



NOT PROTECTIVELY MARKED

Public Board Meeting

**November 2019
Item 17**

THIS PAPER IS FOR NOTING

**AUDIT COMMITTEE MINUTES OF OF 13 JUNE 2019 AND VERBAL
REPORT OF 2 OCTOBER 2019**

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	<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 13 June 2019 were approved by the Committee on 2 October 2019.</p> <p>A verbal update of the meeting held on 2 October 2019 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.



**Scottish
Ambulance
Service**
Taking Care to the Patient



MINUTES OF AUDIT COMMITTEE

10.00 A.M. ON THURSDAY 13TH JUNE 2019

BOARD ROOM 2, NHQ, GYLE SQUARE, EDINBURGH

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

In Attendance: Tom Steele, Chair
Pauline Howie, Chief Executive
Julie Carter, Interim Director of Finance and Logistics
Melanie Barnes, Head of Capital and Costing
Duncan Keith, Head of Finance
Paul Bassett, Director, National Operations
Katy Barclay, Information Governance Manager
Joanne Brown, Grant Thornton
John Boyd, Grant Thornton
Paul McGinty, KPMG
John Perritt, Risk Manager
Gillian McBirnie, PA to Director of Finance & Logistics (Minutes)

WELCOME AND INTRODUCTIONS

Eddie Frizzell welcomed everyone and introduced John Perritt to his first meeting of the Committee. He advised there would be a short private meeting for members following the meeting.

ITEM 1 MINUTES OF MEETING HELD ON 29TH APRIL 2019

The minutes were approved as an accurate record of the meeting.

ITEM 2 MATTERS ARISING

The Committee noted the ongoing actions and completion dates and approved the removal of 5 actions.

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2018-06-14/1 Committee Terms of Reference – Members noted progress pending the assurance mapping exercise and agreed this would become a standing item which would be reviewed in line with the Committee’s workplan.

Action 1: Committee Secretary to update matters arising paper

ITEM 3 DECLARATION OF INTEREST

Madeline Smith declared her position of Vice Chair, NHS24 and Industrial Health Institute. Irene Oldfather declared her position of Director, Scotland Health and Social Care Alliance and Paul Bassett declared his position of Director, Scotland’s Charity Air Ambulance.

ITEM 4 STATEMENT OF ASSURANCE

This was approved as part of the Committee’s annual report in April and would now be forwarded to the Board for consideration at its meeting on 26 June 2019.

ITEM 5 EXTERNAL AUDIT REPORT TO MEMBERS

Jo Brown and John Boyd introduced the annual report to members which addressed the core financial statement audit and the wider scope audit dimensions: financial management; financial sustainability; governance and transparency and value for money. There were no unadjusted areas to report and an unqualified audit opinion was proposed.

Joanne confirmed that materiality was set at £5.187 million which represented 2% of gross expenditure based on the 2017/18 financial statements, this figure remained within the acceptable range of between 1-2% of gross expenditure and had therefore not increased to reflect the draft 2018/19 financial statements. Audit testing had focussed on identified areas of significant risk including management override of controls and the risk of fraud in expenditure recognition. John Boyd advised that a good complete set of financial statements including the performance report, accountability report and governance statement had been received and thanked Julie Carter and the finance team for their performance.

The Committee considered the report and agreed the following amendments:

- Page 16, Best Value Group – include reference to indicate that Best Value feeds into Board
- Page 23, point 50 – should be amended to read “the Service **have** implemented”
- Page 3 – wording to be uplifted to ensure consistency with remainder of the report

Joanne referred to sharing opportunities with Audit Scotland and Julie confirmed that she would be meeting with the Medical Director and Audit Scotland early July to discuss case studies.

Members were pleased to receive a good healthy report and were satisfied that issues identified were already in hand.

Joanne confirmed the typographical errors would be corrected prior to finalisation for onward submission to the Board.

The Committee noted the report.

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ITEM 6 INTERNAL AUDIT

6.1 Review of Corporate Governance Blueprint Implementation – Phase 1

Paul introduced the report which had been undertaken to provide a short, early-stage assessment of the Service’s response to the Blueprint and to the required actions and outputs detailed within. He reported that one recommendation had been identified and was pleased to note that the Service had a robust plan with commitment to take it forward. He advised that phase 2 of the implementation would be reviewed later in the year.

Tom Steele reported that there was a lot of work being done centrally and welcomed the timing of the report with two Non-Executive Directors taking up post in July 2019.

The Committee noted the report with approval.

6.2 Follow-up Report

Paul introduced the report which provided the current position on the status of open management actions. He advised that a short sharp approach had been taken in preparing the report. Going forward, he confirmed that future actions would be included. He drew the Committee’s attention to the six actions which were past their due date and confirmed work was ongoing with the Head of Finance and his team to ensure action owners were progressing these as a matter of urgency. A total of three actions had been completed in the reporting period.

Referring to the layout of the report, members agreed it would be useful for progress to be displayed in a graph.

The Committee noted the report.

6.3 Status Update

Paul McGinty introduced the report which detailed progress against the 2019/20 Internal Audit Plan. He confirmed progress would be presented using the dashboard throughout the year. Irene Oldfather liked the new dashboard format and noted that communication and engagement should be kept on the radar. It was agreed horizon scanning should be added to the agenda as a standing item to ensure coverage of all areas, this would also help plan use of audit days.

The Committee noted the report.

6.4 Final Audit Plan

Paul presented the final audit plan confirming that comments raised at the previous meeting around workforce and training had been incorporated. After discussion, it was agreed that surplus days from the organisation technology change review could be used to cover training/workforce audits. Discussions would be held off-line with Madeline and Julie to ensure all aspects of workforce/training are adequately covered throughout the term of the audit.

The Committee approved the final report.

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6.5 Annual Report – Scott-Moncrieff

The annual report was resubmitted following amendments as agreed at the previous meeting.

Members were pleased to see an encouraging report.

The Committee accepted the report.

6.6 Payroll Report – Scott-Moncrieff

Julie Carter spoke to the report which had been circulated outwith Committee for comment. She explained that it was not exactly what was expected which would have seen more audit around EeSS interaction. She confirmed that an internal meeting with HR and Payroll had been arranged to look at issues that could be resolved and action plans had been put in place to drive these forward.

The Committee noted the report.

ITEM 7 DRAFT ANNUAL ACCOUNTS 2018/19

Julie Carter presented the draft annual accounts advising that these had been amended slightly following the Board Workshop held in May. Members discussed the content of the annual report section of the accounts and approved the following amendments:

Pages 22 and 30	Madeline Smith to be included as member of Staff Governance Committee from 01/07/2018.
Page 23	Include dates for appointment of Interim Director of Finance
Page 10	sickness targets – insert narrative in comments section
Page 17	North to be amended to West

The Committee recommended the Accounts to the Board for approval at its meeting on 26th June 2019.

ITEM 8 ENDOWMENT ACCOUNTS 2018/19

Julie Carter advised that Chiene and Tait had audited the Service's Endowment Fund Accounts for the period 2018/19. No issues had been raised by auditors during the course of the accounts process. She advised that a representative from Chiene and Tait would be in attendance at the Trustees meeting on 26th June to present the accounts.

Members discussed the value of the fund held in Clydesdale Bank and the potential to 'piggy back' with another board's investment fund. It was agreed that further work would need to be carried out to assess if this would be worthwhile in terms of the return on the investment. The Committee agreed that the focus should also continue in spending the funds but if additional investment income could be raised this would be beneficial.

Julie informed members that she had attended a meeting of the Endowment Review Group and anticipated the review to be complete in September with submission to Ministers in October.

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The Committee recommended the accounts for presentation to the Endowment Fund Trustees.

ITEM 9 THIRD PARTY AUDIT REPORTS

Members noted the summarised key points.

ITEM 10 INFORMATION GOVERNANCE

Katy Barclay reported progress against audit recommendations, breaches of the Data Protection Act and progress towards the submission and implementation 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. Two of the breaches had been forwarded to other Health Boards for action.

Referring to the Information Asset Register, Katy was pleased to report that the Records Manager had now been in post for 3 months and the project was now gaining pace. Project support had been secured nationally and they were now looking at divisions to identify local champions. It was anticipated the project would be completed in just over 12 months.

Katy drew members' attention to the action in the records management plan referring to the review disposal logs and educate and assist areas in the disposal of records; she advised that this would be picked up as part of the wider retention schedule review following receipt of the new Scottish Government Records Management NHS Code of Practice later in the year.

Members discussed realistic timescales and risks and asked Katy if she felt any of the major risks were not adequately resourced. Katy replied that projects were in a good place due to resourcing and confirmed that programme boards could escalate risks to the national risk register if they felt appropriate. John Perritt confirmed that the Service had 58 risk registers in place and was confident there was adequate governance around this.

Following discussion, it was agreed Katy would include a section detailing the highest risks/new risks including gradings, changes since previous report and mitigating actions. Katy agreed to discuss reporting off-line with John Perritt.

The Committee approved the report and the removal of the completed actions.

Action: Katy to amend report to include section detailing highest/new risks

ITEM 11 FRAUD UPDATE

Melanie Barnes introduced her report advising two new allegations had been received in the reporting period. She advised that Counter Fraud Services (CFS) had found no substance to the allegations and had closed all outstanding allegations.

Referring to progress against the National Fraud Initiative 2018/19 exercise, Melanie confirmed that work was ongoing to progress the open payroll matches. She advised there had been a delay due to increased workload however, this had been escalated to payroll management as a priority. It was anticipated these would be closed prior to the next Audit Committee meeting.

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Melanie advised that a number of CFS Prevention training workshops had been held throughout April and May covering fraud awareness and insider threat. Workshops had been well attended by staff from the Clinical Education Team and HR Department. Further workshops covering bribery and corruption prevention and procurement fraud had been arranged for June and would be rolled out to Estates, ICT and Procurement staff.

The Committee noted the report.

ITEM 12 RISK MANAGEMENT

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 2018-2019.

Referring to the top 10 significant adverse events (SAERs) reported in Datix, John provided members with further detailed analysis on the top 4 reported events. He advised that the increase in equipment failures related to the management of bariatric patients and the lack of trained staff and/or equipment to safely transport these patients. There was also increased reporting relating to issues with 12-lead ECGs and John confirmed these had been escalated to the Chair of the relevant working group for action.

Members reviewed the KPIs and were pleased to note 100% compliance against a target of 90% for category 1 events completed within 3 months. John advised that he had been unable to obtain current figures for KPIs 5,6, and 7 and agreed to ensure these were updated for the next meeting. Referring to the ACC extreme events and the action plans in place to mitigate these risks, it was confirmed that the Duty of Candour policy would be applied in this instance. Members were pleased to see learning loop closure in this respect.

Following discussion around the risk register, it was noted that all current review work would be brought together and followed up through the working group with Julie Carter, Cecil Meiklejohn and Madeline Smith which would focus on Board/Strategic level, taking a top down approach. Referring to risk 4556, Scotland's Mental Health Strategy, Madeline enquired whether this could be split into 2 risks; internal and external. It was considered risk 4430 relating to sickness absence had internal links to the mental health strategy which could be split into 2, ensuring the correct mitigating actions were applied to each risk. It was agreed there was a need to keep the risk register short, sharp and simple, focussing on the key risks whilst having a fundamental look across the register at descriptors of risk and clearer mitigating actions.

The Committee noted the report.

ITEM 13 BEST VALUE PROGRAMME

Julie Carter introduced the high level project report which had been issued to members to provide assurance on the work ongoing with the project. She confirmed that weekly discussions were held at Executive Team with a formal report provided every 4 weeks.

Julie agreed to circulate the Gant chart outwith Committee.

The Committee noted the report with approval.

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ITEM 14 SIGNIFICANT ISSUES LETTER TO SCOTTISH GOVERNMENT

The Committee approved the letter for submission to Scottish Government.

ITEM 15 DATE OF NEXT MEETING

The next meeting would be held on 02 October 2019 at 10.00am.

In closing, Julie Carter thanked Eddie for his support during his appointment as Chair of the Audit Committee. She thanked him for his scrutiny and challenge and extended the Committee's best wishes for the future.

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