minutes (APPROVED)

NHS NATIONAL SERVICES SCOTLAND (NSS)

MINUTES OF AUDIT AND RISK COMMITTEE MEETING HELD ON WEDNESDAY 23 MAY 2018 IN BOARDROOM 2, GYLE SQUARE, EDINBURGH COMMENCING AT 0930HRS

Present: Julie Burgess, Non Executive Director (Acting Chair)
Jane Davidson, Non Executive Director
Kate Dunlop, Non-Executive Director

In Attendance: Martin Bell, Interim Director, Strategy and Governance
Helen Berry, Scott Moncrieff
Rachel Browne, Audit Scotland
Laura Howard, Head of Corporate Reporting
Elizabeth Ireland, NSS Chair
Paul Kelly, Scott Moncrieff
Caroline Lang, Board Secretary
Carolyn Low, Finance and Business Services Director
James Lucas, Internal Auditor, KPMG
Hazel Mackay, HR (Item 5.1)
Eilidh McLaughlin, Associate Director, Corporate Affairs and Compliance (Minutes)
Fraser Nicol, Scott Moncrieff
Andy Shaw, Internal Auditor, KPMG
Mark Taylor, Audit Scotland

Apologies Mark McDavid, Non-Executive Director (Chair)
Alison Rooney, Non Executive Director
Colin Sinclair, NSS Chief Executive

ACTION

1. WELCOME AND APOLOGIES

1.1 Julie Burgess welcomed members and attendees to the meeting. Apologies were noted as above. Members noted that Julie Burgess had agreed to act as Chair in Mark McDavid’s absence.

1.2 Members confirmed that they had no interests to declare in relation to any of the agenda items.

2. MINUTES AND ACTION LIST FROM THE NSS AUDIT AND RISK COMMITTEE MEETING HELD ON 28 MARCH 2018 [Papers ARC/18/25 and ARC/18/26 refer]

2.1 Following a brief discussion and, subject to the following changes, the minutes were agreed as an accurate record of the meeting:

- At item 2.1, it was to be added that “Members noted that NSS had undertaken an internal investigation and had set up panel of non-executive Directors to consider its findings. Members had agreed
that the process in place was robust but as all actions in the action plan had not yet been completed, it was recognised that it was yet unknown if the plan was comprehensive or whether further actions would require to be identified."

- At item 18, it was requested that the wording be changed to reflect that 96% rate related to the speed of response, rather than the percentage of complaints responded to.

2.2 Members agreed that the item on the Action list relating to Statutory and Mandatory training be left open at this time.

3. MATTERS ARISING

3.1 Update on eHealth  
Members noted the assurance provided that Colin Sinclair had regularly updated Scottish Government on the NSS action plan. The internal investigation had completed and members noted that no formal procedures under relevant policy would be implemented but individual staff members would be provided with training and feedback.

Members noted that Elizabeth Ireland had had a positive meeting with Paul Gray who was assured from the actions taken under the plan, although it was acknowledged that the Scottish Government audit and NSS’s internal audit had different inferences in relation to findings. It was noted that a fuller update would be brought to the May meeting of the Performance and Finance Committee as agreed at the April Board meeting.

Members were updated that there had been a request for release of KPMG’s internal audit report on eHealth from the Public Audit and Post-legislative Scrutiny Committee of the Scottish Parliament. It was noted that a redacted version of the report had been provided although it was recognised that a complete version may require to be released in due course, though NSS’s duty of care to staff required to be balanced with this request.

Carolyn Low presented a more detailed update on each action under the plan and members noted that good progress was being made in relation to each. Elizabeth Ireland undertook to share with members the letters sent to the Cabinet Secretary and Paul Gray on this matter.

4. REPORT ON INTERNAL AUDIT STATUS INCLUDING COMPLETED REVIEWS [Paper ARC/18/27 refers]

4.1 Members noted the contents of the paper, which updated on the progress to date against the 2018-19 internal audit plan. In particular, it was noted that slippage in the two concurrent Information Technology audits required further exploration to ensure these were complete in time for the next meeting. It was noted that the IT risk management workshop would occur at a later date to allow for the change in IT Director to occur. Members expressed concern that audit was not being prioritised and requested that the Executive Management Team provide support to staff to enable the audit function to occur.

5. ATTENDANCE AT WORK REVIEW [Paper ARC/18/28 refers]

5.1 Members noted that this audit was over an area where efforts by executive management had resulted in good progress against set targets. It was noted that NSS absence rate was lower than the national average.
business units had been considered and the audit had found that there was a good level of reporting and support for line managers. Only one moderate finding had been raised by the audit in relation to data accuracy, however it was noted that most of the recommendations had not been accepted. An explanation was provided that there was an appropriate robust plan in place and management agreed to re-address the findings and recommendations with auditors to revise the response to the findings. Members requested that the executive management team review the audit plan and proposed timing of audits to ensure that the plan was suitable and would be actioned appropriately.

6. INTERNAL AUDIT ANNUAL REPORT 2017/18 [Paper ARC/18/29 refers]

6.1 Members noted the report which provided an overview of the work over 2017/18. It was noted that there was good progress being made in relation to completing identified actions. It was highlighted that there were less audit reviews performed than planned however this had not impacted on the Internal Auditor’s opinion of significant assurance with minor improvements required on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. External audit confirmed that the overall opinion gave sufficient external audit assurance.

7. NATIONAL IT SERVICE CONTRACTS ANNUAL AUDIT REPORT [Paper ARC/18/30 refers]

7.1 Members were assured by the unqualified opinion presented in relation to the National IT Service Contracts audit. It was noted that there had been a reduction in the number of weaknesses identified at the March meeting. It was queried whether the disaster recovery plans were sufficient and confirmed that robust assurance had been received in relation to the plans, testing and recovery.

8. PAYROLL SERVICES ANNUAL AUDIT REPORT [Paper ARC/18/31 refers]

8.1 Members were assured by the unqualified opinion presented in relation to the Payroll Services audit. It was noted that the minor weaknesses and responses from management were as expected. Members noted their thanks to all staff involved.

9. PRACTITIONER SERVICES ANNUAL AUDIT REPORT [Paper ARC/18/32 refers]

9.1 Members were assured by the unqualified opinion presented in relation to the Payroll Services audit. It was noted that the minor weaknesses and responses from management were as expected.

10. NATIONAL IT SERVICE CONTRACT AUDIT PLAN 2018/19 AND TIMESCALES [Paper ARC/18/33 refers]

10.1 Members noted the draft plan which would be brought to the September meeting for final approval. It was requested that the risk environment for service audit was reviewed to ensure that the audits were still being targeted appropriately. Specifically, it was requested that GP IT reprovisioning, the breast screening programme and PACS were to be included and any refresh of the assurance map be shared with eHealth to ensure it meets their perception of risk.
11. **PAYROLL SERVICES AUDIT PLAN 2018/19 AND TIMESCALES** [Paper ARC/18/34 refers]  

Scott Moncrieff/ Carolyn Low

11.1 Members noted progress with the plan to date. It was confirmed that the plan had been issued to Directors of Finance for comment. A new feature of the plan was the interface between eESS and payroll and this would be included in testing. Carolyn Low noted the changing landscape in relation to the payroll function and would work with customer boards to assist in shaping the audit appropriately.

12. **PRACTITIONER SERVICES AUDIT PLAN 2018/19 AND TIMESCALES** [Paper ARC/18/35 refers]  

Scott Moncrieff

12.1 Members noted progress with the plan to date and noted that this would be an item on the September meeting agenda for approval.

13. **ANNUAL ACCOUNTS PART A – REPORT AND CERTIFICATES** [Paper ARC/18/36 refers]  

Laura Howard

13.1 Members noted the content of the draft report which was in similar format to the previous year. It was confirmed that figures were being finalised and the updated final report would be provided at the June meeting. Assurance was provided that NSS had met its financial targets for 2017/18. Consideration would be given to the governance section and how this detailed strategic and governance developments, including a balanced picture of NSS’s achievements over the year. It was requested that the ethics section make reference to this being the responsibility of all committees.

13.2 A tabled amendment in relation to eHealth was provided. Members were generally content but requested that the wording be refined.

14. **ANNUAL REPORT AND ACCOUNTS PART B - NOTE 1 ACCOUNTING POLICIES** [Paper ARC/18/37 refers]  

Martin Bell

14.1 Members noted that this report supported the Annual Accounts and that there had been little change to previous years. It was noted that changes to income tax and disclosures would not impact on the organisation. Assurance was provided that all policies were in line with standing practice. Members approved the paper.

15. **PROGRESS ON ANNUAL ACCOUNTS**

15.1 Audit Scotland confirmed the accounts had been received at the start of May and good progress was being made in relation to the audit of these. It was noted that particular attention would be given to allocations following from the eHealth reports. Members noted that, currently, there are no items for concern.

16. **AUDIT SCOTLAND FINAL MANAGEMENT REPORT** [Paper ARC/18/38 refers]  

Members noted the report and the positive findings to date. A short action plan had been produced and was being taken forward. A question was raised in relation to segregation of duties which had been considered in a previous payroll services audit. Members asked for an update on compliance with the EU General Data Protection Regulation and were assured that the organisation was in a good position in relation to compliance.
17. **INTERNAL AUDIT ACTIONS UPDATE** [Paper ARC/18/39 refers]

17.1 Members noted the report and in particular, that no actions were overdue and no extensions were being sought.

18. **FRAUD, LOSSES AND SPECIAL PAYMENTS ANNUAL REPORT 2017/2018** [Paper ARC/18/40 refers]

18.1 Members approved the report subject to further explanation being provided in relation to the National Distribution Centre. Members noted the stock loss increase due to the move to the Jack Copland Centre.

Laura Howard

19. **ANNUAL REVIEW OF NSS’S STANDING ORDERS (INCLUDING REPORT ON SCHEME OF DELEGATION APPROVALS)** [Paper ARC/18/41 refers]

19.1 Members noted that this was the first consolidated draft of the Orders, the relevant committees having approved changes to their respective Terms of Reference at recent meetings. It was noted that the review of the Standing Financial Instructions would impact on the Scheme of Delegation as currently drafted. A tabular summary of the changes was requested with the next iteration of the Orders. It was noted that the word “sub-committee” should be changed to “committee” throughout. A further version of the Orders would be brought to the next meeting.

Eilidh McLaughlin

20. **AUDIT & RISK COMMITTEE ANNUAL REPORT TO THE BOARD** [Paper ARC/18/42 refers]

20.1 Members approved the Report subject to the addition of a paragraph in relation to eHealth. It was noted that the section in relation to external audit required final confirmation after completion of the financial controls audit currently underway.

Eilidh McLaughlin

21. **COMMITTEE HIGHLIGHTS FOR THE NSS BOARD MEETING ON 29 JUNE 2018**

21.1 Members requested the inclusion of the items in relation to the eHealth update, the IT risk workshop and inclusion of GP IT reprovisioning and breast screening for service audit. Also to be included was the positive audit annual reports and the positive message around audits underpinning business as usual work.

Committee Secretary

22. **ANY OTHER BUSINESS**

22.1 Jane Davidson raised a consideration around looking at governance across NSS. Martin Bell commented that this was part of a review being undertaken currently and would report to relevant committees in due course. Elizabeth Ireland welcomed the opportunity to take a refreshed look at this area and suggested that a workshop in the Board Offsite may allow room for the conversation to unfold.

Committee Secretary/ Martin Bell

23. **FORWARD PLAN**

23.1 The forward plan was noted.

24. **DATE OF NEXT MEETING**

24.1 The next NSS Audit and Risk Committee Meeting would be held on Thursday 21 June 2018 at 0930hrs.

There being no further business the meeting finished at 1210hrs.