



**NOT PROTECTIVELY MARKED**

**Public Board Meeting**

**July 2019  
Item 14**

**THIS PAPER IS FOR NOTING**

**AUDIT COMMITTEE MINUTES OF 29 APRIL 2019 AND VERBAL UPDATE  
OF 13 JUNE 2019**

<b>Lead Director Author</b>	Member, Audit Committee Lindsey Ralph, Board Secretary
<b>Action required</b>	The Board is asked to note the minutes and verbal report.
<b>Key points</b>	<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 29 April 2019 were approved by the Committee on 13 June 2019.</p> <p>A verbal update of the meeting held on 13 June 2019 will be provided by a member of the Audit Committee.</p>
<b>Timing</b>	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 MONDAY 29<sup>TH</sup> APRIL 2019**

**MR 2.12, NHQ, GYLE SQUARE, EDINBURGH**

**Present:** Eddie Frizzell, Non-Executive Director (Chair)  
Madeline Smith, Non-Executive Director  
Irene Oldfather, 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  
Maria McFeat, Interim Deputy Director of Finance  
Paul Bassett, Director, National Operations  
Katy Barclay, Information Governance Manager  
Chris Brown, Scott-Moncrieff  
Daniel Hunter, Grant Thornton  
Paul McGinty, KPMG  
James Lucas, KPMG  
Sarah Stevenson, Risk Manager  
Gillian McBirnie, PA to Director of Finance & Logistics (Minutes)

**Apologies:** Cecil Meiklejohn, Non-Executive Director  
Joanne Brown, Grant Thornton

## **WELCOME AND INTRODUCTIONS**

Eddie Frizzell welcomed everyone and introduced Paul McGinty and James Lucas to their first meeting of the Committee. Apologies were noted from Cecil Meiklejohn and Joanne Brown.

## **ITEM 1 MINUTES OF MEETING HELD ON 16 JANUARY 2019**

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

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## ITEM 2      MATTERS ARISING

The Committee noted the ongoing actions and completion dates and approved the removal of 2 actions.

- 2018-06-14/1      Committee Terms of Reference will be further reviewed following assurance mapping process. It was agreed the Committee would adopt the proposed terms of reference on the understanding that these would be updated as the governance work progressed. Action ongoing.
- 2019-01-16/1      Professional Paramedic Accreditation. Julie Carter confirmed this work was being progressed by the Head of Education and Professional Development in conjunction with operational managers. It was agreed by all that this should be built in to the routine business and progressed through the workforce group. Staff Governance Committee would also be made aware of this work with a final reported submitted through the appropriate governance route.
- 2019-01-16/2      Cyber Security – item closed.
- 2019-01-16/3      Best Value Reporting – item closed.

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

## ITEM 3      DECLARATION OF INTEREST

Madeline Smith declared her position of Vice Chair, NHS24. 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      INTERNAL AUDIT

### 4.1      Best Value

Chris Brown introduced the report of the review of the current governance and resourcing arrangements to identify any potential improvements, or examples of good practice from elsewhere in Scotland the Service could draw upon. Chris was pleased to present a positive report and noted the control environment was robust. The report highlighted two areas for improvement: resource planning and project mandate completion which, if strengthened, would improve the control framework.

Referring to resource planning, Madeline Smith noted that this should be seen as business as usual for all staff. Julie Carter agreed we are trying to avoid creating a team and are reinforcing this is for support only on business as usual issues; Tom Steele added that Quality Improvement and best value were closely related and both equally important and should be tied together. Chris agreed it should be about strong governance and good management. Eddie was pleased to note a good level of engagement from staff stating that best value was not just about financial savings.

The Committee was pleased to note the positive report.

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## 4.2 Patient Focus and Public Involvement (PFPI)

Chris Brown introduced the report on the review of the arrangements in place to involve the public in decision making and strategic planning to improve the service. The report acknowledged significant improvements made in the past 12 months by improving links with Health Boards and other partners, public engagement events, gathering feedback from Patient Representative Steering Group meetings and recruiting new patient representative volunteers. The report identified areas for further improvement around a refresh of the strategy, further development of the staff training framework to include education and training on the PFPI principles and the centralisation of follow up from engagement events. Chris advised that management had also identified these gaps in the framework.

Pauline Howie advised that the Director of Care Quality and Strategic Development would be taking the lead on PFPI ensuring that all actions would be driven forward. She advised that the strategy was currently being refreshed to ensure alignment with the Service's corporate objectives and would be presented to the Board for approval in September. Irene Oldfather enquired as to how the Service could be assured there was a robust framework in place. Pauline Howie advised that work was progressing with Datix which would capture information and cascade throughout the Service. Referring to staff training and buy in from regional staff, Madeline Smith noted the lack of systemic approach to internal and external groups with the same attendees present at both meetings. Pauline confirmed this would be addressed as the work with Datix progressed.

The Committee noted the report.

## 4.3 Patient Records

Chris Brown introduced the report on the audit which had been carried out to assess whether the benefits of the new Electronic Patient records system were being maximised and to confirm that all locations were using the system in a consistent manner. The report provided assurance that the Service's procedures reflected good practice in a number of areas and was a good example of tracking which the Service does well. The report highlighted three areas for improvement which, if addressed, would strengthen the Service's control framework:

- Improved processes for monitoring realisation of benefits following project closure should be supported by robust governance processes, including approval from senior management.
- Mandatory training to be completed by all system users.
- Processes should be in place to enable management to monitor the consistency with which the EPR system is used.

Chris was pleased to report that the third recommendation; consistency around monitoring had been addressed. He drew the Committee's attention to the pie chart and bar graph at 4.1 explaining the typographical error and confirmed that both should be displayed as yellow.

Referring to mandatory training, Madeline Smith confirmed that this was reported through Staff Governance Committee and enquired as to whether there had been a dip in training. Pauline explained that training ebbs and flows throughout the year depending on the season and demand. She confirmed that the Head of Education and Professional Development and Director of Care Quality and Strategy Development would be looking at reporting trends as well as reviewing the

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description of mandatory/statutory training, resourcing would also be reviewed. It was noted that scheduling would be required for some training which could also impact on target completion dates. Pauline confirmed that standardisation of processes and documentation would also be reviewed. Irene Oldfather welcomed the review given the direct impact this could have on patients if training was not completed.

The Committee noted the report.

#### 4.4 Staff Rostering

Chris Brown was pleased to report that the review on compliance with policies and procedures in place for developing staff rosters had provided assurance that the controls in place were well designed and operated effectively. The report highlighted three minor areas for improvement in relation to the design of the controls.

- Resource Planning Business Rules have not been reviewed since 2014. These should be reviewed to ensure they remain fit for purpose and consistent with business requirements.
- A review of the monthly rosters should be carried out by a member of staff with good knowledge of the resource planning rules and expectations regarding NHS regulations. This will ensure breaches are highlighted, monitored and actioned by management.
- Refresher training should be provided to staff developing rosters when changes to NHS regulations are implemented.

In reference to the review of monthly rosters, Eddie Frizzell asked if this would be picked up by the business support managers within the regions. Pauline confirmed Regional Directors would ensure this was monitored. It was noted that the completion date of 30 June ties in with the Demand and Capacity review and dovetails into the work going forward. Julie Cater commented that as work progressed and drilled down further, variations in practices around overtime etc may be identified and would be subject to a series of audits to provide further granularity. Tom Steele stated that a baseline test on the current process may mean the system is not the best rostering system for our requirements.

The Committee noted the report.

#### 4.5 Follow-up Q4 2018/19

Internal Audit reported that 10 of the 35 outstanding actions had been closed. Thirteen of the remaining 25 actions were past the original due date and 1 past the revised date. There was a good general downturn but there was a need to focus on the 5 grade 3 actions and the 2 which exceeded 12 months.

Katy Barclay referred to the outstanding actions relating to the asset register. She advised that a template had been agreed and work was currently ongoing with HR in the first instance. This would be followed by clinical records. Resource and workplan for the next 12 months were now in place and Katy anticipated updates, if not completed actions, by June.

The Committee discussed the current follow-up process and agreed there was a need to review the system going forward. Thought would be given to communication with action owners around the level of detail required for updates and guidance on extensions to target dates.

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The Committee noted the report.

**Action 2: Julie Carter to liaise with KPMG regarding future reporting and provide update to June Committee.**

#### **4.6 Draft Internal Audit Annual Report**

Chris Brown introduced the draft report and advised this would remain draft until all reports had been issued in final form to members. He advised that the payroll report had recently been finalised and would be issued outwith Committee with the amended Patient Records report and Annual Report. He informed members that the report contained 3 grade 2 recommendations for minor improvement.

Chris drew attention to the work undertaken in regard to IFRS16. He confirmed that due to a timing issue this remained incomplete and would require follow-up and completion. Referring to the KPIs he confirmed that KPI 9 should remain amber as the payroll report had not been finalised within target. A total of 139.5 audit days had been utilised against the planned 145 days.

As Chief Internal Auditor, Chris was pleased to report that the Service has a framework of controls in place that provided reasonable assurance regarding the organisation's governance framework, effective and efficient achievement of objectives and the management of key risks.

The Committee noted the report with satisfaction.

**Action 3: Final reports to be issued outwith Committee with any comments forwarded to Julie Carter**

#### **Item 5 External Audit**

Daniel Hunter provided the Committee with a brief update on progress to date. He advised that the planning procedure and January testing were both complete, with no material issues identified. Year-end field work had commenced 29 April 2019.

The Committee thanked Daniel for the update and looked forward to receiving the accounts at the June meeting.

#### **Item 6 Information Governance**

##### **a) Information Governance Update**

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 7 information security incidents within the reporting period which were attributed to heightened awareness with staff. One breach had progressed to SAER in the final stages.

Madeline enquired about mitigating action for incident 1.7. Katy agreed that guidance could be pulled together and circulated to staff reminding them of the operating procedures for multi-function devices.

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Katy informed members that the Information Commissioner was content with actions taken to mitigate ongoing incidents and was pleased to report that no further action would be required.

The Committee approved the removal of the completed actions.

**b) Terms of Reference of Information Governance Group**

The Committee approved the highlighted amendments to the terms of reference.

**c) Annual Report**

The Committee noted the report.

**Item 7 Fraud**

Melanie Barnes reported that there had been one new allegation received in the reporting period.

Referring to the outstanding allegation from the previous period, Melanie advised that the HR process was drawing to a close which would allow this action to be closed.

Following the Service’s annual review with Counter Fraud Services, Melanie was pleased to report that no concerns had been raised by CFS regarding fraudulent activity or governance arrangements in place to report or investigate allegations of fraud. As part of the review, CFS provided the Service with a copy of The Guide to Managing Fraud for Public Bodies which identified the 5 main principles in managing and detecting fraud and examples of red flags that organisations should be aware of that may indicate fraudulent activity. Melanie confirmed that the document would be reviewed and examples of best practice would be adopted.

Referring to the National Fraud Initiative 2018/19 exercise, Melanie confirmed that results received were consistent with previous years. All creditors matches have been investigated and closed with no evidence of fraud or misappropriation. Work was currently ongoing in terms of payroll matches which would be completed by June 2019.

Following discussion around an allegation concerning overtime being paid to a staff member at what was possibly an inappropriate rate, Pauline confirmed this was a complex, service wide issue which would require further consideration.

The Committee noted the report.

**Item 8 Risk Management**

**a) Risk Management Update**

Sarah Stevenson introduced the paper which included updates on the Corporate Risk Register, Adverse Event reporting statistics, Adverse Event framework measures and risk management key performance indicators. She outlined the key high level actions completed to address some of the areas identified; confirming that enhanced reviews had taken place for all major/extreme events as part of the SAER process. She confirmed that the Director of Care Quality and Strategic Development, in conjunction with the Patient Safety Manager, would be taking this forward. As part of this process, she reported that the complaints module had been transferred to Datix. Referring

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to the Duty of Candour policy, Sarah advised that this had been approved by the Board for publication. Following the recent risk appetite workshop carried out by KPMG, Sarah advised that a further report would be issued to the Board for discussion at its meeting in May.

The Committee discussed the movement in ACC related incidents; delayed responses, coding of incidents, allocation of appropriate resource and staff adhering to basic procedures such as rest break policies. It was agreed that in order to ensure genuine issues were brought to the fore, an exercise could be carried out to drill down the top three incidents to identify the intended learning and ensure the Service was incorporating that.

Madeline Smith enquired about progress with the review of the Datix coding structure and the likelihood of achieving the implementation date. Sarah reported that this was a vast piece of work and suggested the delivery date be amended to 2020 to allow her replacement to take this forward whilst she was on maternity leave.

The Committee noted the report.

**b) Corporate Risk Register**

Sarah Stevenson drew members' attention to the amendments in red. She confirmed that the register had been approved by the Board at its meeting in March and would be the final version for inclusion in the annual accounts.

The Committee approved the risk register for inclusion in the annual accounts; going forward a live register would be presented to each Board Committee.

**Action 4: Live register to be provided to Committee going forward**

**c) Terms of Reference**

The Committee approved the terms of reference without amendment.

**Item 9 KPMG Internal Audit Plan**

Paul McGinty introduced the draft internal audit strategy and plan which incorporated an outline coverage strategy for the 3 year period from 2019/20 – 2021/22 and a proposed detailed annual plan for 2019/20. The report covered the key factors considered in developing the strategy which ensured a balanced and risk-focussed coverage plan for 2019/20. Paul confirmed that initial introductory and planning meetings with Executive Directors and the Audit Committee Chair had taken place as part of the planning process.

Madeline Smith referred to workforce and skills and enquired whether enough focus had been given to this area. It was agreed that a range of risks related to workforce and Madeline agreed to review the proposed plan and forward specific areas for review to Julie Carter.

It was agreed by all that there was a need for the plan to complement wider areas of assurance.

Paul reported that work on the Corporate Governance and Good Practice review was underway and this would be the first report to be presented to Committee in June.

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Julie Carter explained the rationale in the reduction of audit days from 145 to 115 and it was noted that whilst there were formal contingent days built into the plan, all days had been allocated with an element of flexibility built in.

Eddie thanked Paul McGinty for his report and looked forward to receiving the final report in June.

**Action 5: Madeline to review proposed audit areas and feedback to Julie**

**Item 10 Audit Committee Annual Report**

The Committee approved the annual report, subject to a change to Madeline Smith's date of appointment.

The report would now be submitted to the Board in June as part of the governance cycle.

**Action 6: Committee Secretary to update Annual Report**

**Item 11 Workplan**

The Committee approved the workplan. It was noted that the private session with internal audit would be held following the June meeting.

**Item 10 Date of Next Meeting**

The next meeting would be held on 13<sup>th</sup> June 2019 at 10.00am.

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