a recognised policy for detecting fraud within the organisation, based on guidance issued by NHS Scotland, and works closely with Counter Fraud Services on fraud prevention issues. No major cases of fraud were reported in NHS 24 during 2019/20.

No other significant issues considered to be of wider interest were raised by our Executive Directors during the year, and they all completed a certificate of assurance for their area confirming this.

I enclose a copy of the NHS 24 Governance Statement for 2019/20 (Annex C) for your information. Please feel free to contact me if you wish further details on any of the issues in this letter.

Yours sincerely,

**Albert Tait**  
**Audit & Risk Committee Chair, NHS 24**

## **ANNEX C**

### **The Governance Statement**

#### **Scope of Responsibility**

As Accountable Officer, I am responsible for maintaining an adequate and effective system of internal control that supports compliance with the organisation's policies and promotes achievement of the organisation's aims and objectives, including those set by Scottish Ministers. In addition, I am responsible for safeguarding the public funds and assets assigned to the organisation.

#### **Purpose of Internal Control**

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the principal risks facing the organisation. The system aims to evaluate the nature and extent of risks, and manage risks efficiently, effectively and economically.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's aims and objectives. As such, it can only provide reasonable and not absolute assurance.

The process within the organisation accords with guidance from Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance, and has been in place for the year up to the date of approval of the annual report and accounts.

The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

#### **Governance Framework of the Board**

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control.

The NHS 24 Corporate Governance Framework defines and documents the roles and responsibilities of the Board through detailed guidance on standing orders, standing financial instructions, scheme of delegation, contract/procurement regulations and a code of conduct. The Corporate Governance Framework is reviewed on an ongoing basis with amendments being considered by the Audit and Risk Committee and approved by the NHS 24 Board. The latest version was approved by NHS 24 Board on 12 December 2019. Following publication of the new NHS Model Standing Orders, a review has been undertaken to identify changes that are required to the NHS 24 Standing Orders and they will subsequently be updated and presented for approval to the NHS 24 Board.

The Board of NHS 24 is supported in its responsibilities by a number of statutory and standing governance committees. These are:

#### **Statutory Committees**

Clinical Governance Committee;  
Audit and Risk Committee;

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Staff Governance Committee; and  
Remuneration Committee.

### **Standing Committee**

Planning and Performance Committee.

The Board approves the terms of reference for all its committees and appoints all Committee members.

The adequacy and effectiveness of the system of internal control is assessed by the standing committees each providing a formal report to the NHS 24 Board on their work on an annual basis, which is first reviewed by the Audit and Risk Committee.

### **Board Effectiveness**

The Board examines its own effectiveness in line with current practice and ensures compliance with current legislation. The Board, through defining the roles and responsibilities of members, sets out clear areas of responsibility and levels of delegated authority. Throughout 2019/20 the Board and the governance committees considered their effectiveness, which will be referenced in their annual reports to the Audit and Risk Committee and the Board.

Every year, the Chair undertakes a performance appraisal of each of the Non-Executive Members. Similarly, each of the Executive Directors have key objectives to deliver each year and they are formally appraised by the Chief Executive, and the Chief Executive is appraised by the Chair. From these appraisals, Personal Development Plans are prepared and performance against delivery is assessed and monitored.

Developments in governance during the year included:

In 2019/20 work was concluded on the purpose, duties and priorities including the impact on existing Committee "Terms of Reference" following a series of Committee workshops that were held during 2018/19.

Following the development of a strategic planning cycle in 2018/19 which consists of a formal work plan for the NHS 24 Board, Governance Committees and the Executive Management Team, this work continued to progress and a new strategic planning cycle was set for 2019/20. This planning cycle is linked to the embedded Strategic Planning and Resource Allocation Process (SPRA) and corporate governance framework, to deliver more effective arrangements to support NHS 24 Board involvement in considering options, debating risk, giving approval and thereafter monitoring delivery of the Board's strategic plans.

We refined and formalised the NHS 24 Board planning cycle and work plan to match the new strategy and SPRA process and the NHS 24 Board. The planning cycle includes alignment and engagement with the Executive Management Team (EMT), the Area Partnership Forum (APF) and the Public Partnership Forum (PPF). It also informs the agendas for Board Development Sessions and operates as an annual addendum to the Standing Orders of the NHS 24 Board.

The planning cycle charts the key work areas and priorities across the year to support decision-making, and sets the agenda for Board and Governance Committee scrutiny.

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The planning cycle and work plan is derived from the key strategic and operational objectives and associated activities agreed annually through the SPRA process. It also includes scheduled time to review annual/quarterly and monthly standing items.

In 2019 the Board also developed an Integrated Governance Group (IGG) where the Chairs of each governance committee meet twice per year. The purpose of this group is to look at the relationship between the Board and its Committees and to articulate the specific 'lenses' of each Committee on areas of mutual interest. Additionally, the purpose was to ensure clarity of governance responsibility and that there were no gaps or areas of duplication. It was agreed at the NHS 24 Board in February 2020, that the IGG would evolve into a full Board Committee. Terms of Reference are being approved for this by the Board in June 2020.

In 2019 NHS 24 completed the self-assessment against the NHS Scotland Blueprint for Good Governance. This enabled us to recognise areas where the organisation demonstrates effective governance and, through comparison with good practice, identified some potential areas for improvement.

An action plan was developed from this assessment to enhance the effectiveness of governance arrangements in those areas which were identified as adequate or inconsistent. The action plan areas include: strengthening stakeholder engagement through a revised engagement plan, strengthening the effectiveness and consistency of risk management arrangements and enhancing the effectiveness of NHS 24 quality improvement arrangements to support improvement.

There were appointments to the EMT during the year and there have also been some revisions to the governance structures. The Chair and Chief Executive are committed to achieving excellence in both the progress and the governance of the organisation.

### **Internal Audit Review of Governance 2019**

Recognising the importance of an independent perspective on our governance improvement work we commissioned our internal auditors, Grant Thornton, to conduct a review. The review concluded that our processes provide a significant level of assurance to the Audit and Risk Committee on the areas covered.

The report confirmed that having effective scrutiny and governance arrangements in place is and has been a key area of focus for NHS 24 with significant development over recent years.

The report refers to the delivery of a range of initiatives, which have transformed governance and scrutiny arrangements, including evidence of governance oversight, monitoring and challenge. The specific developments they referenced were:

- enhancements to risk management arrangements
- a revised performance management framework established with supporting Key Performance Indicators (KPIs) to align to strategic priorities
- Quality Framework 2019-21 established to support and embed service quality and delivery
- Strategic Planning and Resource Allocation (SPRA) processes developed and embedded to align operational delivery to strategic priorities
- an approved NHS 24 Board Planning Cycle and work plan



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- Detailed review and update of committee terms of reference and committee and Board work plans to ensure committees focus on key priorities and discharge their delegated governance responsibilities.

Their report advised that the Board has well established governance arrangements and that we demonstrate commitment to continue to develop and refine these.

A revised performance framework was developed for the organisation. This has been submitted as a formal proposal through the 2019/20 Annual Operating Plan (AOP) process. There has also been significant improvement to performance reporting during the year through the development of an enhanced Service Quality Report which includes an 'at a glance' Dashboard Report.

The standing governance committees of the NHS 24 Board ensure compliance with new and existing guidance. The terms of reference of the committees include the requirement to consider documents and papers in relation to laws and regulations, policies and procedures within their remit.

### **Coronavirus (Covid-19) Governance**

During 2019/20, a COVID-19 Incident Management Team (IMT) was established, with an approved Response Framework approved. A programme structure for management of the pandemic was established, with associated Project and Action Logs established. The Programme Group (COVID19 IMT) meet on a regular basis with regular reporting and escalation of key issues and risks to the Executive Team. This is achieved through dynamic risk assessment and support from reasonable worst case scenario planning sessions in the strategic delivery group.

COVID-19 updates are provided to each Board meeting, with any decisions highlighted within the report. In addition, an action log is held acting as an audit trail for all decisions made through the Incident Management Team (IMT).

NHS Board and NHS 24 Governance Committees have continued to meet, as scheduled throughout this period. In addition, we previously had full Boards every two months and development sessions each other month. Since March, the Board has met at least monthly to ensure they are sighted on the key areas of focus as we manage through COVID-19.

### **NHS 24 Strategy**

In July 2019, NHS 24 embarked on a mid-point review of its current organisational strategy. This Strategy Review also included significant engagement from the NHS 24 EMT and Board, which helped frame our strategic position against what was set out in the 2017-22 Strategy. This was then used to develop the 2020/2021-23 AOP.

### **Internal Audit**

The 2019/20 Internal Audit Plan, approved by the Audit and Risk Committee, included a range of reviews on NHS 24's operations. From the reviews finalised and reported to date, no high risk findings have been identified in relation to any of NHS 24 operations.

In their annual report to the Audit and Risk Committee, the NHS 24 internal auditors, Grant Thornton, gave their opinion on the audit work they had conducted including an assessment of NHS 24's internal control system for the year ending 31 March 2020.

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“Our overall opinion for the period 1 April 2019 to 31 March 2020 is that based on the scope of reviews undertaken and the sample tests completed during the period, that reasonable assurance can be given on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.”

### **Fraud Prevention**

NHS 24 is fully committed to countering fraud and has signed a Partnership Agreement with Counter Fraud Services (CFS). This agreement outlines what should happen in the event of a fraud or other irregularity being discovered and what NHS 24 and CFS will do to counter the fraud. In particular the emphasis remains on the policy of zero tolerance of fraud and the concept of triple tracking which refers to the three main options, namely the pursuit of criminal, disciplinary and recovery option sanctions.

Staff are fully informed via NHS 24's intranet which contains instructions in respect of:

Financial Crime Action Plan

What is financial crime or fraud?

Staff guide on reporting fraud

The CFS/NHS 24 Agreement follows the principles and guidance reflected in the Scottish Government's publication "Strategy to Counter NHS Fraud in Scotland".

NHS 24's Financial Crime Action Plan outlines the policy in relation to fraud, the roles and responsibilities of key personnel, the action that should be taken if a fraud is suspected, the law in relation to the fraudulent activity and the key NHS 24 contacts for NHS 24 staff.

Actions are extremely detailed and supplemented by flow charts that outline the key steps within the organisation with the intention of embedding a culture where fraud is considered unacceptable. The Fraud Liaison Officer reports all fraud related matters within the Corporate Governance Report which is submitted, on a quarterly basis, to NHS 24's Audit & Risk Committee.

### **Review of Adequacy and Effectiveness**

As Accountable Officer, I am responsible for reviewing the adequacy and effectiveness of the system of internal control. My review is informed by:

- the executive directors and senior managers who are responsible for developing, implementing and maintaining internal controls across their areas which is supported by an annual statement of assurance from executive directors;
- the views of the Audit and Risk Committee on the effectiveness of the organisation's internal controls arrangements;
- the work of the internal auditors, who submit regular reports to the Audit and Risk Committee which include their independent and objective opinion on the effectiveness of risk management, internal controls and governance processes, together with their recommendations for improvement;
- the work of the external auditors through their annual report;
- the review of performance against key performance and risk indicators;
- the maintenance of an organisation-wide risk register formally reviewed by the Executive Management Team, the Audit and Risk Committee and the full Board; and

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- the performance appraisal system for all staff with personal objectives and development plans designed to support the Board in the attainment of the corporate objectives set out in the Local Delivery Plan.

I have taken assurance from the annual statements provided to me by my executive directors and the additional sources noted above. I conclude that appropriate arrangements are in place to address weaknesses identified and to ensure the continuous improvement of the system.

### **Best Value**

In accordance with the principles of Best Value, the Board aims to foster a culture of continuous improvement. As part of this, executive directors and senior managers are encouraged to review, identify and improve the efficiency and effectiveness of resource allocation. Additionally the Finance and Performance Committee provides assurance to the Board that best value is achieved from resource allocation across the organisation including for new service development and investment.

### **Risk Management**

All NHS Scotland bodies are subject to the requirements of the SPFM and must operate a Risk Management Strategy in accordance with relevant guidance issued by Scottish Ministers.

Throughout 2019/20 NHS 24 has continued to review and improve its risk management arrangements. A revised Risk Management Framework was approved in February 2020 by the Audit & Risk Committee. Our internal auditors conducted a maturity review of our current risk management arrangements. This report described our arrangements as well established, being one that has an enterprise wide approach. The opportunities to further develop and embed risk management will be considered as part of a risk management strategy review in 2020.

The Board conducted a strategic risk session in January 2020. A number of areas were considered within the session. This included the context of the wider health and social care landscape, strategic objectives of NHS 24, stakeholder engagement with the NHS 24 strategy, providing a sustainable and skilled workforce, values and leadership. The review considered risk velocity to determine the action required by the organisation.

There was also significant consideration given to more immediate risks such as EU Exit. NHS 24 has engaged with Scottish Government to understand the risk and developed mitigation for any potential impact on the organisation. Communication and engagement with staff on this issue has been ongoing and the NHS 24 is not anticipating any immediate, or significant, disruption to services.

Key risks relating to our estate and technology changes have been mitigated by full programme management structures to understand the risk, opportunities and benefits of any decisions taken. In January 2020, NHS 24 started to prepare for the COVID-19 pandemic. This had resulted in significant demand on NHS 24 services and staff throughout. The risks and challenges have been supported by a robust incident management structure that includes risk management and service development methodology to consider the opportunities to improve as part of the recovery from COVID-19.

The Board approved a revised risk appetite statement in April 2019 to support decision making throughout NHS 24. This was considered again in January 2020 in line with the strategic risk

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management process. NHS 24 always ensures that safe, effective, person centred care is a priority for all services. Any risks and issues highlighted are reviewed in line with our low clinical risk appetite. A quality improvement methodology has ensured a robust framework has been adopted to consider any risks or change that may arise.

### **Whistle blowing Arrangements**

The Board of Directors have a critical role in setting a tone and culture within NHS 24 that values the contributions of all staff, including those who identify the need for changes through speaking up. In line with the new National Whistleblowing Standards, Ms Elizabeth Mallinson was appointed, in February 2020, as a non-executive member with a specific role as NHS 24 Whistleblowing champion.

This leadership role is recognised as a critical function of the Board of Directors when it comes to speaking up in the interest of safe and effective service delivery. In addition, NHS 24 operates a whistle blowing policy which supports staff when they wish to raise an issue or concern.