



NOT PROTECTIVELY MARKED

Public Board Meeting

**26 May 2021
Item 14**

THIS PAPER IS FOR NOTING

**AUDIT COMMITTEE MINUTES OF 20 JANUARY 2021 AND VERBAL
REPORT OF 21 APRIL 2021**

Lead Director Author	Carol Sinclair, Chair of Audit Committee -
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 20 January 2021 were approved by the Committee on 21 April 2021.</p> <p>A verbal update of the meeting held on 21 April 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 WEDNESDAY 20 JANUARY 2021

VIRTUAL, MICROSOFT TEAMS

Present: Stuart Currie, Non-Executive Director (Chair)
Irene Oldfather, Non-Executive Director
Madeline Smith, Non-Executive Director

In Attendance: John Baker, General Manager ICT (*Item 04.1 only*)
Katy Barclay, Head of Business Intelligence
Melanie Barnes, Assistant Director of Finance
Karen Brogan, Associate Director of Strategy, Planning & Programmes
Kate Brooks, Grant Thornton
Julie Carter, Director of Finance, Logistics and Strategy
Robert Kay, Head of Infrastructure and Security (*Item 04.1 Only*)
Duncan Keith, Head of Finance
James Lucas, KPMG
Joanne Brown, Grant Thornton
Sarah Stevenson, Risk Manager
Tom Steele, Board Chair
Neil Thomas, KPMG
Pippa Hamilton, Committee Secretary (Minutes)

Apologies: Carol Sinclair, Non-Executive Director (Chair)
Cecil Meiklejohn, Non-Executive Director
Paul Bassett, Director, National Operations
Frances Dodd, Director of Care Quality and Professional Development
Pauline Howie, Chief Executive

ITEM 1 WELCOME AND APOLOGIES

Stuart Currie welcomed everyone to the meeting. Apologies were noted as above. Members were reminded that the Board Chair issued an email to all Non Executives on 15th January, which outlined the arrangements in place for Board and Governance Committee meetings in January and February to ensure that all reasonable steps are taken for the Executive Team and senior operational team to concentrate on immediate pressures. The arrangements include;

- Agendas to be reviewed to focus on the most pressing issues and key risk areas for the Service and consequently this had been carried out for the January Audit Committee with the undernoted items being circulated virtually to Committee ahead of the April meeting;
 - Item 5.1, 5.2, 5.3 and 5.4 - Internal Audit
 - Item 14 - Credit Card Policy and Implications on SFIs

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- Item 15 - Income Generation Policy and Implications on SFIs
 - Item 16 - Resilience Update
 - Item 17.1 - e-Learning Modules - Finance, Audit and Risk
- Following the issue of papers, members were invited to submit any points of clarification or questions to support scrutiny. Oversight and assurance to ensure that discussion at the meeting is focused on items for decision making and approval.

Tom Steele added that there is a very strong message and approach taken by the Cabinet Secretaries office for Boards to ensure that good governance continues whilst also recognising the importance of the Executive Team and Senior Operational Team to concentrate on immediate pressures. Committee noted that Board members would continue to be assisted by weekly briefing notes.

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 Centre.
- 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, Public Health Scotland.
- Paul Bassett in his position as Trustee, Scotland’s Charity Air Ambulance.
- Stuart Currie - Board Member of State Hospital Board from 1st February 2021.

ITEM 3 MINUTES OF PREVIOUS MEETING

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

ITEM 4 MATTERS ARISING

Committee discussed the matters arising paper and updates provided. Committee approved an extension of target dates for two items:

2019-10-02/8 Assurance Mapping Short Life Working Group - Extended to April 2021

2020-10-5.3 Outputs from IT Risk Universe Review - Extended to April 2021

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

2020-06-11/2	Information Governance Training Compliance Data
2020-10-5.1	Internal Audit - Review of Core Financial Control Framework
2020-10-5.3	Internal Audit Status Update and Follow-up - Delay reason included within reporting
2020-10-5.3	Internal Audit Status Update and Follow-up - Trajectory of Risks

2020-10-06	NIS Audit and Action Plan
2020-10-06	NIS Audit and Action Plan Board Presentation
2020-10-07	Information Governance - Data Quality Actions RAG status
2020-10-9.2	Assurance Paper on risk 4640

Action:

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

ITEM 4.1 NETWORK INFORMATION SYSTEMS (NIS) ACTION PLAN PROGRESS UPDATE

John Baker and Robert Kay joined the meeting for this item and provided Committee with an update on the Network Information Security (NIS) Audit Action Plan. Committee took assurance that:

- o Progress against the Plan was going well with no specific concerns highlighted.
- o The delivery of the Plan was being monitored and proactively managed through the Security Governance Group.

Robert Kay provided members with a further update on action 1.3.1 and advised that the Service had now identified critical suppliers, created a supplier matrix and contact had been made with those suppliers, requesting that they provide assurance of their cyber preparedness. Robert added that once responses had been received, the action plan would be improved as required based on the responses.

Julie Carter reminded members that these suppliers are likely to be national suppliers which allows for a strong level of assurance prior to receiving the formal responses. Tom Steele asked whether the suppliers contacted are unique to the Service. Julie Carter advised that some suppliers have national contracts and others are specific to the Service and provided assurance that this was no different from any other Ambulance Service. Julie advised that the critical suppliers would link into the wider national procurement work.

Stuart Currie highlighted his concern that a number of the actions contained within the plan had timescales for completion of 31st March 2021 and asked for assurance as to whether this was achievable.

Julie Carter advised that the target dates were set in consultation with the action owners, adding that the progress and target dates are monitored through the Security Governance Group to ensure the dates set continue to be reasonable and supported.

Tom Steele asked if there was an IT managers network to aid in coordination of the work. John Baker advised that there is a Digital Leads Board, which the Service links into and assists on coordination along with Scottish Government published information on common themes from audits.

ITEM 5 INTERNAL AUDIT

Items 5.1, 5.2, 5.3 and 5.4 - Internal Audit

As a result of the reviewed agenda to allow immediate pressures to be the focus of the Executive Team and Senior Operational Team, these items were removed from the agenda and will be circulated to Committee virtually ahead of the April 2021 Committee Meeting.

Item 5.5 Draft Internal Audit Plan 2021/22

KMPG presented the Draft Internal Audit Plan 2021/22. Committee noted the Plan and were particularly pleased to see Staff Wellbeing and EU Exit as part of the Audit Plan for the coming year.

Tom Steele highlighted that in relation to workforce activity, work continues around the Demand and Capacity Review and enquired whether the scope of workforce audits would include the Demand and Capacity work. James Lucas advised that the Audit Plan was in a draft form and therefore there was ability to update the scopes of planned audits. Julie Carter added that it may be more beneficial to include Demand and Capacity within the following years audit plan once the roster are up and running, however this could potentially take place within the last quarter of the coming year. Julie Carter advised that she would look at the scope around workforce audits and discuss this further with the Internal Auditors.

Madeline Smith asked if there was a plan within the scopes of the planned audits to include COVID-19 aspects. James Lucas confirmed that Internal Audit recognise the changing landscape as a result of COVID-19 and that future audits would also include these impacts.

Action:

- 2. Director of Finance, Logistics and Strategy** to discuss scope of workforce audits with Internal Auditors in relation to the inclusion the Demand and Capacity review.

Item 5.6 Internal Audit Status Update and Follow-up

James Lucas 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 of the 49 actions considered, 18 actions were marked as complete, leaving 31 open actions of which, 12 were not yet due, with the due date of the remaining 19 being revised to later dates following review of evidence provided and discussions with relevant action owners.

Committee noted the report and the volume of work undertaken.

ITEM 6 EXTERNAL AUDIT

Joanne Brown of Grant Thornton provided Committee with a paper which outlined the early audit planning considerations for external audit. Committee were provided with assurance that work was on track to be completed by the end of June 2021.

Tom Steele asked if any guidance had been received in relation to the timetable for this year and whether any changes had been agreed. Joanne Brown confirmed that there had been ongoing discussions with Scottish Government and Audit Scotland, with the date being pushed

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back to the end of July 2021 rather than the end of June 2021. Julie Cater added that the Service is still working to a completion date of the end of June 2021, adding that this would continue to be monitored.

Irene Oldfather sought clarification of wording contained with the presented papers appendix in relation to fraud arrangements. Irene referred to a statement contained within the appendix “As auditors we obtain reasonable but not absolute assurance the financial statements as a whole are free from material misstatement, whether due to fraud or error” and advised that she felt that this was a stark statement to be made. Joanne Brown confirmed that there are a number of auditing caveats when looking at financial statements and sampling and advised that the wording referred to was taken from the Audit Scotland Code of Practice. Joanne added that she would ensure that the wording was as clear as possible within the final.

Madeline Smith noted that she was pleased to see the impacts of COVID-19 on the Service being considered within the Audit. Madeline sought assurance that this would capture all of COVID impacts including testing capacity and additional staff. Joanne Brown confirmed that this would be captured and brought out within the annual report, Joanne added that she would be working with management around the development of narrative and understanding.

Audit committee note the paper.

ITEM 7 CONTRACT EXTENSION - EXTERNAL AUDIT

Duncan Keith highlighted to Committee that Audit Scotland had advised the Service that current External Audit Appointments had been extended by one year due to the ongoing uncertainty arising from the COVID-19 pandemic. Committee noted the information.

ITEM 8 AUDIT COMMITTEE WORKPLAN

Julie Carter advised that the development of an Audit Committee workplan had been requested by Carol Sinclair as part of a best practice review and would be used as the basis of setting Audit Committee agendas for the coming year.

Madeline Smith suggested that the Network Information Services (NIS) audit progress be formally picked up through the workplan following the next planned audit for this work in April.

Irene suggested that keeping in mind the introductory comments from the Board Chair, there would be items contained within the workplan that could go through Committee virtually to allow meetings to focus on key risk areas which require decision making and approval. Julie Carter added that there are papers planned to be circulated virtually to Committee ahead of the April meeting and suggested that feedback be taken from members on how that process worked in practice.

Sarah Stevenson noted that to ensure accuracy of the workplan the Service does not have a Risk Management Committee and that the update provided to Committee would be a quarterly risk management update and a risk management annual report.

Committee noted the report.

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ITEM 9 INFORMATION GOVERNANCE

Katy Barclay provided her 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. Committee noted that the Asset Register Project was progressing well with phase two planned to begin in April 2021.

Committee noted the report and progress highlighted.

ITEM 10 NOTIFICATION OF INTERVENTION

Katy Barclay advised that the Service had been issued with a Notification of Intervention Action by the Scottish Information Commissioner in relation to the response times to Freedom of Information (FOI) requests. Committee noted the work being undertaken since receipt of the Notification of Intervention and took assurance of the plans in place for improvement.

Katy advised that since the circulation of the paper to Committee, progress had been made against the Action Plan and suggested that this be circulated virtually to Committee for information. Committee noted that it would welcome an electronic update on the action plan.

Committee suggested that compliance reporting on FOI be incorporated within future Board reporting to ensure oversight of progress. Committee agreed that this suggestion would be actioned and discussed with the Board Secretary.

Action:

3. **Head of Business Intelligence** to discuss and action FOI compliance reporting to future Board meetings with **Board Secretary**.

ITEM 11 FRAUD UPDATE

The Service's Fraud Liaison Officer, Melanie Barnes, presented her quarterly fraud update advising that:

- 1 action had been closed since the last update to Committee.
- 1 new allegation of fraudulent activity had been reported since the last Audit Committee with both Counter Fraud Services (CFS) and internal investigations ongoing. Committee noted that a formal outcome of this investigation should be available prior to the April Audit Committee.

The Committee noted the report.

ITEM 12 RISK MANAGEMENT

Quarterly Update

Sarah Stevenson presented the Committee with the quarterly Risk update. The Committee noted that there were "very high risks" which had not been reviewed within the timeframe (one month). Sarah provided assurance that these were Regional Risks, and due to current operational pressures, the Risk Management Team continue to monitor these risks centrally.

Committee commented on the usefulness of the detailed update within the presented paper on risk 4640 Emergency Service Mobile Communications Programme (ESMCP). However concern was raised at the risk of additional costs as no other options were available and

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clarification was sought on how this would be captured within the Corporate Risk Register. Julie Carter advised that there was a potential financial risk which the Scottish Government finance team have been made aware of. Julie added that the risk mitigations would reflect financial risks.

Corporate Risk Register

Sarah Stevenson presented the Corporate Risk Register and advised that all changes since the last Committee meeting were highlighted in red for ease. Committee noted that a Heat Map had also been developed which now included horizon scanning information, which she hoped would be helpful to members.

Madeline Smith highlighted that the Board recently discussed a risk around the Mobile Testing Units and specifically in relation to the organisation having a large number of fixed term contract staff as a result. Madeline added that it was discussed that work would be carried out to try and capture this within the Corporate Risk Register. Julie Carter advised that this risk had been added to the Mobile Testing Unit Risk Register, however it may be beneficially to also capture this under the Corporate Risk for Demand and Capacity.

Irene Oldfather asked for clarification in relation to risk 4642 (Brexit) which had current risk levels of high, possible and major and whether this was up to date, particularly in relation to medicines management and workforce. Sarah Stevenson advised that the risk was reviewed during the previous week and as a result had been reduced from very high to high and likely to possible. Sarah explained that the risk remains on the Corporate Risk Register to monitor the impacts, with monitoring carried out by the EU Exit Working Group.

Committee noted the presented paper and information received.

ITEM 13 BEST VALUE PROGRAMME

Karen Brogan provided a comprehensive paper, which provided a progress update on the programmes of work in 2020/21, agreed savings plans, and summary of the developing programmes for 2021/22.

Committee noted that it was pleased to see the momentum of work continuing into 2021/22, however noted that it was mindful of the continued COVID pressures, which will continue into 2021/22.

Committee noted the update.

Item 14 - Credit Card Policy and Implications of SFIs

Item 15 - Income Generation Policy and Implications on SFIs

Item 16 - Resilience Update - Minutes of September 2020 Committee

As a result of the reviewed agenda to allow immediate pressures to be the focus of the Executive Team and Senior Operational Team , items 14, 15, and 16 were removed from the agenda and will be circulated to Committee virtually ahead of the April 2021 Committee Meeting.

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ITEM 17 ANY OTHER BUSINESS

Item 17.1. e-Learning Modules - Finance, Audit and Risk

As a result of the reviewed agenda to allow immediate pressures to be the focus of the Executive Team and Senior Operational Team , items 17.1 was removed from the agenda and will be circulated to Committee virtually ahead of the April 2021 Committee Meeting.

Stuart Currie closed the meeting and thanked everyone for their attendance and for the huge amount of work that had been undertaken since the last Committee meeting.

Date of next Meeting - 21 April 2021

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