NOT PROTECTIVELY MARKED

Public Board Meeting	**27 May 2020** **Item 12**
THIS PAPER IS FOR NOTING **AUDIT COMMITTEE MINUTES OF 22 JANUARY 2020 AND VERBAL REPORT OF 22 APRIL 2020.**	

Lead Director **Author**	Carol Sinclair, Audit 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 Committee held on 22 January 2020 were approved by the Committee on 22 April 2020. A verbal update of the meeting held on 22 April 2020 will be provided by the Chair of the Committee.
Timing	A verbal update of the most recent Committee meeting will be provided to the Board. Minutes are presented following approval by the Committee.

MINUTES OF AUDIT COMMITTEE MEETING

10.00 A.M. ON WEDNESDAY 22ND JANUARY 2020

MR 2.12, NHQ, GYLE SQUARE, EDINBURGH

Present: Carol Sinclair, Non-Executive Director (Chair)
Stuart Currie, Non-Executive Director
Madeline Smith, Non-Executive Director

In Attendance: Katy Barclay, Information Governance Manager
Melanie Barnes, Head of Capital and Costing
Paul Bassett, Director, National Operations
Joanne Brown, Grant Thornton
Julie Carter, Interim Director of Finance and Logistics
Claire Connor, KPMG
Pauline Howie, Chief Executive
Duncan Keith, Head of Finance
James Lucas, KPMG
Paul McGinty, KPMG
John Perritt, Risk Manager
Tom Steele, Chair
Gordon Young, Counter Fraud Services (Pre-Committee item only)
Gillian McBirnie, Committee Secretary (Minutes)

WELCOME AND INTRODUCTIONS

Carol Sinclair welcomed everyone to the meeting. Apologies were noted from Cecil Meiklejohn, Non-Executive Director, Irene Oldfather, Non-Executive Director and Duncan Keith, Head of Finance.

Counter Fraud Services – Gordon Young

The Head of Counter Fraud Services, Gordon Young was in attendance to provide the Committee with an overview of the support offered to the Service and a broad overview of the wider NHS. Gordon was pleased to report excellent joint working with SAS and Police Scotland around the production of a video workshop on insider threat, advising that SAS was one of the first Boards

to participate. Recent Bribery and Fraud and Corruption prevention workshops facilitated by CFS had seen excellent attendance with over 70 members of staff in attendance.

The Fraud and Organised Crime Impact Assessment toolkit was discussed and members agreed that consideration should be given to establishing this as a mandatory exercise for all projects over £50,000. Pauline Howie referred to the presentation on cyber crime in procurement and suggested it may be worthwhile having a facilitated session in advance of the air ambulance re-procurement.

The Committee was pleased to learn of the excellent engagement between the Service and CFS and commended the relationship between Melanie Barnes, Julie Carter and Gordon.

The Chair thanked Gordon for his informative presentation.

ITEM 1   MINUTES OF MEETING HELD ON 02 OCTOBER 2019

The minutes were approved subject to an amendment to Madeline Smith's declaration.

ITEM 2   MATTERS ARISING

The Committee noted the ongoing actions and completion dates and approved the removal of 4 actions.

2019-10-02/2	Review of Board Governance Structure – Julie advised work had been carried out with Boards and would now commence with Ambulance Trusts. Action –ongoing.
2019-10-02/4	Action closed
2019-10-02/5	Action closed
2019-10-02/6	Action closed
2019-10-02/7	Action closed
2019-10-02/8	Agreed this would be considered further following the compliance update report. Action – ongoing.

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

ITEM 3   DECLARATION OF INTEREST

Madeline Smith declared her position of Vice Chair, NHS24 and Digital Health and Care Institute. Carol Sinclair declared her employment with National Services Scotland and Trustee of Scotland's Charity Air Ambulance, and Paul Bassett declared his position as Trustee, Scotland's Charity Air Ambulance.

ITEM 4   INTERNAL AUDIT

4.1   Review of Patient Transport Services

Paul McGinty introduced the report which had been undertaken as part of a cyclical review of the current process arrangements in place with specific focus on how management ensure the overall efficiency and effectiveness of the Patient Transport Service. The review identified six areas for

improvement focussing on KPIs and measures, productivity and efficiency, planning and capacity management. If addressed, these recommendations would strengthen the control framework.

Madeline Smith welcomed the report which would assist the Board in providing clarity around the direction of travel with the PTS and the generation of KPIs.

In response to a question from Carol Sinclair around completion dates of June 2020, Pauline Howie advised that these had been timed and scoped to fit with the strategic review which would be undertaken by the Regional Director, North Operations in line with the 2030 Strategy. An outline would be provided to the March Board session.

Referring to journey planning, Julie Carter and Karen Brogan advised this was a key element of the best value programme. As part of this work, Karen would be facilitating a workshop with staff, focussing on journey planning, short term fixes, quick wins and barriers.

Stuart Currie enquired about relationships with other public bodies and queried if these had been investigated as part of the review; in particular, data from local authority supported transport. Pauline Howie advised that there was signposting with various local authorities but there was not the desired buy in from all local authorities. The Service was part of the Sustrans group which was used to the best of its ability. It was agreed there was a need to refer to the wider health care system.

Carol Sinclair advised that she had initiated discussion with CivTech with a view to exploring innovative approaches and suggested consideration should be given to the inclusion of net zero carbon health miles in relation to the Service's KPI environment.

Members welcomed the timely report which they had found extremely helpful.

The Committee noted the report with approval.

4.2   Review of Regional and Station Compliance

Paul McGinty introduced the report which had a more structured, focussed approach on key controls. The overall objective of the audit was to develop an initial baseline control and compliance framework covering key aspects of control at a regional and station level.

The audit identified well documented established frameworks around controlled drugs, infection control, health and safety etc. including a substantial library of policies, procedures and SOPs available to staff. The framework would bring together key controls across SAS activities and would continue to be developed and extended over time.   The report identified 3 recommendations in relation to developing and compiling the Baseline Control Framework:

- There is clear opportunity for management to use the Baseline Control Framework actively within SAS to support the work ongoing in relation to governance, risk and control and compliance in response to the blueprint for Good governance;
- Consideration of simplification and rationalisation of SAS' extensive framework of policies, procedures and SOPs; and
- Developing a process universe to support improved structuring and organisation of policy and procedural documents as well as knowledge sharing and understanding of Service activities and procedures.

The Committee agreed the Framework would be an excellent resource which would help provide assurance through feeding into broader training and governance issues and consideration would be required to ensure links with staff governance and the ongoing DFLM work. It was agreed by all that this was a highly pertinent, extremely important piece of work which required to be hard wired into governance committees and groups to ensure the appropriate level of assurance and, as such, the method of sharing was extremely important.

The Committee noted the report.

Action
1. **Report to be circulated to Staff Governance Committee for information**

4.3   Follow-up and Status Update

Paul McGinty introduced the report which outlined the status of progress with the 2019/20 internal audit plan. He was pleased to report that work was progressing as anticipated with the exception of the IT resilience review which had taken slightly longer than anticipated and would be presented to the April meeting of the Committee. Following discussion at the previous meeting it had been agreed that the process area relating to technology change would focus on Scotland's Paramedic Integrated National Education programme (SPINE). It was agreed by all that following sign off of the business case, this was an important area for review and the need for a strong baseline was acknowledged.

Referring to the management actions, Paul reported that a total of 29 actions were detailed in the report. Four of these had since been completed leaving a balance of 25 open actions, 7 of these were not yet due and 18 were overdue. KPMG advised there was a need to review outstanding actions to ensure they remained valid and pertinent.

After discussion, members agreed there was a need for sharper and clearer responses, overdue actions with no update or no realistic target date set would require a deeper dive investigation and all dates should be reviewed to ensure they are achievable. As part of this review, a completion scale should also be included to provide assurance of the work ongoing to achieve the deadline e.g 20%/40%/60%. In order to support productive conversation, Paul agreed to give thought on the best method of presenting the data. The Chair agreed with this course of action and proposed the escalation of the overdue risks to the Executive Team to allow further traction. Julie Carter agreed to add the management actions to the Executive Team agenda on a monthly basis.

Action
2. **Overdue internal audit actions to be discussed and monitored at Executive Team on a monthly basis**

Paul drew members' attention to the internal audit plan at Appendix 2 asking for any comments/suggestions. Madeline Smith referred to HR coverage and agreed to speak to Paul outwith the meeting to ensure adequate HR and Organisational Development coverage. Paul requested any comments/suggested be forwarded in advance of the next meeting.

The Committee noted the report.

ITEM 5 EXTERNAL AUDIT

Joanne Brown presented the draft Audit Plan and timeline for the year ending 31 March 2020. She confirmed the audit would be undertaken in accordance with the Audit Scotland Code of Audit Practice and reflected the wider scope of the nature of the public audit.

Significant audit risks would focus on management override of controls and the risk of fraud in expenditure and how this is reported back. The wider scope risks identified were financial sustainability, financial management, governance and transparency and value for money. Joanne confirmed the areas of focus would be financial sustainability and value for money. She confirmed the fee for 2019-20 had yet to be agreed but anticipated this would be broadly similar to the previous year.

Carol Sinclair referred to the wider scope audit dimensions on page 14 of the report and welcomed the assurance which would be provided in terms of reliance on non-recurring savings/funding to deliver against financial targets. Joanne advised that once processes had bedded in, a procurement fraud exercise would be carried out in line with the Audit Committee Planning Guidance.

The Committee noted the report with assurance.

ITEM 6 INFORMATION GOVERNANCE

Katy Barclay introduced her quarterly update which reported progress against audit recommendations, breaches of the Data Protect Act and progress towards the submission of the Service's Records Management Plan.

She advised there had been 5 information breaches within the reporting period, none of which required reporting to the Information Commissioner. Previous actions were in the later stages of completion and would be closed off in advance of the next meeting.

Members discussed the high number of open actions relating to IT/Cyber and queried progress in this area. Julie Carter advised that a gap analysis was nearing completion which would then progress through the Executive Team and the normal governance channels. Katy advised she was meeting on a monthly basis with the IT network security officer with a view to aligning with the introduction of Office 365. It was anticipated the implementation of O365 would help provide an element of traction on targeted actions. Assurance was provided that, whilst the outstanding actions were taking a number of months to complete, work was ongoing in this area.

Madeline enquired about the availability of a project plan and it was agreed this would provide updated timescales for outstanding internal audit actions. After discussion, it was agreed that a project plan should be developed and shared, together with a brief summary, with Staff Governance Committee members.

In response to a question from Carol around capacity, Katy confirmed the team was small and agile and relied on the assistance of asset specialists as and when required. She advised that work was progressing in this area and the Information Asset Register would be presented to the next meeting of the Information Asset Group for discussion.

The Chair thanked Katy for her report.

The Committee noted the report.

ITEM 7 FRAUD UPDATE

The Service's Fraud Liaison Officer presented her quarterly fraud update advising that there had been no new allegations received in the reporting period. All outstanding allegations had been closed.

Referring to planned activity, the Committee noted the ongoing work to strengthen the controls around fraud and loss within the Service. Melanie advised that outputs from the Gift and Gratuities Policy review and CFS Assessment Tool would be reported to the April meeting of the Committee. Whistle-blowing, Anti-money laundering and anti-bribery and corruption policies would also be reviewed and aligned with Service standards as part of this review.

Carol commended the relationship between Melanie, Julie and Counter Fraud Services.

The Committee noted the report.

ITEM 8 RISK MANAGEMENT

8.1 Quarterly Update

John Perritt introduced the paper which included updates on the Corporate Risk Register, Adverse Event reporting statistics, Adverse Event framework measures, risk management key performance indicators and the risk management workplan for 2019-20.

He drew members' attention to Datix reporting advising that previous figures had been reported incorrectly and completion rates were sitting well below target. He advised that this appeared to be a local problem and would seek to address this by the publication of monthly compliance reports which would be discussed at regional meetings.

Madeline referred to the charts at 3.2 and 3.3 detailing negligible incidents with completed investigation within 10 days and minor and moderate incidents with completed investigation within 31 days stressing the need to shine a light on what was preventing the 10 and 31 day targets being achieved. Pauline Howie advised that the Service's Patient Safety Manager had provided an informative, risk focussed report to Clinical Governance Committee and John agreed to follow this up with Gary with a view to drilling down further.

In terms of reporting, it was agreed there was a need for greater consistency across all charts and Katy Barclay offered to work with John in ensuring this was applied. Additional narrative should also be included to allow robust discussion and scrutiny in order for the Committee to provide assurance to the Board.

Julie Carter advised that the reporting format would change following the implementation of the Risk Management Policy.

The Committee noted the report.

8.2 Corporate Risk Register

John Perritt presented the Corporate Risk Register drawing members' attention to the updated areas highlighted in red. He explained that risks had been reclassified in line with the new risk management policy. The Committee reviewed and proposed updates to the register accordingly.

Members discussed risks 4651 and 4638 and the subtle differences within each risk. Following discussion around the mitigating actions for both risks, it was noted that the actions would be the same and members agreed that these risks should be combined. Madeline referred to risk 4636 and it was agreed that reference to the wellbeing strategy should be included. Referring to risk 4640 and the steadying increase it was noted that the policy should help to mitigate and provide assurance accordingly.

It was agreed that the risks would be taken back to respective groups to provide additional assurance to the Committee that these risks were being mitigated appropriately. The proposed amendments would be submitted to the Board for approval.

The Committee also discussed the Service's restricted risks in detail and were content with plans in place to mitigate these risks.

The Committee noted the report.

8.3 Risk Management Policy

Following discussion at the previous meeting, the Service's risk policy had been reviewed and attached for comment prior to submission to the Board for approval.

The Committee noted the approved oversight role of the Performance and Planning Steering Group for all high and very high risks and the review of all escalated risks.

Julie Carter advised that consultation was ongoing with staff through various DFLM sessions and anticipated further amendments to the policy as these conversations progressed.

Members reviewed the policy in detail which would be submitted to the Board following the proposed amendments.

Carol Sinclair commended the work carried out to date noting that this formed part of a continuous improvement cycle to make fit for purpose.

The Committee approved the Policy for submission to the Board, subject to the agreed amendments.

ITEM 9 BEST VALUE PROGRAMME

Julie Carter and Karen Brogan, Best Value Programme Director introduced the high level project report which had been issued to members to provide assurance on the actions being followed through to deliver efficiencies.

The level of detailed contained within the report was discussed and agreed it would be useful to summarise the invest to save component when available. Going forward, it was agreed that updates provided should be targeted and should include reference to wider measures and detail around benefits should be included to provide a deeper assurance.

The Committee recognised the level of ongoing engagement and thanked Julie and Karen for a comprehensive update providing assurance that actions were being followed through.

The Committee noted the report.

ITEM 10   SFI UPDATE

Julie Carter referred to the paper which had been circulated for approval. The Committee noted the proposed amendments to the SFIs in line with Scottish Government guidance around delegated limits.

The Committee recommended the SFIs to the Board for approval in January.

ITEM 11   MODEL STANDING ORDERS

Julie Carter introduced the new standardised template which had been created following the introduction of the Blueprint for Good Governance.

The proposed template was noted and would now be recommended to the Board for approval and immediate implementation.

ITEM 12   DATE OF NEXT MEETING

The next meeting would be held on 22 April 2020 at 10.00am.