



NOT PROTECTIVELY MARKED

Public Board Meeting

27 January 2021

Item 14

THIS PAPER IS FOR NOTING

**AUDIT COMMITTEE MINUTES OF 5 OCTOBER 2020 AND VERBAL
REPORT OF 20 JANUARY 2021**

Lead Director Author	Carol Sinclair, Chair of Audit Committee Lindsey Ralph, Board Secretary
Action required	The Board is asked to note the minutes and verbal report.
Key points	<p>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.</p> <p>The minutes of the Audit Committee held on 5 October 2020 were approved by the Committee on 20 January 2021.</p> <p>A verbal update of the meeting held on 20 January 2021 will be provided by the Chair of the Committee.</p>
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

10.30 A.M. ON MONDAY 05 OCTOBER 2020

VIRTUAL, MICROSOFT TEAMS

Present: Carol Sinclair, Non-Executive Director (Chair)
Cecil Meiklejohn, Non-Executive Director
Irene Oldfather, Non-Executive Director
Madeline Smith, Non-Executive Director

In Attendance: John Baker, General Manager ICT (*Item 06 only*)
Katy Barclay, Head of Business Intelligence
Melanie Barnes, Assistant Director of Finance
Paul Bassett, Director, National Operations
Julie Carter, Director of Finance, Logistics and Strategy
Claire Connor, KPMG
Frances Dodd, Director of Care Quality and Professional Development
Pauline Howie, Chief Executive
Liz Humphreys, Non-Executive Director
George Irvine, Scottish Government (*Item 06 Only*)
Duncan Keith, Head of Finance
James Lucas, KPMG
Hannah McKellar, Grant Thornton
Keith Nicholson, NIS (*Item 06 only*)
Sarah Stevenson, Risk Manager
Tom Steele, Chair
Neil Thomas, KPMG
Pippa Hamilton, Committee Secretary (Minutes)

Apologies: Stuart Currie, Non-Executive Director

ITEM 1 WELCOME AND APOLOGIES

Carol Sinclair welcomed everyone to the meeting. Apologies were noted from Stuart Currie.

ITEM 2 DECLARATIONS OF INTEREST

Standing declarations of interest were noted:

- Madeline Smith in her position of Vice Chair, NHS24 and Board Member of Digital Health and Care Institute.
- Irene Oldfather in her position of Director, Scotland Health and Social Care Alliance
- Carol Sinclair in her position as Trustee of Scotland's Charity Air Ambulance and Associate Director National Services Scotland.
- Paul Bassett in his position as Trustee, Scotland's Charity Air Ambulance.

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ITEM 3 MINUTES OF PREVIOUS MEETING

The minutes of the meeting were reviewed and a wording amendment to the Declaration of Interest was requested for Madeline Smith, to clearly show that she is a board member of Digital Health and Care Institute.

The minutes were approved as an accurate record of the meeting subject to the above amendment being made.

ITEM 4 MATTERS ARISING

Committee discussed the matters arising paper and updates were received on the undernoted items:

2020-10-02/8 Assurance Mapping – Short Life Working Group

It was noted that a discussion would take place with Audit Committee members and Director of Finance to gain feedback on areas of work to be taken forward by the Assurance Mapping Group.

2020-06-11/2 Information Governance – Data Handling Workforce Compliance

Committee were advised that data is currently available as at end of August, however Katy Barclay advised that she was awaiting more up to date guidance and once this is available would sent this on the Carol Sinclair.

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

2019-10-02/2	Corporate Performance Reporting – Board Benchmarking Exercise
2020-04-22/6	Internal Audit – Scoping of Review of HR and OD
2020-06-11/3	Amendment to Fraud Update paper
2020-06-11/4	Clinical Governance Committee SAER paper
2020-06-11/5	Risk Management – Holistic review of SAERs
2020-06-11/6	Risk Management – Audit Committee concerns re SAERs

Action:

- 1. Committee Secretary** to update matters arising paper
- 2. Director of Finance** to take forward discussion outwith meeting with Audit Committee Chair and Committee members to gain feedback on areas of work to be taken forward by the Assurance Mapping short life working group.
- 3. Business Information Manager** to provide Audit Committee Chair with the most up to date data in relation to workforce compliance of data handling.

ITEM 4.1 SIGNIFICANT ADVERSE EVENTS REPORT (SAER)

Committee noted the SAER paper which was presented to the August Clinical Governance Committee. Committee took assurance from the paper that improvements are in place to ensure outstanding SAERs are actioned accordingly and in a timeous manner.

ITEM 4.2 GOVERNANCE BENCHMARKING

Julie Carter advised Committee that a benchmarking exercise has been carried out with other Boards in relation to Board Sub-Committees. Committee noted the paper circulated which outlined the results of the exercise and allowed an overview of the process in place within other Boards.

Pauline Howie added that in terms of governance arrangements all Boards have put enhanced transitional arrangements in place as they move through the COVID pandemic. It was noted that there will be some enhanced Once for Scotland governance arrangements implemented.

Committee noted the information provided.

ITEM 5 INTERNAL AUDIT

Item 5.1 Review of Core Financial Control Framework

Claire Connor introduced the report noting that the review was carried out into the key financial controls and processes put in place by the Service in response to the COVID-19 pandemic.

Committee noted that the review identified three recommendations, two of which were graded medium and one graded low.

Pauline Howie highlighted a typo within the report on page 5, Strategic Cell, should read “senior managers” rather than Area Service Managers.

Carol Sinclair noted that this report is a good reflection on the role of Internal Audit. Julie Carter added that she welcomed the report, findings and lessons learned. Julie highlighted that COVID-19 was a live situation with the requirement for financial control and costs to be picked up to ensure that the Board was not at financial risk.

Carol Sinclair asked if there was learning in relation to other elements of financial control within the Service. Julie advised that shared learning was being carried out as part of a peer review, where a group of Deputy Directors of Finance will take forward to share learning. Julie added that the recommendations from this audit will form part of that shared learning. Committee noted that Audit Scotland are also taking forward work on shared learning and the recommendations will also be fed into that work.

Irene Oldfather thanked KPMG for a clear report and Julie Carter for putting the necessary actions into place. Irene asked in relation to lessons and learning was the Service remobilising or coming into a second wave of COVID-19.

Pauline Howie advised that the Service was focusing on reprioritisation rather than remobilisation, as the Service needs to be able to adapt any plans to have more or less COVID response arrangements when required. Pauline added that it requires wider system planning,

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noting that there are currently weekly Directors of Planning meetings and Katy Barclay attends a weekly data review meeting which covers health and social care as a whole.

Action:

- 4. **KPMG** to amend typo within the Review of Core Financial Control Framework report on page 5, Strategic Cell section should read “senior managers” rather than Area Service Managers.

Item 5.2 Review of Time and Expenses Report

Claire Connor presented the report to Committee, advising that an internal audit was carried out in relation to Region and Station compliance and consistency with internal controls, which gave particular focus on travel and subsistence expense claims made within the Service.

Committee noted that the review identified one recommendation which was graded as Medium. Claire advised that the review highlighted that there were areas identified where current guidance in place did not require receipts to be provided to validate expense claims, adding that this resulted in management being unable to adequately validate all travel and subsistence expense claims.

Committee discussed the current guidance used by the Service for such claims, noting that the guidance followed was Agenda for Change. Claire Connor advised that a lack of an approved Service policy leaves the Board susceptible to fraud.

Claire Connor advised that the recommendation identified requires the Service and trade union representatives to work in partnership with the NHS nationally to maintain the NHS pay system, which includes the reimbursement of travel and subsistence claims. It was recommended that the Service looks to agree in partnership that receipts are required to be submitted alongside travel and subsistence expenses claims made by staff in all instances. Following agreement, a Service travel and subsistence expense policy should be drafted, approved and implemented.

Carol Sinclair thanked KPMG for the report, adding that it was clear and pertinent. Julie Carter advised that work will be taken forward with staff side representatives to take a proactive approach to the recommendation outlined within the report.

Item 5.3 Internal Audit Status Update and Follow-up

Claire Connor provided Committee with a paper which provided a status update and follow up report on current open management actions from previous internal audits.

Committee noted that there were 45 open actions and of the 45, 19 were not yet due. The due date for the remaining 26 were revised to a later date following review of any evidence provided and discussions with relevant action owners throughout September 2020. Committee were advised that the detail of the progress of these actions and revised dates were clearly outlined in the paper presented to provide assurance to members that these actions are being progressed.

Carol Sinclair reminded colleagues of the timeframes for completion of each recommendation, for example a Medium graded recommendation, should be completed within three- six months, noting that she would like to see timely completion of recommendations.

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Madeline Smith noted that it was good to see the progress journey, adding that she had noted there are a number of due dates which had been revised to December 2020 and queried whether these were realistic.

Cecil Meiklejohn suggested that it may be helpful for an explanation to be included in the report for any items overdue, to outline the reason for the delay. It was agreed that Julie Cater and Claire Connor would progress this and ensure that this is included within future reporting.

Pauline Howie suggested that it would be helpful to have context provided for any clusters of actions and provided the example of the actions in relation to eESS. Pauline advised that all actions in this area will all show as overdue as this is NHS Scotland wide initiative, therefore noting that some delays will therefore be out with the control of the Service. Pauline added that it may be helpful to Committee if the report outlined where progress is now and what the trajectory is, which would provide more understanding and context. It was agreed that Julie Carter and Pauline Howie would discuss this further, particularly in relation to the high risks to allow for consideration to be given at the January Committee meeting on how this could be achieved.

Claire Connor advised Committee that KPMG had been asked by the Service to facilitate a workshop in relation to a IT Risk Universe Review. Claire added that the workshop aimed to collate the views of key Service stakeholders in order to provide a risk based view across significant IT risks and then report on priority IT risk areas for the Service. It was noted that the participation in the workshops and feedback has been positive. Claire advised that the outputs from this review will be presented to the January Audit Committee.

Carol Sinclair commented that she had found the visuals contained within the Risk Universe paper to helpful in presentation and suggested that KMPG could give this style of presentation some thought for future Internal Audit Plans presented to Committee.

Committee noted the internal audit papers presented.

Action:

5. **Director of Finance, Logistics and Strategy/KMPG** to ensure that explanation be included within future Committee reporting for any items overdue, outlining the reason for delay.
6. **Chief Executive/Director of Finance, Logistics and Strategy** to discuss including current progress and trajectory for risks within future Internal status update reports to allow for more understanding and context.
7. **KMPG** to ensure that outputs from IT Risk Universe Review workshops are presented to January Audit Committee.

ITEM 6 NETWORK INFORMATION SYSTEM (NIS) AUDIT AND ACTION PLAN

Julie Cater advised Committee that following the introduction of the EU directive on security and network information systems led to the Service being subject to a NIS audit during June and July. Julie advised that George Irvine from the Scottish Government and Keith Nicholson from NIS had joined the meeting to update Committee on the Audit Report and the Action Plan.

George Irvine advised Committee that the Scottish Government acting as the competent authority were required to assess all NHS Scotland operators of essential services against the Scottish Government Cyber Assurance Framework (CAF) which had been developed in relation to the 2018 EU Network Information Systems Directive. George explained that a tender

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exercise was conducted to contract an independent auditor to conduct the formal audits on Health Boards. George advised that the contract was awarded to Keith Nicholson.

Keith Nicholson advised members that due to COVID-19 a desktop style interim audit was conducted. Keith added that there are challenges with desktop audit, particularly in relation to being able to accurately evaluate the information presented. It was noted that position statements and screenshots were provided which enabled Keith to have sight of some information as he would if field visits had been possible.

Committee members noted the interim audit report stated that the Service had an overall CAF compliance level of 44%, which was at the lower end of the range that the auditor would expect Boards to be in at this stage in their CAF maturity journey. The average % across NHS Boards ranges from 40% to 55%. Based on prioritisation of audit recommendations, and work already in progress, it is expected that this compliance level will have increase by the next scheduled audit (5th April 2021).

Carol Sinclair thanked George and Keith for their contribution to the meeting. Carol added that the audit was important for the Service together with the extensive action plan created. Tom Steele advised that he would look to the Audit Committee to ensure that the Service are quickly meeting the necessary requirements. Tom asked for a timeframe of this work being presented to the Board.

Pauline Howie advised that given the amount included within the action plan, there was a need to establish a process to ensure the Service remains on trajectory. Therefore, it was agreed that a progress report would be presented to each Resilience Committee meeting, which would then inform updates provided the Audit Committee and Board.

Committee agreed that a progress update would be provided to the January 2021 Audit Committee, a state of readiness presented to the Board in March 2021, and included within a Board Development Session, ahead of the next scheduled audit in April 2021. It was agreed that Julie Carter would discuss the Board agenda planning for this work with the Board Secretary.

Action:

- 8. **Director of Finance, Logistics and Strategy** to provide January 2021 Audit Committee with a progress update on the NIS Audit Action Plan.
- 9. **Director of Finance, Logistics and Strategy** to discuss Board agenda planning with **Board Secretary** to ensure that a progress update and state of readiness for the NIS Audit Action Plan be presented to a Board Development Session and March 2021 Board meeting ahead of the next scheduled audit in April 2021.

ITEM 7 INFORMATION GOVERNANCE

Katy Barclay introduced the quarterly update which reported progress against audit recommendations, breaches of the Data Protection act and progress towards the implementation of the actions from the Records Management Plan.

The Committee noted the Service's Document Storage, Disposal and Retention Policy had been reviewed and subsequently approved by the Information Governance Group and will continue to be reviewed as the Information Asset Register Project progresses.

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Katy advised members that the Asset Register Project was progressing well. Work was ongoing to produce an information asset audit as part of the project plan, with sessions planned to be held with regional champions to enable them to produce a high level audit of assets within their areas.

Katy advised that in addition to the draft action plan compiled following the recent table top NIS Audit discussed under agenda item 6, the Service had in place “business as usual” cyber resilience which includes regular testing on the Service’s systems to ensure they adequately protect from 3rd party access. It was noted that as part of the NIS directive the Service was looking to introduce an Information Security Management System which was an overarching system that brings together the strands of Information Security (policy management, risk management, information asset register and data protection regulations).

Members noted that at the last Information Governance Group meeting there was discussion around the overlap of information governance risks and security cyber risks. Katy advised that work was then carried out to align the risks to the correct risk register for these two areas.

Carol Sinclair commented that Data Quality Action (DQ1) detailed a movement in timescale from December 2018 to March 2021 and asked Committee members if they would be content to amend the RAG for this action to “green” to align with the amendment to timescale. Committee members confirmed that they were content for the RAG status of this action to be amended to “Green”.

Committee noted the report and progress highlighted.

Action:

10. Head of Business Intelligence to amend RAG status on Data Quality Action DQ1 to “Green” to align with the amended timescales of March 2021.

ITEM 8 FRAUD UPDATE

The Service’s Fraud Liaison Officer, Melanie Barnes, presented her quarterly fraud update advising that 1 new allegation of fraudulent activity had been reported since the last Audit Committee meeting. It was noted that initial investigation had commenced and following completion, discussions would take place with Counter Fraud Services (CFS) to ascertain any further action required.

Committee noted that Audit Scotland had launched the National Fraud Initiative for 2020/21. Melanie advised that payroll and supplier data for the Service was required to be uploaded as part of this process by mid-October. It was noted that notifications have been included within payslips and within the Chief Executives bulletin to inform staff of this exercise.

The Committee noted the report.

ITEM 9 RISK MANAGEMENT

Committee enquired whether there was any feedback from staff in relation to the use of the Datix system, particularly in relation to time management when using the system. Sarah Stevenson advised that work was underway to improve this process for staff, with one area being explored to enable staff the ability to submit information on Datix through the Cab-based terminals and was part of the IT Service Delivery Plan. Sarah advised that she had requested

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an update on the progress of this work, however the current focus for the IT Team was the 365 mail migration.

Sarah added that there has been improvement in the system over the past couple of years, noting that previously if a staff member began to log information on Datix, then for example, got called to a job, the information already input would not be saved. Sarah added that staff are now able to save information and complete at a later stage, which was a welcomed development to the system.

Members noted that since April there were 6 reportable Duty of Candour incidents. Sarah advised that data was reviewed on a weekly basis, along with the Significant Adverse Events Group looking into reported incidents and launching reviews to determine whether these are Duty of Candour incidents. Sarah advised Committee that the Duty of Candour report is approved by the Clinical Governance Committee and subsequently published.

Item 9.1 Quarterly Update

Sarah Stevenson advised that on a monthly basis the Corporate Risk Register is reviewed by the Performance and Planning Steering Group, along with the high and very high risks from regional and national risk registers. Committee noted that this process allows for the implementation of robust escalation of risks and ensures that clearer processes are in place for the review and monitoring of risks.

Item 9.2 Corporate Risk Register

Committee noted the presented Corporate Risk Register noting that this will be reviewed at the next meeting of the Performance and Planning Steering Group.

Madeline Smith highlighted the potential slippage of risk 4640, Emergency Services Communication Programme, and sought further assurance that it was appropriately defined. Madeline added that given the articulation of the risk was in relation to slippage, and with this looking increasingly likely, queried if more detail required to expand the mitigating controls of this risk. Pauline Howie provided assurance that the current risk status was appropriate, adding that this would be actively reviewed.

Julie Carter advised that she would pull together a detailed assurance paper for the next Audit Committee outlining the impact and map this to include what was happening within the Police and Fire Service in this space, which should allow for Committee to gain a rounded view.

Tom Steele added that Board meetings are more frequent than Audit Committee meetings and suggested that the assurance paper in relation to risk 4640 be presented to the next meeting of the Board prior to the Audit Committee in January 2021.

Action:

- 11. Director of Finance, Logistics and Strategy** to present assurance paper to the next Board meeting and January Audit Committee in relation to risk 4640 outlining the impact and map to include what is happening with Police and Fire Service.

ITEM 10 BEST VALUE PROGRAMME

Members were reminded that the conclusion of the Best Value update for the April and June 20 Committee meetings. This concluded that there was, due to COVID, approximately £3m at risk

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efficiency savings for the year 2020. Following the deep dive review in August this had been profiled to the end of March and resulted in a revised risk of £4m which is being closely monitored.

Committee noted the paper presented which provided updates on the best value programmes. Members noted the link to the recovery/remobilisation plan which incorporates a number of the best value programmes. Weekly updates will be provided to the Executive Team, monthly updates to the Performance and Planning Steering Group and detailed financial reporting to the Board and January Audit Committee meeting.

Committee noted the updated and ambitious programme of work.

ITEM 11 RESILIENCE

Committee noted the update provided on Resilience which included the minutes of the Resilience Committee meeting held on 02 June 2020 and the Security Governance Group Terms of Reference.

The undernoted key points were highlighted:

- **COP 26**
COP26 is planned to be held in full, in Glasgow during the period 1-12 November 2021. It was noted that a planning team and structure had been developed. Paul Bassett advised that the Event lead continues to be engaged with UK and Scottish Government for confirmation of budgetary element prior to any investment decisions being made.
- **Beyond EU Exit**
The Scottish Resilience Partnership (SRP) EU Sub Group continues with planning activity expected to increase. Updates on progress are being provided to the Resilience Committee.

ITEM 12 AUDIT COMMITTEE DATES 2021

Members noted the Committee dates for 2021:

- 20 January 2021
- 21 April 2021
- 09 June 2021
- 13 October 2021

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