

**NHS 24
AUDIT AND RISK COMMITTEE**

**11 AUGUST 2022
ITEM NO. 3
APPROVED**

**Minutes of the Audit and Risk Committee Meeting held on
Tuesday 7 June 2022 at 10am,
Lumina Boardroom/Microsoft Teams**

1. WELCOME AND APOLOGIES

Committee Members

Ms Carol Gillie	Non-Executive Director (Chair)
Mr Martin Togneri	Non-Executive Director
Ms Marieke Dwarshuis	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
Mr David Eardley	Azets
Mr Peter Clark	Grant Thornton
Ms Rachel King	Grant Thornton
Dr Laura Ryan	Medical Director
Mr Damien Snedden	Deputy Director of Finance
Mr Kevin McMahan	Head of Risk Management & Resilience
Ms Yvonne Kerr	Executive Assistant (Minutes)
Mr Neil Logan	Head of Financial Planning & Reporting
Ms Jacqui Hepburn	Director of Workforce

Apologies

Mr Mike McCormick	Non-Executive Director
Mr David Howe	Non-Executive Director
Ms Steph Phillips	Director of Transformation, Strategy, Planning & Performance
Mr Graham Revie	Staff Side Representative

Ms Gillie welcomed members and attendees specifically Ms King from Grant Thornton and Mr Logan, Head of Financial Planning to the meeting. Ms Gillie reminded members of the email from Ms Matthew of 9 May requesting that comments from today’s meeting linked to Active Governance are fed into the Board workshop in September.

2. DECLARATION OF INTERESTS

2.1 There were no declarations of interest noted.

3. MINUTES OF PREVIOUS MEETING

3.1 Subject to a minor amendment, the minutes of the meeting held on 10 February 2022 were approved as an accurate record of discussions.

4. EXTERNAL AUDIT

4.1 External Audit Annual Report 2021/22

4.1.1 Mr Eardley presented the External Audit Annual Report to the Committee noting key highlights.

4.1.2 Mr Eardley advised that if Board approval was received on the 16 June, the report will then be submitted to Audit Scotland

4.1.3 Mr Eardley confirmed the audit was an independent process and that objectivity had not been compromised in any way. Mr Eardley confirmed the intention to issue an unqualified opinion on the annual report and annual accounts for 2021/22. NHS 24 met its key financial targets in year delivering an underspend against its revenue resource limit and a breakeven position against its capital resource limit. Mr Eardley thanked the Finance Directorate for their support in preparation of the audit in these challenging circumstances.

4.1.4 Mr Eardley noted risks had been identified at the planning stage of the audit however, appropriate evidence was provided for assurance to mitigate these risks. The Committee noted an Amber rating for Financial Sustainability however Mr Eardley confirmed this assessment takes cognisance of the external pressures on NHS 24 and the heath sector as a whole. Following discussion of the report, a few amendments were suggested by the Committee and accepted by Mr Eardley. These changes will be made before the report is presented to the Board on 16 June 2022.

Action: Mr Eardley

4.1.5 The Committee noted management responses to recommendations were not included within the report. Mr Snedden confirmed these had now been completed and would be shared with the Committee, however due to the tight time constraints between the report being received and being uploaded for the Committee it had not been possible for inclusion beforehand.

Action: Mr Snedden

4.1.6 The Committee noted the External Audit Annual Report for assurance and (subject to changes to be made) recommended approval of the report to the Board.

4.2 Audit Appointment 2022/23-2026/27 (v)

4.2.1 Mr Gebbie provided a verbal update to the Committee.

4.2.2 Mr Gebbie informed the Committee on the appointment of Deloitte as External Auditors from October 2022. The Committee expressed their thanks to Mr Eardley and the team at Azets for their support and contributions. Azets tenure will cease in

September 2022. Ms Gillie on behalf of the Committee thanked Mr Eardley and other attendees for their contribution over a number of years.

5 INTERNAL AUDIT

5.1 Internal Audit Report Updates

5.1.1 Attendance Management

Mr Clark presented the Attendance Management Audit to the Committee noting key highlights.

Mr Clark confirmed that the audit considered the design and operation of controls in place over processes and procedures available to Line Managers to support staff to maintain attendance at work and enable a return to work as soon as possible after any absence.

The report has been rated as Partial Assurance with improvements required as it contains three medium, two low rated recommendations and one advisory. Ms Hepburn confirmed the audit was requested in conjunction with the Attendance Management work currently ongoing. Mr Clark confirmed all recommendations have been accepted by management and an action plan is currently in place.

Ms Hepburn confirmed updates to the action plan will be included within the quarterly Workforce report going forward. The Committee agreed to refer the audit to the Staff Governance Committee for further discussion.

Action: Ms Kerr

The Committee noted the report for assurance.

5.1.2 Financial Controls: Fraud Arrangements

Mr Clark presented the Financial Controls Audit to the Committee noting key highlights.

Mr Clark confirmed the audit considered fraud controls and how NHS 24 links with Counter Fraud Services (CFS), the role of the Fraud Liaison Officer (FLO) and fraud awareness cross the organisation.

The report has been rated as Partial Assurance with improvement required as it contains one medium, two low and one advisory recommendations. The Committee noted the ongoing improvement work to the action plan. Mr Snedden confirmed actions will be complete by the end of the month.

Action: Mr Snedden

The Committee noted the report for assurance.

5.1.3 Risk Management

Mr Clark presented the Risk Management Audit to the Committee noting key highlights.

Mr Clark confirmed through discussions with management it was agreed the audit would consider a health check of NHS 24's risk management arrangements, focused on how risk management has continued to operate during the pandemic.

The report has been rated as Partial Assurance with improvement required as it contains one medium and two low recommendations. Recommendations have been accepted by management and an action plan is in place.

The Committee noted the report for assurance.

5.1.4 Staff Rostering

Mr Clark presented the Staff Rostering Audit to the Committee noting key highlights.

Mr Clark confirmed the audit was to undertake a review of the design and operation of the controls in place to enable the Central Resource Team to produce effective and resilient staff rostering.

The report has been rated as Reasonable Assurance with some improvement required as it contains two low recommendations. Recommendations have been accepted by management and an action plan is in place.

The Committee agreed this report should be referred to the Staff Governance Committee for further discussion.

Action: Ms Kerr

The Committee noted the report for assurance.

5.2 Internal Audit Annual Report 2021/22

5.2.1 Mr Clark presented the Internal Audit Annual Report to the Committee noting key highlights.

5.2.2 Mr Clark confirmed that the overall opinion for the 2021/22 financial year is based on the scope of reviews undertaken and the sample tests completed during the period. Partial Assurance with improvement required was the outcome. This is due to the accumulation of small issues mainly arising from Covid-19 related pressures during 2021/22.

5.2.3 The Committee thanked Mr Clark for the report however challenged the rating and noted their disappointment at the auditor's opinion. Mr Clark noted the concern of the Committee but felt the opinion reflected the outcomes of the internal audit plan. He stated that these pressures had impacted on all NHS Boards across Scotland and confirmed a great deal of assurance on the system of internal control had been provided by internal audit reports during the year and the rating of partial assurance was at the top end of the range. Audit attention has focused on the key improvement areas where it can have the most impact.

A key issue had been the completion of mandatory training and the Committee asked that Staff Governance confirm this will be an area of focus over the next twelve months.

Action: Ms Kerr

5.2.4 The Committee noted the report for assurance.

5.3 Internal Audit Plan 2022/23

5.3.1 Mr Clark presented the Update on the Audit Plan to the Committee.

5.3.2 Mr Clark confirmed the plan has been produced following discussions with the Executive Management Team. The areas for audit planned for 22/23 are: IT Recovery and Resilience including Cyber Security Arrangements, Leadership, Culture and Management Decision Making, Governance, Property Transaction Monitoring, Mandatory/Statutory Training, Risk Management, Financial Controls and Contract Management. It was noted Urgent Care Audit postponed from 2021/22 should be included within the audit plan.

Action: Grant Thornton

5.3.4 It may be necessary to revisit the timing or content of the audit plan throughout the year based on any new or emerging risks to allow flexibility to the plan.

5.3.5 The Committee noted the report for assurance.

5.4 Internal Audit Follow Up Report

5.4.1 Mr Clark presented the Audit Report to the Committee noting key highlights.

5.4.2 Mr Clark advised there are still 16 actions currently open. Ms Gillie noted that several actions discussed at the November Committee are still not complete. Mr Snedden provided assurance that a new process was being implemented to ensure recommendations were being taken forward.

5.4.3 The Committee noted the report for assurance.

6. ANNUAL GOVERNANCE COMMITTEE REPORTS

6.1 Audit and Risk Annual Report 2021/22

6.1.1 Ms Gillie presented the Annual Report to the Committee and opened discussion to the Committee.

6.1.2 Ms Gillie noted an amendment to the report and this will be updated before being presented to the Board.

Action: Ms Kerr

6.1.3 Subject to a minor amendment the Committee approved the annual report.

6.2 Planning and Performance Annual Report 2021/22

6.2.1 Ms Gillie presented the Annual Report to the Committee and opened discussion to the Committee.

6.2.2 Mr Togneri noted a few amendments to the report and these will be updated before being presented to the Board.

Action: Ms Mathew

6.2.3 Subject to the minor amendments the Committee noted the report for assurance.

6.3 Clinical Governance Annual Report 2021/22

6.3.1 Mr Togneri presented the Annual Report to the Committee and opened discussion to the Committee.

6.3.2 The Committee noted the report for assurance.

6.4 Staff Governance Annual Report 2021/22

6.4.1 Ms Hepburn presented the Annual Report to the Committee and opened discussion to the Committee.

6.4.2 Ms Gillie noted an amendment to the report and this will be updated before being presented to the Board.

Action: Ms Mathew

6.4.3 Subject to the minor amendments the Committee noted the report for assurance.

6.5 Integrated Governance Committee Annual Report 2021/22

6.5.1 The Board Chair presented the Annual Report to the Committee and opened for discussion.

6.5.2 An amendment to the report was noted and this will be updated before being presented to the Board.

Action: Ms Mathew

6.5.3 Subject to the minor amendments the Committee noted the report for assurance.

7. NATIONAL AUDIT SERVICE REPORTS

7.1 NSI Finance System Annual Report 2021/22

7.1.1 Mr Snedden presented the report to the Committee noting key highlights.

7.1.2 Mr Snedden confirmed NHS Ayrshire & Arran provide third party assurance to Boards for the services they provide. The most appropriate way of providing these assurances is through the appointment of service auditors to undertake third party service audit reviews and report on the findings.

7.1.3 There is no external audit of the payroll service but NHS 24 meet regularly with GG&C through Customer Care meetings and NHS 24 Internal Auditors conducted a review of payroll services provided by GG&C in 2018. These meetings and periodic audits allow any issues or concerns to be monitored, explored and resolved.

- 7.1.4 An unqualified opinion has been provided, with no critical or significant risk findings on the NSI services provided by NHS Ayrshire & Arran on behalf of NHS 24 and other Boards.
- 7.1.5 The Committee noted the report for assurance.

8 GOVERNANCE STATEMENTS

8.1 Assurance from the Chief Executive

- 8.1.1 Mr Miller presented the report to the Committee.
- 8.1.2 Mr Miller advised this statement is part of the annual accounts and complies with all statutory requirements. A detailed discussion of the content was picked up as part of item 9 on the agenda.
- 8.1.3 Mr Miller referenced the External Audit, Internal Audit and significant inputs from Executive Directors in what has been a challenging year, providing assurance of robust governance processes currently in place.
- 8.1.4 The Committee noted some adjustments which will be reviewed prior to presentation to the Board in June.

Action: Mr Gebbie

8.2 Executive Directors Annual Certificates of Assurance

- 8.2.1 Mr Miller presented the Certificates of Assurance to the Committee.
- 8.2.2 Following discussion the Committee agreed a review of the format of statements for consistency going forward. These changes will be applied for 2022/23.

Action: Mr Gebbie

- 8.2.3 The Committee noted the certificates for assurance.

9. STATUTORY ACCOUNTS

9.1 Draft Statutory Annual Report and Annual Accounts 2021/22

- 9.1.1 Ms Gillie proposed a page turn of the Annual Performance Report and the Accountability Report.
- 9.1.2 Mr Gebbie advised the Annual Accounts is a statutory obligation for all NHS Boards showing stewardship of resources received and the financial performance in the use of those resources.
- 9.1.3 Mr Gebbie expressed his thanks to Mr Logan who was leading on the Annual Accounts. He also thanked Ms Robertson leading the Performance Report and the Ms Davies from the Communications Directorate for the new presentation style of the report. Mrs Gillie echoed this and thanked Mr Gebbie for leading the production of the accounts.

9.1.4 Mr Togneri highlighted he had a number of proposed changes to raise. Following a detailed discussion, the Committee made suggested changes to the Annual Report section and this will be amended and shared prior to submission to the Board.

Action: Mr Gebbie

The Committee were content with the Annual Accounts section with no amendments noted.

9.1.5 It was agreed a summary report would be prepared to highlight changes made since the Committee prior to the Board meeting.

Action: Mr Gebbie

9.1.6 The Committee approved the Annual Accounts to be presented to the Board with amendments completed.

10. ANNUAL REPORTS

10.1 Information Governance and Security Annual Report 2021/22

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

10.1.2 The paper provides an overview of the key areas of activity for 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 Security of the estate by the migration to Windows 10 as part of the Connect Programme.
- Retirement of legacy PRM v1.8 data in line with the documented retention period.

10.1.3 Ms Gallacher noted new KPIs /compliance threshold are required to be met by December 2023 for the Network and Information Systems Regulation (NISR) audit. Ms Gallacher advised a paper will be presented to the August Committee to provide assurance work is underway for monitoring and managing the new KPIs.

Action; Ms Gallacher

10.1.4 Ms Gallacher provided assurance that mandatory training modules are being managed and monitored. It was noted since the report was written, compliance has increased.

10.1.5 Ms Dwarshuis requested more contextualisation around the Data Subject Access Request (DSAR) reporting. Ms Gallacher confirmed this will be discussed offline for clarity and changes will be modified in the quarterly report.

Action: Ms Gallacher

10.2 Procurement Annual Report 2021/22

10.2.1 Mr Snedden presented the report to the Committee noting key highlights.

10.2.2 This report is submitted annually to SGHSCD to advise on regulated procurement and the report is for the financial year 2021/22. In addition to providing details of previous regulated procurements, there is a requirement to provide information on any future requirements within the next 24 months. Whilst we have reflected on current requirements these may change over this period dependent on funding and service requirements.

10.2.3 The Procurement Strategy was last presented to the August 2021 Committee and will be presented on 11 August 2022.

10.2.4 Ms Gillie referred to the unavailable information noted in the report. Mr Snedden advised this is not concerning however ensured tracking will be more robust going forward.

Action: Mr Snedden

10.2.5 The Board noted the report for assurance.

11 RISK

11.1 Corporate Risk Management Update

11.1.1 Mr McMahon presented the Risk Register to the Committee.

11.1.2 Mr McMahon noted the Risk Register has been reviewed a number of times in the last few months.

11.1.3 The Committee noted the targets date on the register asking if these are likely to be met. Mr McMahon confirmed these would be reviewed at the next Risk and Opportunities Group.

Action: Mr McMahon

11.1.4 The Committee noted the Risk Register for assurance.

11.2 Risk Management Annual Report 2021/22

11.2.1 Mr McMahon presented the Annual Report to the Committee and opened discussion to the Committee.

11.2.2 The Committee noted the report for assurance

12. CORPORATE GOVERNANCE

12.1 Corporate Governance Activity Report

12.1.1 Mr Snedden presented the report to the Committee.

12.1.2 It was noted since the last Audit Committee there have been no new waivers of tenders awarded. Five new contracts were awarded and there were no Service Level Agreements processed since the last meeting. There have been ten offers of

gifts and hospitality recorded since the last meeting although, it was noted these were for award ceremonies for staff as things return to in person.

12.1.3 The National Fraud Initiative Questionnaire was included with Committee papers. Ms Gillie suggested that the checklist be brought to the next meeting.

Action: Mr Snedden

12.1.4 The Committee noted the report for assurance.

12.2 Audit Scotland: NHS in Scotland 2020/21

12.2.1 Mr Snedden presented the report to the Committee noting key highlights.

12.2.2 The Committee were asked to note the key messages and recommendations contained within Audit Scotland's report entitled NHS in Scotland 2021 and take assurance from the work in NHS 24 to manage this.

12.2.3 Mr Snedden confirmed NHS 24 has reviewed Audit Scotland's report on NHS in Scotland 2021, which highlights issues facing the sector. Providing insight where Scottish Government/NHS Boards should focus on to transform health and social care services to improve effectiveness and address the growing cost of the NHS and its recovery from COVID-19.

12.2.4 NHS 24 recognises the challenges facing the sector but is well placed due to ongoing surveillance of the wider health and care landscape to address the recommendations from Audit Scotland's report on NHS in Scotland 2021. In addition, NHS 24 feels it has much to offer in terms of helping transform health and social care services across Scotland, which is forming a key part of its strategic intent.

12.2.5 Ms Gillie requested that the full report be issued virtually to all Board Members.

Action: Ms Kerr

12.2.6 The Committee noted the report for assurance.

12.3 Financial Assurance Summary Report

12.3.1 Mr Gebbie presented the report to the Committee noting key highlights.

12.3.2 Mr Gebbie noted that the 2022/23 Finance Plan is currently a work in progress. There have been some risks highlighted that could impact on the finance plan during the year. It was confirmed mitigations are in place in order to combat these risks.

12.3.3 The Committee noted the report for assurance.

12.4 Model Code of Conduct Update

12.4.1 Ms Mathew presented the update to the Committee.

12.4.2 The updated Model Code of Conduct is presented to the Committee for homologation. A response was due to Scottish Government by 16 May 2022

indicating Board agreement however as our governance cycle did not meet this timeline it was circulated electronically to Board members on 9 May 2022 for approval.

12.4.3 The Committee discussed and agreed in reference to Gifts and Hospitality it would remain the local policy for all staff to continue to register gifts and hospitality when declined.

12.4.4 The Committee noted the update and approved.

12.5 Information Commissioners Office Audit Paper

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

12.5.2 Ms Gallacher confirmed NHS 24 as a National Health Board will be subject to a data protection audit by the regulator, Information Commissioners Office (ICO). This is likely to take place in Quarter 3 although not yet confirmed. The focus of the audit will Data Protection Impact Assessments (DPIA) and mandatory training levels for data protection.

12.5.3 Internal planning for the audit is underway to ensure compliance. Ms Gallacher agreed to provide an update on progress at the August Committee.

Action: Ms Gallacher

12.5.4 The Committee noted the report for assurance.

13 AUDIT AND RISK COMMITTEE WORKPLAN

13.1 The Committee noted an addition to the workplan and then approved the work plan for 2022/23.

Action: Ms Kerr

14. COMMITTEE EFFECTIVENESS

14.1 Annual Committee Effectiveness Review: Action Plan

14.1.1 Ms Mathew presented the Review to the Committee noting this is an update from February 2022.

14.1.2 The Effectiveness Review was completed in July 2021 and was noted that this will be reviewed in July 2022. Appendix 2 of the papers are detailed actions relating to the action plan in appendix 1.

14.1.3 The Committee noted the update for assurance.

15 MATTERS ARISING FROM PREVIOUS MEETINGS

15.1 Review of Action Log

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

16 INTEGRATED GOVERNANCE: KEY POINTS ARISING

16.1 The Committee is assured that key points discussed at this meeting are referred and will be discussed at other Committees.

17. AGREED COMMITTEE HIGHLIGHTS TO THE BOARD

17.1 The Committee highlights will be produced after the meeting and sent to the Chair for approval prior to the Board Meeting due to be held on 16 June 2022.

Action: Ms Kerr

18. ANY OTHER BUSINESS

18.1 Mr Miller advised the Committee the Ministerial Annual Review will take place following the Committee and will provide an update to the next Board Meeting.

18.2 Mr Eardley advised the Committee of the Non-Executive Director Training Forum event that will take place at the end of June, noting all are welcome to attend. It was agreed the invitation would be circulated to all Board Members.

Action: Ms Kerr

19. DATE & LOCATION OF NEXT MEETING

The date of the next meeting of the Committee is Thursday 11 August 2022 at 10am, Microsoft Teams.

20. PRIVATE MEETING OF THE AUDIT AND RISK COMMITTEE

20.1 A private meeting with the Chief Executive was held with members of the Committee following the meeting.