Scottish Ambulance Service
University National NHS Board

NHS SCOTLAND

NOT PROTECTIVELY MARKED

Public Board Meeting	29 November 2023
	Item 20

THIS PAPER IS FOR NOTING

AUDIT AND RISK COMMITTEE MINUTES OF 15 JUNE 2023 AND VERBAL UPDATE OF 12 OCTOBER 2023

Lead Director Author	Carol Sinclair, Chair, Audit and Risk Committee Lindsey Ralph, Board Secretary
Action required	The Board is asked to note the minutes and verbal report.
Key points	In compliance with the Service's Standing Orders, the approved Committee minutes are submitted to the Board for information and consideration of any recommendations that have been made by the Committee. The minutes of the Audit and Risk Committee held on 15 June 2023 were approved by the Committee on 12 October 2023. A verbal update of the meeting held on 12 October 2023 will be provided by the Chair of the Committee.
Timing	Minutes are presented following approval by the Committee. The Board will receive a verbal update of the most recent Committee meeting from the Chair of the Committee.
Link to Corporate Ambitions	The Audit and Risk Committee has responsibility on behalf of the Board to ensure that the appropriate work is undertaken to assess clinical governance within the Service and provide assurance to the Board that the governance arrangements are safe, effective and person centred.
Equality and Diversity	No issues identified.

MINUTES OF AUDIT AND RISK COMMITTEE MEETING
10.30 ON THURSDAY 15 JUNE 2023
VIRTUAL, MICROSOFT TEAMS

Present: Carol Sinclair, Non-Executive Director (Chair)
Stuart Currie, Non-Executive Director
Irene Oldfather, Non-Executive Director
Madeline Smith, Non-Executive Director *(due to technical issues Irene left the meeting at 11:20).*

In Attendance: John Baker, General Manager, ICT *(for item 20.1 only)*
Karen Brogan, Associate Director of Strategy, Planning and Programmes
Julie Carter, Director of Finance, Logistics and Strategy
Gary Devlin, Azets – External Auditors
Pippa Hamilton, Committee Secretariat – Minutes
Pauline Howie, Chief Executive
James Lucas, KPMG – Internal Auditors
Stephen Massetti, Director of National Operations
Maria McFeat, Deputy Director of Finance
Gordon Richardson, Head of Finance
Tom Steele, Board Chair
Sarah Stevenson, Risk Manager

Apologies: Katy Barclay, Head of Business Intelligence
Melanie Barnes, Assistant Director of Finance
Paul Bassett, Chief Operating Officer
John McGuigan, Non-Executive Director

ITEM 1   WELCOME AND APOLOGIES

Carol Sinclair welcomed everyone to the meeting and apologies were noted as above.

ITEM 2   DECLARATIONS OF INTEREST

Standing declarations of interest were noted:
- Madeline Smith in her position as Non-Executive Director, Digital Health and Care Innovation Centre.
- Irene Oldfather in her position of Director, Scotland Health and Social Care Alliance and Vice Chair of Domestic Advisory Group (DAG) on the Trade and Cooperation Agreement (TCA) with the European Union.
- Carol Sinclair in her position as Trustee of Scotland's Charity Air Ambulance and Strategic Data Adviser, Digital Health and Care, Scottish Government
- Paul Bassett in his position as Trustee, Scotland's Charity Air Ambulance.

- Stuart Currie - Board Member of State Hospital Board and Vice Chair of the Independent Review of Inspection, Scrutiny and Regulation of Social Care in Scotland by the Scottish Government.
- Stephen Massetti – Chair of HRFCA Highland Gold Network

ITEM 3   MINUTES OF PREVIOUS MEETING

The minutes of 20 April 2023 were reviewed for accuracy and subsequently approved as an accurate record of the meeting.

ITEM 4   MATTERS ARISING

Committee noted the following items as completed and approved their removal from the Audit Committee Matters Arising paper.

2022/10/12	Fraud Quarterly Report
2023/01/05.1	Risk Management
2023/04/08.3	Audit Committee Self-Assessment
2023/04/09.2	Internal Audit Plan 2023/24
2023/04/12	Accounting Estimates
2023/04/17.1	Audit Committee Development Sessions

Action:
1. **Committee Secretary** to update matters arising paper.

ITEM 5   RISK MANAGEMENT

Item 5.1 & 5.2   Quarterly Update and Corporate Risk Register

Sarah Stevenson presented the Committee with the quarterly Risk Update and Corporate Risk Register advising that all changes since the last Committee were highlighted in red for ease.

It was noted that the Risk Register presented had been approved by the Board at its meeting on 31 May 2023 and had been updated and presented to the Performance and Planning Steering Group on 13 June 2023.

Sarah added that following a recommendation from the Board meeting in May 2023, the paper presented provided further assurance to the Audit and Risk Committee of the current and planned mitigating measures in place to address the Risks 4635, 5274 and 5275 contained within the Register. Members welcomed the detailed update which allowed Committee to gain further assurance.

Members noted that an Internal Audit had begun in relation to the management of adverse events which will sit alongside the ongoing organisational review of the Significant Adverse Event Review (SAER) process.

Carol Sinclair noted that within the Risk Key Performance Indicators section of the paper it referenced the number of open risks which had not been reviewed within defined timescales and asked what remedial actions were in place to address this. Sarah provided members with

assurance that since the presented paper was written, work had continued to review these risks which resulted in a decrease of unreviewed risks to 3.

Madeline Smith asked that more detail be added within Risk 4636, Health and Wellbeing of staff affected, particularly in relation to rest breaks given the critical element and the work underway. Sarah advised that she would provide fuller detail within the next iteration of the risk register.

Tom Steele commented that he welcomed the additional comments within Risk 4639 which referenced the successful NIS Audit outcome and suggested that the risk tolerance for this risk should be reviewed.

Members thanked Sarah for the paper and additional assurances provided and subsequently approved the Corporate Risk Register.

Action:
2. **Risk Manager** to add in fuller detail to Risk 4636 in relation to rest breaks given the critical element and the work underway within this area.
3. **Risk Manager** to review the tolerance for Risk 4639 given the successful NIS Audit outcome.

Item 5.3　　　　　Risk Management Annual Report

Members were presented with the Risk Management Annual Report for approval. The Annual Report summarised the key activities and achievements relating the management of risk within the Service for the financial year 2022/2023, a summary of the incident reporting statistics for 2022/2023 and outlined the Risk Management Workplan for 2022/2023.

Madeline Smith suggested that the Report would benefit from more detailed narrative in relation to Vulnerable Persons reporting, given that this was the top category of reported clinical events, with the increased reporting of these events being seen as a positive step. Madeline added that the narrative in relation to SAER timescales not being met would also benefit from being expanded within the main body of the Report.

Sarah Stevenson thanked Committee for the suggestions and advised that she would make the amendments.

Committee approved the Annual Report subject to the above amendments being made.

Action:
4. **Risk Manager** to include more detailed narrative within the Annual Report in relation to Vulnerable Persons reporting given that this was the top category of reported clinical events and the increased reporting of these events being seen as a positive step.
5. **Risk Manager** to expand narrative in relation to SAER timescales not being met within the main body of the Annual Report.

Item 5.4　　　　　Risk Management Policy

Sarah Stevenson presented the Risk Management Policy which had been reviewed following consultation with the Service and the Performance and Planning Steering Group. Members noted the main areas of addition/amendments which included:
- Risk appetite updated for 2023
- Update to responsibilities to include Chief Operating Officer/Deputy Chief Executive Officer

- Updated text to reference Blueprint for Good Governance
- Included additional visualising risk example.

Sarah highlighted that the Policy was currently reviewed on an annual basis and due to be formally rewritten in 2024.

Carol Sinclair commented that section 5.1, in relation to the Risk Register purpose which had been included did not flow well and asked that this be reviewed and reworded to read better. Sarah Stevenson advised that this section was taken from the new Blueprint for Good Governance and that she would review the wording and amend accordingly.

Madeline Smith suggested that within section 7, Risk Appetite and Tolerance, second paragraph, the last sentence, "importantly recognising that no service can be risk free" should be removed.

Members approved the Policy subject to above amendments being made.

Action:
6. **Risk Manager** to review and amend newly included wording within section 5.1, in relation to risk register purpose to ensure wording flows better.
7. **Risk Manager** to remove the last sentence of the second paragraph of section 7, Risk Appetite and Tolerance, "*importantly recognising that no service can be risk free".*

ITEM 6   GOVERNANCE COMMITTEES

Item 6.1   Annual Reports and Terms of Reference

Committee noted the Annual Reports and Terms of Reference for the Staff Governance and Clinical Governance Committees which were provided to the Audit and Risk Committee for assurance.

Item 6.2   Audit and Risk Committee Self-Assessment

Members noted the collated version of the Self-Assessment Checklist and associated action plan following feedback and responses from Committee members.

Item 6.3   Self-Assessments Clinical Governance and Staff Governance Committees

Committee noted the completed Self-Assessments for the Clinical Governance and Staff Governance Committees presented.

ITEM 7   Restricted – ENDOWMENT FUND ACCOUNTS 2022/23

Invoking Standing Order 5.22 resolution to take item in private.

ITEM 8   Restricted – DRAFT ANNUAL REPORT AND ACCOUNTS 2022/23

Invoking Standing Order 5.22 resolution to take item in private.

ITEM 9   INTERNAL AUDIT

Item 9.1   Restricted - Internal Audit Annual Report

Invoking Standing Order 5.22 resolution to take item in private.

Item 9.2   Internal Audit Progress Report

James Lucas presented the Progress Report which was provided as an update on the Internal Audit Plan 2022/23 and 2023/24.

Members noted the Report and thanked KMPG for the quality and volume of the work carried out in the last year.

Item 9.3   GRS Resource Planning – Efficiency and Effectiveness Audit Report

James Lucas presented the Internal Audit Report on GRS Resource Planning – Efficiency and Effectiveness. Committee noted that an overall assessment of "significant assurance with minor improvement opportunities" was reached with 3 medium and 2 low findings being identified following completion of the audit.

Carol Sinclair noted that there had been some debate about the assessment in terms of whether this should be partial or significant assurance and asked for clarity if all medium actions were clearly medium. James Lucas advised that the debate on final assessment was more in terms of the number of low risk findings that could have potentially been medium findings, however provided assurance to Committee that following discussions with management work was ongoing and therefore these remained as low risk.

Karen Brogan added that a paper was due to be presented to the Executive Team seeking approval of the recommendations on how to take this work forward.

Members noted the assurance provided within the report and discussion.

Item 9.4   Workforce and HR Data Integrity Audit Report

James Lucas presented the Internal Audit Report on Workforce and HR Data Integrity. Committee noted that an overall assessment of "significant assurance with minor improvement opportunities" was reached with 4 findings (1 Medium and 3 Low) being identified following completion of the audit.

Members noted that 8 management actions were agreed to overcome the identified weaknesses.

Committee welcomed the report along with the tight timescales associated with the actions in recognition of the importance of the work being done.

Madeline Smith commented that within finding 2.4, verification of outputs it mentions reports not being fit for purpose, yet this was allocated a low finding. James Lucas advised that the reason for the low rating in this area was that the review did not find anything that would suggest that there was anything wrong with the reports but provided a recommendation for regular review of the process for data sources and templates to ensure that these remain fit for purpose.

Tom Steele commented that given the profile of the workforce was changing it is fundamental that the Service has source data which is accurate for strategic planning purposes and added that he would like to see the work being carried out by Chris Carron linked to the Internal Audit recommendations to ensure connectivity.

ITEM 10   EXTERNAL AUDIT

Item 10.1   Restricted - Draft External Audit Annual Report

Invoking Standing Order 5.22 resolution to take item in private.

Item 10.2   Restricted - Draft Letter of Representation

Invoking Standing Order 5.22 resolution to take item in private.

ITEM 11   SERVICE AUDITS 2022/23

Julie Carter reported that, as part of the year end assurance process, two third party audit reports had been undertaken.

Committee noted the presented reports from both service audits and the additional assurances these provide Committee.

ITEM 12   SIGNIFICANT ISSUES LETTER TO SCOTTISH GOVERNMENT

Carol Sinclair advised members that a letter had been received from Richard McCallum, Director of Health Finance and Governance dated 10 March 2023 which advised that Scottish Government no longer required Boards to submit a separate Significant Issues Letter, recognising that this information should be given due consideration as part of the Governance statement within the Annual Accounts.

ITEM 13   REVIEW OF STANDING FINANCIAL INSTRUCTIONS (SFIS)

Gordon Richardson presented Committee with a paper which outlined proposed changes to the undernoted section of the SFIs:

- **Section 11** – Capital Investment Financing

Members approved the proposed changes presented.

ITEM 14   INFORMATION GOVERNANCE QUARTERLY REPORT

In Katy Barclay's absence, Stephen Massetti provided a quarterly update on Information Governance, which outlined progress against audit recommendations, breaches of the Data Protection Act and progress towards the implementation of the actions from the Records Management Plan.

Stephen highlighted that the Service was audited by the Information Commissioner during the week of 27 April 2023. The draft audit report was provided to the Service on 03 May in which the overall opinion was:
"There is a reasonable level of assurance that processes and procedures are in place and are delivering data protection compliance. The audit has identified some scope for improvement in existing arrangements to reduce the risk of non-compliance with data protection legislation".

Members noted that the individual assurance ratings awarded to the Service were 55% high assurance, 38% reasonable assurance and 7% low assurance. Stephen highlighted that the details of the identified areas of improvement along with associated timelines are noted in detail within the presented report.

Carol Sinclair commented that Committee had previously discussed the resourcing of the Information Governance Team and asked if there will be dedicated resource allocated to take forward and implement the audit recommendations. Carol added that she would also like to see completion percentages added into the recommendation action plan within future progress reports presented to Committee.

James Lucas reminded members that there was an Information Governance Internal Audit planned for this year which would be in addition to the Information Commissioner's Audit. Carol requested that thought be given to how reporting on the two audits to Committee is taken forward. Julie Carter confirmed that this would be discussed and worked into the audit scope with James Lucas.

Julie Carter advised that in terms of resource issues, members would recall a similar situation with resourcing for the NIS Audit and added that John Baker redesigned his team to have one champion to drive forward the actions. Members noted that Katy Barclay and Robert Kay have been discussing lessons learned following the NIS Audit work to ensure cross organisation learning.

Committee discussed the remainder of the Quarterly Report. Madeline Smith commented that the Information Asset Register Phase 2 had a completion date of end September 2023 and given the fact that this was unlikely to begin until late Summer, the completion date was presumably at risk. Stephen advised that he would take the question back to Katy to ensure that more detail in relation to any potential risk to the completion date be provided to Committee.

Action:
8. **Head of Business Intelligence** to ensure that progress completion percentages are added to the recommendation action plan of the Information Commissioner's Audit within future progress reports to Committee to allow Committee to clearly track progress progression.
9. **Head of Business Intelligence** to include more detailed narrative within future reporting on any potential risk to the completion date of the Asset Register Phase 2, given the current completion date was set for end September 2023, and the work unlikely to begin until late summer.

ITEM 15   FRAUD

Item 15.1   Fraud Update

In Mel Barnes' absence Julie Carter presented the quarterly fraud update which highlighted:

- There had been no new fraud allegation reported since the last Audit Committee.
- Of the allegations reported to the April Audit Committee, both remained ongoing.
- National Fraud Initiative 2023/24 – all trade creditor matches had been investigated and closed off with no evidence of fraud. Payroll matches were in the process of being investigated with one closed off.

Members noted that a report on the Counter Fraud Standards was included within the presented paper with a summary of outcomes and improvements identified. Julie Carter advised that of the 12 components, the Service fully met the standard for 2 and partially met the standard of the remaining 10.

It was noted that Counter Fraud Services (CFS) published a Fraud Prevention Guide specific to procurement risks with a number of recommendations made for NHS Boards to respond to. Julie Carter advised that where actions were identified for the Service, these had been included within the Fraud Action Plan which was presented to Committee at agenda item 15.2.

Item 15.2   Draft Fraud Annual Action Plan

Julie Carter advised that as part of the Counter Fraud Standards, Boards are required to develop an annual Fraud Action Plan. Members noted that the Service's Plan had been developed following completion of the 2022/23 Counter Fraud Standards exercise, where improvements had been identified within some of the components. Julie highlighted that the Plan presented included both Service actions and national and local Counter Fraud Services (CFS) activities.

Members noted the report and welcomed progress updates in due course.

Item 15.3   Updated Fraud Policy

Julie Carter presented the Service's Fraud Policy which had been reviewed using information from Counter Fraud Services and learning from other Board's Fraud Policies.

Julie highlighted that the substance of the Policy remained valid and advised that key updates within the undernoted areas had been made:

- Inclusion of information around the role of Counter Fraud Champion
- Additional information on the role of Fraud Liaison Officer
- Updating information on how to report fraud
- Updating information on the responsibilities of CFS to manage the investigation
- Updating of information on the National Fraud Initiative
- Updating of hyperlinks to current policies
- Formatting changes to present the information in a more readable format

Carol Sinclair noted that the Policy made reference to the Counter Fraud Champion and given that she undertakes this role currently, suggested that it may be beneficial for herself, Mel Barnes and Julie Carter to meet to discuss this to ensure that the Board continues to get the best from the role.

Members noted and approved the updated Policy.

Action:

10. **Fraud Liaison Officer** to arrange a meeting with Audit and Risk Committee Chair and Director of Finance, Logistics and Strategy to discuss the Counter Fraud Champion role to ensure the Board continues to get the best from the role.

ITEM 16   BEST VALUE PROGRAMME

Committee received a comprehensive update on the Best Value Programme which included updates on:
- Best Value Programme Plans so far identified for 2023/24

- Local Best Value Schemes so far identified for 2023/24
- Measurement of improvement and savings
- Governance and reporting arrangements
- 2023/24 High Priority Efficiency Schemes aimed at reducing the £19m financial deficit.

Karen Brogan advised that work continues to progress well, however remained challenging. Karen added that benefits are being seen since the introduction of Executive Director leads to support delivery and action resolution if necessary.

Carol Sinclair commented on the inclusion of the highlight reports and use of the RAG status within the paper, adding that the standardising of reporting was beneficial to Committee.

Committee noted progress and the discussion and feedback provided by members.

ITEM 17   TERMS OF REFERENCE – SOUTH EAST PAYROLL CONSORTIUM

Maria McFeat presented Committee with a paper which provided an update of the key discussion points from the first meeting of the South East Payroll Quality Board which was established to provide governance, quality, accountability and assurance to the South East Payroll consortium partners on the delivery of the shared service.

Members noted the demand placed upon the consortium recently and the way the consortium had worked in response to the demand.

Members noted the update presented.

ITEM 18   WHISTLEBLOWING ANNUAL REPORT

Members were presented with the Whistlblowing Annual Report 2022/2023 which outlined the Service's response to national whistleblowing arrangements during the first year of implementation of the Whistleblowing Standards.

Members noted the Whistleblowing Annual Report which was provided to members for information and noted the need for further development to refine processes using learning to ensure staff feel confident to speak up and people receiving the concerns are clear on what they should do to support the whistleblower.

Madeline Smith advised that the Annual Report had also been presented and discussed at the last Staff Governance Committee.

Members noted the use of a pie chart within the report and asked that this be changed for future reporting.

Action:
11. **Director of Care Quality and Professional Development** to remove the use of pie charts from future Whistleblowing reports.

ITEM 19   COMMITTEE WORKPLAN 2023/24

Committee reviewed and noted the workplan which was presented to each meeting for information.

ITEM 20 **RESTRICTED** **- RESILIENCE**

Item 20.1 **Restricted –** **Cyber Resilience and NIS Audit Action Plan Update**

Invoking Standing Order 5.22 resolution to take item in private.

Item 20.2 **Restricted** **- Resilience Committee Update**

Invoking Standing Order 5.22 resolution to take item in private.

ITEM 21 **ANY OTHER BUSINESS**

Pauline Howie Retirement

Carol Sinclair advised members that this would be the last Audit and Risk Committee for Pauline Howie ahead of her retirement from the Service on 30 June 2023. Carol noted her appreciation for everything Pauline has done in her time with the Service and her commitment to the standing committees and the Board which would be greatly missed. Carol thanked Pauline on behalf of the Audit and Risk Committee and wished her well in her retirement.

Carol Sinclair closed the meeting and thanked everyone for their attendance and the robust discussions during the meeting.

Date of next meeting - 10:30, 12 October 2023.