

Minutes (APPROVED)

B/20/90

NHS NATIONAL SERVICES SCOTLAND (NSS)

MINUTES OF THE NSS AUDIT AND RISK COMMITTEE MEETING HELD ON 15 SEPTEMBER 2020 COMMENCING AT 0930 HRS

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

In Attendance: Mr Peter Croan, Head of Finance – NSD [Items 1 - 8]
Mr Lee Dobbins, Service Auditor – KPMG
Ms Inire Evong, External Auditor - Audit Scotland
Ms Laura Howard, Associate Director - Finance Operations
Mrs Carolyn Low, Director of Finance
Mr James Lucas, Internal Auditor - KPMG
Mrs Eilidh McLaughlin, Associate Director - Information Security and Governance
Mr Deryck Mitchelson, Director – Digital and Security
Mrs Mary Morgan, Director – Strategy, Performance, and Service Transformation
Mrs Lynn Morrow, Corporate Affairs and Compliance Manager
Mr Andy North Service Auditor – KPMG
Dr Lorna Ramsay, NSS Medical Director [Items 11 - 23]
Ms Trish Ruddy, NSS Privacy Advisor
Mr Neil Thomas, Partner KPMG
Mrs Marion Walker, Risk Manager Lead [Item 18]

Apologies Mr Colin Sinclair, NSS Chief Executive

ACTION

1. WELCOME, APOLOGIES AND IN ATTENDANCE

1.1 Ms Burgess welcomed everyone to the meeting, noting 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. Mrs Nicholls then provided an overview and summary of how the new “Once for Scotland” template front covers should be completed by external contractors. Members provided some further feedback about trying to find appropriate flexibility within a one size fits all approach, as well as ensuring the front cover did not end up as solely a repetition of the main paper.

2. DRAFT MINUTES OF THE NSS AUDIT AND RISK COMMITTEE [ARC] MEETINGS HELD ON 16 JUNE 2020 AND 10 AUGUST 2020 [papers AR/20/37 and AR/20/38 refer]

2.1 Following a brief discussion on the minutes of the ARC meeting held on 16 June 2020, Members approved them as a true and accurate record, subject to the correction of some minor typographical errors. **Action: Mrs Bailey to correct L Bailey typographical errors in 16 June 2020 draft minutes.**



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Chair: Mr Keith Redpath
Chief Executive: Mr Colin Sinclair

ACTION

- 2.2 Members then discussed the minutes of the ARC meeting held on 10 August 2020, and were content to approve them as a true and accurate record.

3. MATTERS ARISING [paper AR/20/39 refers]

- 3.1 Members noted the updates provided which showed that that the majority of actions had been completed or were covered by the other items on agenda. They received the following verbal updates:

- 2020-06-16 Item:3.3 (Freedom of Information [FOI]) – Mrs Morrow was still collating the information on FOI trends during the pandemic response period and expected to bring this to the next ARC meeting scheduled for 2 December 2020. **Action: Mrs Morrow to bring paper on FOI trends during the pandemic response to the ARC meeting on 2 December 2020.**
- 2020-06-16 Item:4.5 (Aligning the post of Head of Public Participation and Engagement) – Members requested an update from Mrs Morgan, outwith the meeting, regarding the review of how to align the Head of Equality and Engagement role post-COVID 19. **Action: Mrs Morgan to provide an update regarding the review of how to align the Head of Equality and Engagement role post-COVID 19.**
- 2020-06-16 Item:4.8 (Internal Audit Status Charter) – Members had previously been sent the most recent Internal Audit Charter but Mr Lucas offered to re-send it on request.
- 2020-06-16 Item:7.2 (EMIS Risk) – Members were assured that this risk was now on the register and fully up to date.
- 2020-06-16 Item:7.3 (Emerging Risks) – Members were advised that Mrs Walker had done a piece of work on this and was scheduled to meet with Ms Burgess on 2 October 2020 to discuss it.
- 2019-09-12 Item:5.1 (NSS Case Study) – Members discussed whether this action was still relevant and agreed that it could be closed. They were also keen to record, as a learning point for the future, that NSS should ensure any such representations were captured as appropriately and accurately as possible.

L Morrow (for 02/12/20 ARC)

M Morgan

4. INTERNAL AUDIT STATUS REPORT [paper AR/20/40 refers]

- 4.1 Mr Lucas spoke to the paper which provided a summary of progress against the internal audit plan. Members were pleased to note that three audits had been completed, along with one additional review from previous year, and the reports from these would be covered in the items to follow on the agenda. The report on the Clinical Waste Management Contingency audit had just missed the deadline for this meeting but Members were assured this would be presented at the next ARC meeting on 2 December 2020. All other audits were currently on track to be delivered in line with the plan.

5. COMPLETED INTERNAL AUDIT: PROJECT MANAGEMENT [paper AR/20/41a refers]

- 5.1 Members were pleased to note that, in respect of project management, significant improvements had been made in terms of controls. There had also been a number of conversations around contractor and vendor management which had identified potential future work in that area. Members welcomed the positive review and discussed how recommendations for future audits were being captured and progressed. Members sought and received clarification of the maturity scale and what the achieved level signified. They requested that consideration be given to including this information within the cover sheet to give

a better overall view. Members were also keen for NSS to consider how it leveraged its impact nationally in order to help continue improvements in IT.

6. COMPLETED INTERNAL AUDIT: ENABLING PUBLIC HEALTH SCOTLAND [paper AR/20/41b refers]

6.1 The Enabling Public Health Scotland audit had concluded that significant assurance with minor improvement opportunities could be provided. Members noted the contents of the report and commended the work of the team delivering the shared services involved, appreciating the magnitude of the task, and were also pleased to see good learning points identified

7. COMPLETED INTERNAL AUDIT: SNBTS – QUALITY ASSURANCE [paper AR/20/41c refers]

7.1 The SNBTS Quality Assurance audit had concluded that significant assurance with minor improvement opportunities could be provided. Members sought and received clarification on inconsistencies in references to the date of the next Quality Management Review Group meeting, and strongly supported the recommendations to address variations in regional practices.

8. COMPLETED INTERNAL AUDIT: NSD GOVERNANCE [paper AR/20/41d refers]

8.1 The NSD Governance audit had concluded that significant assurance with minor improvement opportunities could be provided. Members welcomed the positive report and complimented the team for their work. Mrs Low reminded Members this audit had been commissioned to ensure better visibility of those funds which NSS managed on behalf of other services but had no direct control over. Members were given assurance that there was significant ongoing monitoring through the corporate finance network, and that the reporting lines ensured NSS had sufficient insight and detail at Executive Management Team (EMT) level.

9. EXTERNAL AUDIT UPDATE

9.1 There was no external audit update due at this time.

10. SERVICE AUDIT PLAN 2020/21 [paper AR/20/42 refers]

10.1 Following the qualified audit opinion in June, a review had been undertaken to identify lessons learned and improvements which could be made in response. Mr Dobbing took Members through the document which noted the activities completed to date, outstanding areas of work, proposed and agreed changes in response to NSS feedback, and the proposed timelines for this. Members were pleased to note that, overall, Service Audit was in a better position than last year. However, the previously experienced challenges within Practitioner and Counter Fraud Services (PCFS) had not yet been fully addressed. A significant amount of work had been done but there was also a lot still to be done to manage expectations and provide context for NSS's customers. Unfortunately, at this point in the year, this meant that the audit opinion was a potential qualification if the control framework was not amended for the areas identified last year as exceptions. Members asked about a timeline and actions which could be taken to avoid this. KPMG had set out clear thoughts and guidance for the control frameworks needed, and re-iterated that gathering/retaining evidence from the start of the year would be key.

10.2 Members sought assurance about how a development journey could be shown and KPMG explained how time-bound exceptions could be used. Members were advised that a gap analysis was being done and, once finished, would allow NSS the opportunity to demonstrate progress. Members discussed

ACTION

working more in terms of a relative direction of travel and Mr North confirmed he was working with Ms Low to provide clear messaging for customers etc. Members were keen to hear the view of the Management Team following the gap analysis on what the gaps were and how they felt they could be addressed. There was some recognition that the impact of COVID 19 meant that there had been limitations to what could be done and how quickly anything could be moved forward. Members also recognised that a significant amount of work had been done but unfortunately, in this area, time was against us. Ms Low agreed to speak to Mr Martin Bell, Director of PCFS, to identify and facilitate any additional support he needed. Ms Low also agreed to provide an update to the Board on the control frameworks progress. Members also requested that additional information on slippage, and its impact, be added onto the timeline provided within the report.

Action: Ms Low to speak to Mr Bell to identify and facilitate any additional support he may require around service audit. C Low

Action: Ms Low to provide an update to the Board on the control frameworks progress. C Low

Action: KPMG to consider including additional information on slippage, and its impact, to the timeline provided in the report KPMG

11. DRAFT MINUTES OF INFORMATION GOVERNANCE COMMITTEE (IGC) HELD ON 18 SEPTEMBER 2019 FOR APPROVAL [paper AR/20/43 refers]

11.1 Members discussed the minutes of the IGC meeting held on 18 September 2019 and approved them as a true and accurate record, subject to the correction of some minor typographical errors. **Action: Mrs Bailey to correct draft minutes.** L Bailey

12. INFORMATION GOVERNANCE INCIDENT AND RISK UPDATE [paper AR/20/44 refers]

12.1 Mrs McLaughlin explained the more extended timescale this report needed to cover due to the Information Governance Committee being stood down and its agenda being brought under the ARC. Members noted that, in the period reported, there was less red risk overall with only one risk elevated within the period. Mrs McLaughlin went into some of the detail around some of the higher profile risks and Members as earlier, felt there was a need to summarise some of that information within the front cover to provide a more holistic view. In respect of amber risk 5755 (SMB1), Members expressed concerns that there appeared to be no reduction between current and residual risk but were assured this would be monitored. Members felt it would be useful to have clarification on the amber risks as to whether the residual risk had already been achieved or was subject to the proposed mitigations being in place. In respect of risk 4577 (IG Legislation Breach), Members were given an overview of the GDPR and information asset register challenges. but were pleased to note that additional resource would be in place from November 2020 to address this. The aim was to manage the risk down to Amber in the first instance and review from there.

12.2 Members were advised that some of the risks were on the list due to the Information Governance flag being applied but they were primarily reputational in nature. They were also assured that the EMT had visibility of this as well. Members noted the paper and the action points, and looked forward to further updates as appropriate. They recognised that this paper aimed to provide signposting, key messages, and assurance. This version was an initial version to help embed Information Governance within the ARC agenda. Members agreed that, in future, it could be combined with the adverse events and compliance reports. Members were also keen to see future content include critical thinking, analysis, detail on impact, and suggestions for the way forward.

ACTION

13. INFORMATION GOVERNANCE ADVERSE EVENTS [paper AR/20/45 refers]

- 13.1 Members were taken through the contents of the paper, which provided assurance that that reported information governance adverse events were being appropriately progressed, managed and escalated as necessary and that effective governance had continued during the response to the COVID 19 pandemic. Mrs McLaughlin was pleased to confirm that, with regard to the Category 2 Event OCC 854/AE 835, all of the missing records had now been found and this would be closed off following completion of the lessons learned exercise. Members expressed concerns about the Business Classification Scheme access issues regarding staff having inappropriate access but were assured that the auditing and monitoring processes and mechanisms in place were the best possible mitigation. Members discussed how to achieve clarity around any themes and links between incidents. Members also discussed the need to balance reducing the numbers of incidents with encouraging reporting to allow sharing of lessons learned, as well as identification of specific trends and themes. Members added that it would be helpful to have some context around the severity of the incidents as it could help focus discussions.

Action: Mrs McLaughlin to consider providing more context on the severity of incidents into the next report.

E McLaughlin

[Secretary's Note: The following item was brought forward on the agenda]

14. UPDATE ON INFORMATION SECURITY AND GOVERNANCE COMPLIANCE INCLUDING CALDICOTT UPDATE [paper AR/20/47 refers]

- 14.1 Members discussed the paper, which provided assurance to members on the legislative requirements on NSS in relation to Information Security and Governance together with progress reporting on the strategic initiatives. Members were given an overview of the recruitment undertaken to strengthen the team, and the key work undertaken. Members wished to commend and acknowledge the work of the team to ensure that patients' personal data was safe and secure across the Test and Protect service.

15. DATA PROTECTION OFFICER'S PRESENTATION ON LEGISLATIVE DUTIES IN RELATION TO REPORTING [paper AR/20/46 refers]

- 15.1 Ms Ruddy spoke to her paper summarising the obligations under the General Data Protection Regulations (GDPR) and the Data Protection Officer's role, as well as updating on NSS's current status against each of the GDPR obligations. Members were pleased to note that NSS was in a very good position in respect of GDPR compliance. However, there was recognition that there would always be work to do as good record keeping and maintaining a comprehensive information asset register were the key to achieving the best level of compliance possible. Ms Ruddy highlighted three particularly complex Subject Access Requests which had been received and advised that an increase in these kind of requests was expected so work was being done on developing a consistent approach to them. Mrs McLaughlin agreed to give consideration to how reporting of simple mistakes that occur as a result of stress and time pressures could be made easier.

Action: Mrs McLaughlin to consider ways to make it easier to report minor issues.

E McLaughlin

ACTION**16. INFORMATION GOVERNANCE COMMITTEE WORK PROGRAMME AND OUTSTANDING ACTIONS [paper AR/20/48 refers]**

- 16.1 Members noted the forward plan of agenda items for the IGC and were advised that consideration would be given to how best to embed these items within future ARC agendas.

Action: Ms Burgess, Mrs McLaughlin and Mrs Bailey to look at updating the ARC forward programme to embed the information governance items.

**J Burgess,
E McLaughlin,
L Bailey**

17. INTERNAL AUDIT ACTIONS REPORT

- 17.1 Mrs Morrow spoke to the report which provided an overview of NSS performance against Internal Audit Action, covering a longer period than usual due to COVID 19. Members were assured that there were no areas of concern - all extension requests could be attributed to COVID 19 and had appropriate mitigations in place. Members were content to approve the extensions.

18. RISK MANAGEMENT UPDATE

- 18.1 Mrs Walker took members through the paper, which provided details of all Red risks and any new Amber Reputational risks recorded on the NSS Risk Register as at 31 August 2020. The key highlights to note were:

- NSS's overall exposure to corporate Red risks had decreased to three within the period, with no new Red risks raised within the period and two risks mitigated from Red to Amber;
- There were currently 15 Amber Business risks on the risk register, an increase of five in the period;
- Three Digital and Security programme risks had been escalated to the corporate level register and were being managed as corporate Amber Reputational risks;
- The Committee could be assured that the Corporate Reputational risks were being appropriately monitored and managed in line with the Integrated Risk Management Approach.

- 18.2 Members asked about NSS's level of exposure in relation to the red risk headed "Economy/Financial Landscape". Mrs Walker agreed to take this back to the risk owners and find out. Members discussed the detail of the programme risks and why this was appearing differently and were reminded that this was in response to the previous risk audit. Members agreed that some of the more generalised risks could benefit from some clarification about which areas of the business were potentially more impacted or susceptible.

Action: Mrs Walker to liaise with owners of the red risk headed "Economy/Financial Landscape" to get information on NSS's level of exposure.

M Walker

19. FRAUD UPDATE (INCLUDING ACTION PLAN REVIEW)

- 19.1 Ms Howard spoke to the paper which covered an update on the National Fraud Initiative (NFI) work within NSS, the status of fraud investigations within NSS, key activities, and NSS's fraud awareness training statistics. Members were pleased to see the update had been tailored more specifically to NSS rather than the wider, national CFS work. Members noted the NFI process was on track for completion within the expected timescales, and that the updated Fraud Action Plan would be presented at the ARC on 2 December 2020.

20. NSS FEEDBACK, COMMENTS, COMPLAINTS AND CONCERNS QUARTERLY REPORT – DECISION ON FUTURE REPORTING

- 21.1 Members discussed the committees this report had gone to in the past, and those which it no longer went to as a matter of course, and were keen to identify a single point of scrutiny. They agreed it should remain on the ARC agenda for now but asked that consideration be given to which committee would be best placed to review this report.

21. COMMITTEE HIGHLIGHTS REPORT

- 21.1 Members agreed the following items for the Committee Highlights Report to the Board:
- Internal audit was on track and the Committee had received four reports providing significant assurance
 - Some progress had been made in taking forward the process improvements identified for two of the service audit areas and work was ongoing in respect of the remaining area. However, it was anticipated at this point in the year that the audit opinion would still be partially qualified at year end although every effort would be made to avoid this.
 - The Information Governance agenda had been thoroughly considered and the Committee would be developing how that was covered in future
 - The Fraud Report was discussed, which provided reassuring updates on the National Fraud Initiative, internal fraud investigations, and NSS's fraud awareness training statistics

22. ANY OTHER BUSINESS

- 22.1 Members had no other business to raise at this point.

23. DATE OF NEXT MEETING

- 23.1 Members noted the next scheduled meeting was due to take place on 2 December 2020.

There being no further formal business the meeting finished at 1309hrs