

Minutes (APPROVED)

B/20/85

NHS NATIONAL SERVICES SCOTLAND (NSS)

**MINUTES OF THE NSS AUDIT AND RISK COMMITTEE MEETING HELD ON 17 JUNE 2020
COMMENCING AT 0930 HRS**

Present: Ms Julie Burgess, Non-Executive Committee (Chair)
Mrs Kate Dunlop, Non-Executive Director
Mrs Alison Rooney, Non-Executive Director
Mr John Deffenbaugh, Non-Executive Director

In Attendance: Mr James Lucas, Internal Auditor, KPMG
Ms Rachel Brown, External Auditor, Audit Scotland
Ms Inire Evong, External Auditor, Audit Scotland
Mrs Carolyn Low, Director of Finance
Mr Colin Sinclair, NSS Chief Executive
Mr Keith Redpath, NSS Chair
Mr Deryck Mitchelson, Director of Digital and Security
Mr Martin Bell, Director of Practitioner and Counter Fraud Services [Item 4]
Ms Laura Howard, Associate Director of Finance Operations
Mrs Mary Morgan, Director of Strategy, Planning, Service Transformation and Communications,
Mrs Lynn Morrow, Corporate Affairs and Compliance Manager
Mrs Marion Walker, Risk Manager Lead [Item xxx]
Mr Matthew Neilson, Assoc. Dir. Strategy, Performance and Communications,
Mr Neil Thomas, Partner KPMG

Apologies

ACTION

1. WELCOME AND APOLOGIES

1.1 Ms Burgess welcomed all to the meeting and noted the apologies and those in attendance. Before starting the formal business of the meeting, Ms Burgess asked the Committee Members if they had any interests to declare in the context of the Agenda items to be considered. No interests were declared. She also advised that there would be a short development session after the main business of the Committee for Members only, led by Mrs Low.

2. MINUTES OF THE NSS AUDIT AND RISK COMMITTEE MEETING HELD ON 28 MAY 2020 [paper ARC/20/22 refers]

2.1 The minutes of the previous NSS Audit and Risk Committee (ARC) meeting, held on 28 May 2020 were accepted as a true and accurate record with the following amendments.

2.2 Item 4.1 - SNBTS Donor Services Audit was scheduled for quarter 4. The audit mentioned related to stock control.



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Chair: Mr Keith Redpath
Chief Executive: Mr Colin Sinclair

ACTION

Item 6.8 - the letter wording was not changeable and would be as submitted. NSS would then manage engagement with customers around the content. Covering letters were produced and would be circulated after this meeting. **Action: C Low to provide copies of letters for K Nicholls to circulate.** Members also discussed the scope of evidence for future audits and where it should be made clear when evidence was not available due to legacy systems within NSS. The scope of evidence required would remain that same. Mr Sinclair added that he had positive discussions with the Auditors to look at the concerns and to understand the circumstances including an action plan for the future. Mr Neil Thomas, KPMG then introduced himself as the Partner for Health Care clients and replacement for Mr Andrew Shaw. Mr Bell added that plans in Practitioner and Counter Fraud Services were already progressing with KPMG and he could provide a quarterly report to the Committee on progress if required. Part of this action plan would include taking evidence over the year, rather than a one off session, as this would then provide the appropriate information from the legacy systems. Ms Burgess asked that this change approach to gathering evidence be recorded. **Action: Mrs Nicholls to update minutes accordingly.**

CL/KN

K Nicholls

3. MATTERS ARISING [papers ARC/20/22 and ARC/20/30 refer]

3.1 Members noted that the majority of actions were completed, covered by the current agenda or scheduled for a future meeting

3.2 Item 6.6 Reporting to be added to forward programme for future meetings.

3.3 Item 3.2 Mrs Morrow presented a short paper to Members indicating frequency of Freedom of Information requests. Mr Deffenbaugh asked for additional detail on trends over the period and Mr Sinclair agreed to look at this for the next meeting. **Action: Mrs Morrow to work with the FOI lead to provide a further breakdown on information provided in this paper indicating the impact and complexity of FOIs during the COVID-19 pandemic period.**

L Morrow

4. NSS INTERNAL AUDIT STATUS UPDATE (including Annual Report 2019-20 [paper ARC/20/23, ARC/20/24, ARC/20/25, ARC/20/26 and ARC/20/30 refer]

4.1 Mr Lucas took Members through his papers and noted the following:

- Update on current status of audits. Members were asked to note that the SNBTS Quality Assurance audit had been deferred until end June 2020 due to impact of COVID-19 response.
- Quarter 1 reviews were in progress;
- Quarter 2 preparations were ongoing but additional conversations were required in relation to both Public Health Scotland and the financial controls deep dive;
- Additional conversations with all key stakeholders would be progressed;

4.2 Members discussed whether it would be useful to conduct a review around Personal Protective Equipment (PPE) during the COVID-19 pandemic work undertaken by NSS. Mrs Low advised that this would potentially be covered in the Financial Controls deep dive and governance review already programmed in. Mr Deffenbaugh added that a wider review of the impact on NSS plans by COVID-19 responses from a wider business resilience perspective might be more appropriate. Mr Sinclair commented that it would be useful to consider this for a future meeting and this would support any increased resilience role that NSS may be asked to fulfil. **Action: Mrs Nicholls to add PPE to forward programme for a future meeting.**

K Nicholls

4.3 As an aside Members asked that for future reporting across all front covers all sections were completed even if they were not pertinent. For example, the use

ACTION
K Nicholls

of “n/a” for Equality and Diversity considerations could be misleading. **Action: Mrs Nicholls to review guidelines on completing front covers in general.**

4.4 Mr Lucas then took Members through the following papers separately.

Complaints Handling [paper ARC/20/25 refers] Members noted the following;

- Audit had focused on three SBUs - Digital and Security (DaS), Procurement Commissioning and Facilities (PCF), and Scottish National Blood Transfusion Service (SNBTS) - as these were identified as having the highest volumes of complaints due to the services they deliver;
- Processes were slightly inconsistent, but this was necessary to capture complaints in the most appropriate way;
 - SNBTS process was quite robust and their responses to complaints had been very good;
 - PCF had the most complaints due to the volume of work they did and only minor points were noted in the audit;
 - DaS were using Service Now to capture complaints internally but the results were not being fed back in a way that allowed them to be reviewed as part of the Audit and Risk Committee management reporting. Externally the approach was much less formal so work was now underway to look at a more structured way of doing this. This was therefore mostly about changes in protocol.
- Members noted that this was an area that had not been audited before and was not chosen because there was a perceived issue. There had been no incidents reported to the Ombudsman for NSS.

4.5 Members then discussed the report in detail and noted that the main issues were around consistency of how complaints were managed, and for DaS in particular there was work already underway to tighten this up and include any dissatisfaction. Members also noted that for stage 2 complaints there was generally a longer lead time for dealing with any complaints as it may relate to external issues (for National Procurement, this may be an issue with a third party product) outwith NSS control. Mrs Morgan added that work was in progress to look at how best to link the complaints handling process and reporting with customer experience and engagement by Mr Neilson and Mrs MacLennan, Head of Public Participation and Engagement. Mrs Morgan and Mr Neilson were then asked to provide an update on how this could align post COVID-19. **Action: Mrs Morgan and Mr Neilson to provide further update to a future meeting.** Ms Rooney asked for further clarity on how internal complaints were reported as the audit remit seemed to only be on external issues. Mrs Morgan responded that the audit had been commissioned to the Model Complaints Handling Process and this made no separation between internal and external complaints. Members noted that the audit report had been positive and constructive and looked forward to improvements from any lessons learned.

**M Morgan/
M Neilson**

4.6 Practitioner and Counter Fraud Services Governance Audit [paper ARC/20/24 refers] Members noted the following;

- The audit had included a review of the organisation of contractor finances categorised into governance, processes and communications;
- The main finding had been around lack of visibility of senior programme lead/Head of Service;
- Potential benefits of making the changes had not been designed or articulated well;

ACTION

- In respect of timeframe slippage, Members noted that the Corporate Oversight Group had now put in place a mechanism for investigating any programmes with significant slippages;
- Messaging/communications around the programme of work had been inadequate;
- There was a challenge around generic job descriptions and their review.

Members noted the report in full and the actions that were now taking place to mitigate the findings. Mr Bell welcomed the report and thanked the Auditors for their work. He also recognised the support he had received from the Trade Unions involved in the organisational change process, and the lessons learned from the process. Members were content that this audit provided the appropriate assurances. Mr Deffenbaugh asked that Mr Bell bring a report to the NSS Staff Governance Committee on the process and lessons learned. **Action: M Bell to provide report on the organisational change and lessons learned to the Staff Governance Committee.**

M Bell

4.7 Financial Controls [paper ARC/20/26 refers] Members noted the following:

- The Audit had initially focused on PCF but due to the impact of COVID-19 and the massive increase in workload for PCF had been switched to a review of inventory controls in SNBTS;
- The overall report had recommended only minor improvements.

4.8 Members were content that the report provided assurance in relation to the audit remit and asked that for information, the most up to date version of the Internal Audit Charter be circulated to all. **Action: K Nicholls to obtain and circulate the Internal Audit Charter.**

K Nicholls

5. NSS INTERNAL AUDIT PLAN 2020-21 [paper ARC/20/27 refers]

5.1 Mr Lucas took Members through the Internal Audit Plan 2020-21 and outlined the changes that had been made at the request of NSS for post COVID-19 work.

5.2 Members discussed the paper in full and recommended that further thought be given to the plan in light of the impact of COVID-19 and any changes to strategy, including financial implications, which may affect the audits required going forward. Mr Redpath added that it was also important to consider the benefits of carrying out each internal audit as part of the criteria for commissioning them. Ms Low would discuss with Mrs Morgan outwith the meeting and bring back as appropriate. **Action: Ms Low and Ms Morgan to report back to future meeting.**

**C Low/
M Morgan**

6. UPDATE ON PROGRESS OF ANNUAL ACCOUNTS AUDIT (Audit Scotland)

6.1 Ms Browne provided a verbal update on progress on the NSS Annual Accounts Audit and advised that the ongoing impact of COVID-19 work was affecting timelines. This had been recognised by the Scottish Government and an extension to submission deadlines had been agreed previously. She was therefore not able to currently offer a firm deadline for finalising the accounts, but the aim was to have this ready for August 2020. Members noted that the work already carried out had not found any issues to date. After a short discussion Members asked that an extra meeting of the Committee and the NSS Board be put in place for early/mid August to enable formal sign off of the Accounts. **Action: K Nicholls, C Low and R Browne to look at additional dates.**

**C Low/
K Nicholls/
R Browne**

6.2 Members thanked Ms Browne for her update and noted the extended timelines.

ACTION**7. RISK MANAGEMENT QUARTERLY UPDATE [paper ARC/20/29 refers]**

7.1 Mrs Walker took Members through the update and noted the following;

- One new RED risk, and one risk had increased from AMBER to RED relating to the economy and financial landscape;
- IRMA had been reviewed and approved and was available to Members for information;
- The NSS Executive Management Team and various clinical groups had met to give appropriate challenge to risks, but it was noted that other governance groups had been paused during the response to COVID-19 and would resume when appropriate.

7.2 Members expressed some concern that the GP-IT risk was now registering as GREEN. Mrs Walker advised that the work done on mitigating actions had effected this change. Mr Sinclair added that the risk detailed was focused on one particular part of GP-IT, and it was this which had been mitigated, but there was an overarching risk which Mr Mitchelson was currently working on that would reflect the project progress as a whole. This would then appear on the report once it was finalised. Mr Redpath reflected that the risk relating to this was not within NSS control as it was for NSS to implement this programme, not negotiate the contract and associated timelines. Ms Burgess added that the concern was also around any associated clinical risks with the delays to GP-IT. This had been discussed at a Board meeting, so the concern was why this particular risk was not visible to the Audit and Risk Committee. Mrs Walker would work with Mr Mitchelson around this overall risk, including EMIS and report to a future meeting. **Action: Mrs Walker and Mr Mitchelson to provide update for next meeting.**

**M Walker/
D Mitchelson**

7.3 Members discussed risk more generally, particularly those relating to the COVID-19 pandemic (Risk 5421) and asked that for future reporting the executive summary highlight any areas for the Committee to focus on, including any emerging risks. Mrs Morgan advised that there were also other governance groups that had oversight and the NSS Risk Management process and tool had recently been subject to internal audit and this had provided significant assurance around the approach. **Action: Mr Sinclair and Mrs Walker to review for future reporting.**

**C Sinclair/
M Walker**

7.4 Members noted the content of the report in full.

8. FRAUD ANNUAL REPORT [paper ARC/20/28 refers]

8.1 Members noted the report in full and asked that for future reporting a separation be made between the service NSS provides for other Boards and Public Bodies and the internal fraud service for NSS. Members advised that this should also be the case for future reporting on CNORIS by CLO. **Action: L Howard to update report for future meeting.**

L Howard

9. ANY OTHER BUSINESS

9.1 Members had no further pertinent business to raise at this point.

10. DATE OF NEXT MEETING

10.1 The next scheduled meeting to take place on 15 September 2020. However, an additional meeting with single item agenda for the NSS Annual Accounts would be confirmed in due course.

There being no further formal business the meeting finished at 1205 hrs