

**Approved Minutes of the Audit and Risk Committee Meeting held on
Thursday 5 August 2021 at 10am,
Microsoft Teams**

1. WELCOME AND APOLOGIES

Committee Members

Mr Albert Tait	Non-Executive Director (Chair)
Mr Martin Togneri	Non-Executive Director
Mr Mike McCormick	Non-Executive Director
Ms Liz Mallinson	Non-Executive Director

In Attendance

Dr Martin Cheyne	Board Chair
Mr Jim Miller	Chief Executive
Ms Ann-Marie Gallacher	Chief Information Officer
Mr John Gebbie	Director of Finance
Ms Joanne Brown	Grant Thornton
Dr Laura Ryan	Medical Director
Mr Damien Snedden	Deputy Director of Finance
Mr Kevin McMahan	Head of Risk Management & Resilience
Ms Paula Speirs	Director of Strategy, Planning & Performance
Ms Yvonne Kerr	Executive Assistant (Minutes)
Mr Graham Revie	Staff Side Representative
Mr Kenny Woods	Employee Director/Non-Executive Director
Ms Gillian Phillips	Corporate Governance Manger
Ms Carol Gillie	Observer
Ms Marieke Dwarshuis	Observer

Apologies

Mr Nick Bennett	Azets
Ms Maria Docherty	Director of Nursing & Care

Mr Tait welcomed members and attendees to the meeting. Mr Tait also welcomed Ms Carol Gillie and Ms Marieke Dwarshuis to the meeting as observers. Ms Gillie and Ms Dwarshuis will be joining the NHS 24 Board as Non-Executive Directors from 1 September 2021.

2. DECLARATION OF INTERESTS

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

3. MINUTES OF PREVIOUS MEETING

- 3.1 The minutes of the meeting held on 3 June 2021 were approved as an accurate record of discussions.

4 INTERNAL AUDIT

4.1 Update Internal Audit Plan 2021/22

- 4.1.1 Ms Brown presented the Update on the Audit Plan to the Committee.
- 4.1.2 Ms Brown confirmed as per discussion at the last meeting the Staff Rostering Audit review has been re-allocated to Quarter 4 to take into account the timing of phase 2 of the shift review.
- 4.1.3 Since the June Audit and Risk Committee, two audits have been completed and are presented at this meeting. The scope has been agreed and fieldwork is currently underway for Staff Wellbeing and Recruitment which should be available for the next meeting in November. Ms Brown confirmed following a question from Mr Revie, that discussions with Trade Unions would be carried out as part of the Staff Wellbeing audit.
- 4.1.4 It was suggested that Risk Management, which is scheduled for the November Committee could be postponed until later in the year. The Committee were content with this suggestion. MS Brown to agree with Executive Management Team to confirm if any audits can be brought forward.
- 4.1.5 Mr Tait confirmed with reference to 5.2.5 of the previous minutes regarding Cyber Security, Internal Audit would update their plan to include in this financial year.

Action: JB/JG/DS

Action: Ms Brown

- 4.1.6 The Committee noted the report for assurance.

4.2 BCP (Connect) Audit

- 4.2.1 Ms Brown presented the Audit to the Committee.
- 4.2.2 NHS 24 are currently undergoing a significant transformation of its IT infrastructure through the Connect Programme. The programme focus is on stability within the existing infrastructure to aid disaster recovery from minimum viable product to full recovery capability. Phase 1 is due for completion by February 2022. This report has been rated as low “partial assurance with some improvement required” with one medium and two low recommendations.
- 4.2.3 Mr Tait confirmed the Committee are assured that the content within the report is being properly addressed. Mr Togneri asked for confirmation of the due date of December 2022 noted in Ref 2.3 of the audit. Ms Brown confirmed this should read December 2021. It was recommended the audit be shared with Planning and Performance Committee for discussion at their next meeting in November.

Action: Ms Kerr

- 4.2.4 The Committee noted the report for assurance.

4.3 Property Transaction Monitoring

- 4.3.1 Ms Brown presented the Audit Report to the Committee noting key highlights.
- 4.3.2 Ms Brown confirmed that the overall objective of this audit was to consider whether NHS 24 has complied with the relevant provisions set out within the NHS Scotland Property Transaction Handbook.
- 4.3.3 The report has been rated as “reasonable assurance” with one low rated recommendation.
- 4.3.4 The Committee acknowledged the excellent piece of work by all involved in these property transactions and noted the report for assurance.

Ms Brown left the meeting for agenda item 4.4

4.4 Internal Audit Grant Thornton Extension

- 4.4.1 Mr Gebbie presented the report to the Committee.
- 4.4.2 The Committee is asked to recommend approval to the Board that the current contract with Grant Thornton is extended by 12 months from ending in May 2022 to May 2023. The contract included two 12 month extension options that have been utilised and this would be a further extension Approval will be sought by the NHS 24 Board in August as per the Standing Financial Instructions to be party to the contract extension.
- 4.4.3 Mr Snedden confirmed NHS Greater Glasgow & Clyde, NHS Ayrshire & Arran and Golden Jubilee National Hospital also currently feature within this joint procurement agreement which is due to expire on 11 May 2022. NHS GG&C have decided to extend and will issue a VEAT (Voluntary Ex-Ante Transparency) Notice to comply with procurement regulations. The main rationale for extending the contract is that the Scottish Government are currently tendering External Audit provision and there would be a conflict for suppliers to deliver both. The tender for External Audit was delayed due to COVID. Other participating Boards are all recommending to their own Boards to apply the one year extension that NHS GG&C are requesting.
- 4.4.4 Mr Tait noted Grant Thornton are agreeable to extending the contract for a further year. Mr Snedden advised NHS Greater Glasgow & Clyde will take forward the commercial negotiations.
- 4.4.5 The Committee agreed to recommend to the Board approval of the Grant Thornton extension.

Ms Brown re-joined the meeting.

5. RISK MANAGEMENT

5.1 Risk Management Self-Assessment & Action Plan

- 5.1.1 Mr McMahon presented the action plan to the Committee requesting that the Committee endorse the presented actions and support the approach to enhance the current risk management arrangements within NHS 24.
- 5.1.2 The Risk Management Maturity Assessment was presented to the Committee in February 2020. The assessment determined NHS 24 was a risk managed organisation, with opportunity to further embed risk management throughout the organisation and ensure consistency of approach that will take NHS 24 to an improved level of risk management maturity.
- 5.1.3 The action plan outlines what those actions are within the individual elements of the maturity assessment.
- 5.1.4 Following discussion and review of the action plan the committee acknowledged the significant focus which has already been placed on developing the risk management arrangements and welcomed the detail and clarity in the action plan to further develop and approve the risk management arrangements throughout the whole organisation.
- 5.1.5 The Committee took assurance from the action plan and noted that the EMT Risks and Opportunities Group will support the delivery of the Risk Maturity Action Plan and monitor progress. The Committee will be provided with regular updates as part of the standing risk management update report.

5.2 Corporate Risk Register

- 5.2.1 Mr McMahon presented the Risk Register to the Committee noting key highlights.
- 5.2.2 Since the last meeting of the Committee (3 June 2021), all Directorates have undertaken an in-depth review of risks within their remit to ensure current risks reflected the embedding of the response to COVID-19 into ongoing business processes and the ongoing challenges to NHS 24's delivery of its Remobilisation Plan.
- 5.2.3 Since previously reported, key changes are as follows:
- 18 corporate risks scoring 10 and above are presented.
 - 11 new risks have been identified.
 - 3 risks have closed.
 - 4 risk has reduced (3 presented, 1 to a score below 10).
 - 1 risk has increased to above 10 and now presented.
- 5.2.4 Ms Robertson attended for this agenda item and noted suggestions and updates directly.
- 5.2.5 The Committee noted the register for assurance.

5.3 Strategic Risk Register

- 5.3.1 Mr McMahon presented the Risk Register to the Committee noting key highlights.
- 5.3.2 The Committee was asked to review the Strategic Risk Register and endorse for onward presentation to the Board at its meeting on 19 August 2021.
- 5.3.3 The Board had an opportunity to contribute to the Strategic Risk Register at the Board Development session held in May 2021. The Board agreed to merge risks relating workforce and delivering at pace to meet stakeholder expectations. The Board requested that the EMT Risk and Opportunities Group review and refine the risk register and develop any new/proposed strategic risks and presented the outputs of that review to the Committee.
- 5.3.4 The Strategic Risk Register will continue to be developed in order to align with the developing strategy refresh and Remobilisation plan v 4.
- 5.3.5 The Committee noted the register for assurance and endorsed it for onward approval by the Board.

5.4 Risk Appetite Statement

- 5.4.1 Mr McMahon presented the statement to the Committee noting key highlights.
- 5.4.2 The Committee was asked to endorse the risk appetite statement provided for onward approval by the NHS 24 Board.
- 5.4.3 In 2020, the NHS 24 Board agreed an increase in business financial risk appetite to medium within robust controls and assurance. Over this period the Director of Finance has worked with Scottish Government to increase the financial resilience of NHS 24 through increasing the number of allocations we receive as recurring rather than on a non recurring basis.
- 5.4.4 The Committee noted the statement for assurance and endorsed it for onward approval by the Board.

6. CORPORATE GOVERNANCE

6.1 Corporate Governance Framework (v)

- 6.1.1 Ms Speirs provided a verbal update for the Committee
- 6.1.2 While work on the organisation's Corporate Governance Framework and assurance statement were due to be presented at the current meeting, work on the sector wide Revised Blueprint for Governance is ongoing, and further information on how Boards should adopt this is unlikely to be shared until later in the summer. It has therefore been agreed that work on revising the Framework is paused until the new Blueprint is released.
- 6.1.3 The Committee noted the update for assurance.

6.2 Financial Assurance Summary Report

6.2.1 Mr Gebbie presented the Financial Summary Report to the Committee noting the paper provides an update to Committee members on the latest position in regard to financial risks in regard to the following:

6.2.2 Finance Plan

Agenda for Change pay award has now been finalised and funding has been received to cover the cost associated with the pay uplift. This cancels the £0.6m recurring pressure highlighted in the draft finance plan, resulting in a balanced recurring plan being submitted within the next Remobilisation Plan.

6.2.3 Savings Plan

Savings Targets by Directorate have been set for the year. Savings shall be reported in more detail in the monthly finance report from month 4 onwards. At present there is c£1m unallocated savings gap in plans. This needs to be worked through to ensure recurring savings are made, at present the organisation is breaking even, albeit on a non recurring basis.

6.2.4 In Year position on anticipated allocations:

£15.8m of allocations received at June noting £16.0m of allocations are currently outstanding. Scottish Government Mental Health team have confirmed £12.5m of the anticipated allocations. £2.3m relates to second COVID allocation which will be received later in the year if required.

6.2.5 The Committee asked if NHS 24 have received confirmation of in writing for Mental Health funding. Mr Gebbie noted funding had been confirmed during a recent meeting with our Sponsor Team in Scottish Government, however those minutes are not yet available.

6.2.6 The Committee noted the report for assurance.

6.3 NSS Service Audit

6.3.1 Mr Gebbie presented the Audit Report to the Committee.

6.3.2 National Shared Services (NSS) operate the National IT Services on behalf of NHS Scotland Boards. A Service Audit is undertaken annually to review adherence to the overarching control objectives in place for the services provided.

6.3.3 The Service Audit report received an unqualified audit opinion but an 'emphasis of matter' was highlighted in light of testing concerns earlier in the year being compensated for positive confirmation from additional testing during April and May.

6.3.4 The Committee noted the report for assurance.

6.4 Corporate Governance Activity Report

6.4.1 Mr Snedden presented the report to the Committee.

6.4.2 It was noted since the last Audit Committee there have been five new waiver of tenders awarded. Three new contracts were awarded and there were no Service Level Agreements processed since the last meeting.

- 6.4.3 Mr Snedden advised the National Fraud Initiative (NFI) in Scotland 20210/21 matches became available in January 2021. No fraud has been identified to date. Mr Snedden confirmed the NFI works on a two year cycle and NHS 24 are currently at 73% completion.
- 6.4.4 Ms Mallinson asked if there was any feedback available when engaging third party suppliers in the Whistleblowing Standards. Mr Snedden said nothing had been relayed to him that this was an issue and hoped that as NHS 24 has a smaller supplier base than most Boards.
- 6.4.5 Mr Revie asked the Committee if it would be useful to review outcomes of employment tribunals. It was noted these are discussed at Staff Governance Committee, however the Committee agreed would be useful to review the outcomes relating to tribunals to ensure mitigating actions are in place to avoid recurrence. This will be included within this report going forward.

Action: Mr Snedden

- 6.4.6 The Committee noted the report for assurance.

6.5 Fraud & Irregularities Report

- 6.5.1 Mr Snedden presented the report to the Committee.
- 6.5.2 This paper outlines the key messages and recommendations from Audit Scotland's Fraud and Irregularity Report and Counter Fraud Services' Year End 2020/21 Report.
- 6.5.3 This is presented as a separate paper as requested by the Committee. Previously a summary of key publications was contained in the corporate governance activity report.
- 6.5.4 Mr Snedden highlighted the two e-learning modules that are available on TURAS for Non-Executives.
- 6.5.5 The Committee noted the helpful summary for assurance and requested that attention be given to reviewing our Counter Fraud Strategy to ensure that the recommendations in the various reports are duly incorporated where appropriate.

6.6 Procurement Strategy

- 6.6.1 Mr Snedden presented the report to the Committee noting key highlights.
- 6.6.2 It is a legal requirement for Scottish public sector bodies to publish a Procurement Strategy and review it annually. This updates the strategy to cover the period 2021 to 2024.
- 6.6.3 NHS 24 procurement leadership and provision is provided via an SLA with Scottish Ambulance Service (SAS) Procurement Team.
- 6.6.4 Minor amendments relating to references to EU Directives were advised and will be corrected before submission to the Board.

6.6.5 The Committee noted minor amendments to the report prior to submission to the Board.

6.7 Information Governance and Security Report

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

6.7.2 The paper provides an overview of the key areas of activity for Q1 2021/22 for the Information Governance and Security team in ensuring compliance with all legislative requirements. Included in the report, are a number of key points including:

- Significant increases in both Data Subject Access and Freedom of Information requests.
- Significant improvements in the web access protection.
- Improvements made to the security posture of the estate in line with work on the Network and Information Systems Regulations 2018.

6.7.3 Ms Gallacher advised NHS 24 is currently audited under Cyber Essentials, however on completion of the Connect Programme this will change to Cyber Essentials Plus.

6.7.4 It was noted the NIS audit begins at the end of August 2021. A number of actions are expected from this audit however, it is anticipated these will be resolved by the completion of Connect Programme Phase 1c.

6.7.5 The Committee noted the report for assurance.

6.8 2020/21 Annual Review Preparation

6.8.1 Ms Speirs provided a verbal update to the Committee.

6.8.2 Ms Speirs advised we have not yet received direct communication from the Scottish Government as to the timing of this year's Annual Review. It is anticipated that these are planned to commence from late October. While we are still in the pandemic, it is likely Annual Reviews will take the same format at last year with the Cabinet Secretary, Chair and Chief Executive in attendance virtually.

6.8.3 The Committee noted the update for assurance.

6.9 111 Telephony Contract

6.9.1 Mr Snedden presented the paper to the Committee.

6.9.2 The Committee was asked to consider and recommend that a waiver will be presented to the Board and approved, to enable NHS 24 to continue with the current telephony contract for the 111 service until the new contract starts in April 2022.

6.9.3 This is an extension of the current 111 contract with Vodafone. The extension has already been agreed between the supplier and NHS England. This covers the period between August 2021 and March 2022 to ensure continuity of service until the start of the new contract. Board approval will be sought via a waiver to allow NHS 24 to formally sign up to continue as a party to the current contract.

6.9.4 The Committee noted the waiver for assurance and recommend approval by the Board.

6.10 Integrated Governance Key points

6.10.1 The Committee is assured that key points discussed at this meeting are already being discussed at other Committees.

6.11 Terms of Reference

6.11.1 Mr Tait presented the revised Terms of Reference to the Committee.

6.11.2 It was confirmed changes to the Terms of Reference agreed at the last Committee have been updated, however it has been suggested that reference to the Committee's involvement recommending to the Board to approve the Annual Report and Accounts is included.

6.11.3 Mr Tait confirmed a further review of all Terms of Reference is likely in the coming months.

6.11.4 The Committee agreed to the additional narrative and approved.

6.12 Audit and Risk Committee Workplan

6.12.1 The Committee approved the work plan for 2021/22.

7. COMMITTEE EFFECTIVENESS

7.1 Ms Speirs supported by Ms Phillips provided an update to the Committee.

7.1.2 A revised self-evaluation questionnaire has been developed, for discussion and approval by the Committee. This updated set of questions reflects national practice across the sector.

7.1.3 Although the Blueprint for Good Governance encourages a consistent approach to assessing performance, it is not prescriptive in the nature of the review. NHS Territorial and National Boards are therefore permitted to self-determine the questions to be considered as part of the overall review of Committee effectiveness.

7.1.4 The Committee are content to the revised self-evaluation questionnaire after a few suggested amendments.

Action: Ms Phillips

7.1.5 The self-evaluation questionnaire will be available online shortly and the results will be discussed at the next meeting in November.

7.1.6 Dr Cheyne commented that while the Board Effectiveness Review process will be recommended to be postponed until later in the year, the Audit and Risk Committee should continue with their review.

7.1.7 The Committee noted the report for assurance.

8. MATTERS ARISING FROM PREVIOUS MEETINGS

8.1 Review of Action Log

- 8.1.1 After discussion the Committee agreed that all actions recommended for closure can be removed from the action list.

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 19 August 2021.

Action: Ms Kerr

10. ANY OTHER BUSINESS

- 10.1 Mr McCormick on behalf of the Committee thanked Mr Tait as this was his last meeting as Chair of Audit and Risk Committee. Mr Tait will stand down as Non-Executive Director from 31 August 2021 after two terms in office.

11. DATE & LOCATION OF NEXT MEETING

The date of the next meeting of the Committee is Monday 1 November 2021 at 10am, Microsoft Teams

12. PRIVATE MEETING OF THE AUDIT AND RISK COMMITTEE

- 13.1 A private meeting with Grant Thornton, Internal Auditors was held with members of the Committee following the meeting.