

MINUTES - Approved
**Meeting of the Healthcare Improvement Scotland Audit and Risk Committee at
10.00, 27 November 2024 by MS Teams**

Present	Auditors
Robert Tinlin (Committee Chair)	KPMG- James Lucas
Abhishek Agarwal (Non-Executive Director)	Audit Scotland – Esther Scoburgh, Senior Audit Manager
Keith Charters (Non-Executive Director)	For specific items
Judith Kilbee (Non-Executive Director)	
Nikki Maran (Non-Executive Director)	Lindsay Fielding, Strategic Lead (item 3.4)
In attendance	Nelson Sule, Cyber Security Manager (item 3.3)
Carole Wilkinson (HIS Chair)	Committee Support
Robbie Pearson, Chief Executive	Ruth Gebbie, Support to HIS Chair/ Governance Officer (Minutes)
Ann Gow, Director of Quality Assurance and Regulation/ Deputy Chief Executive	
Mhairi Hastings, Interim Director of Nursing and Systems Improvement	Apologies
Angela Moodie, Director of Finance, Planning and Governance	Claire Gardiner – Audit Scotland
Clare Morrison, Director of Director of Engagement & Transformational Change	Paul McCauley, Risk Manager
Safia Qureshi, Director of Evidence and Digital	Duncan Service, Employee Director
Karlin Rodgers, Head of Finance and Procurement	Simon Watson, Director of Medical and Safety

1.	WELCOME AND APOLOGIES FOR ABSENCE
1.1	The Chair welcomed all to the meeting and reminded attendees to declare any conflicts of interest. Apologies were noted as above.
2.	MINUTES OF PREVIOUS MEETING/ACTION REGISTER
2.1	Minute of Audit and Risk Committee meeting on 04 September 2024
	Decision: The Committee approved the minutes subject to below. Action: HIS Chair, Carole Wilkinson to be added to attendance list.
2.2	Review of action point register of Audit and Risk Committee meeting 04 September 2024
	The Committee discussed action point 3.7 Independent Healthcare Fees. It was agreed that HIS as a body cannot change the independent healthcare (IHC) fee structure, but we can continue to make recommendations to Scottish Government. It was noted that all the remaining items were either complete or to be discussed later in the agenda. Decision: The Committee gained assurance from the progress made on action points. Action: HIS to continue to make recommendations to Scottish Government around the fee structure. Following the outcome of the independent review around IHC, this committee should hold a joint meeting with the Quality and Performance Committee to discuss.

3.	CORPORATE GOVERNANCE
3.1	Financial Performance and Counter Fraud Report
	<p>The Director of Finance, Planning & Governance presented the financial performance at 31 October 2024, showing a £0.7m underspend, and updated on our work with the National Fraud Initiative. In response to questions from the Committee, the following was provided:</p> <ul style="list-style-type: none"> a) The forecast has taken into account all known staffing costs for the remainder of the year. b) For 2025-26 we do not want to have any savings targets, we want our budget to fully align to our work programme to make sure that our work program is affordable. <p>Decision: The Committee accepted the report, and the moderate assurance provided. The Committee also noted the updates provided around the Fraud Annual Action Plan, Counter Fraud Service and the procurement process.</p> <p>Action: Error on page 2 of the financial performance report, ‘£0.7m overspend’, to be corrected to ‘£0.7m underspend’.</p>
3.2	2025-26 Integrated Planning
	<p>The Director of Finance, Planning & Governance provided an update on planning for 2025-26:</p> <ul style="list-style-type: none"> a) The steer from the Board has been cascaded b) We are awaiting formal guidance from Scottish Government. We expect broad, high level indications of where we should focus on and what some of the priorities are from Scottish Government later this week. c) On allocations, we are not expecting confirmation about funding until the end of quarter one next year. We therefore need to determine what our risk appetite is around allocations and what we want to continue with and include in our budget for next year. d) The Scottish Governments budget is on the 4 of December where we should find out what our baseline funding is for next year and following this we will bring our draft Plan to the Board seminar on 15 January and first draft to Scottish Government at the end of January. <p>In response to questions from the Committee, the following additional information was provided:</p> <ul style="list-style-type: none"> e) Utility costs are assumed to decrease in cost by 19% f) There is no expected change to the IHC provision of £600k this year <p>Decision: The Committee welcomed the update and noted the progress that had been made.</p>
3.3	Digital Services Group (DSG) update: IT Infrastructure, Information Governance & Business Resilience & Sustainability
	<p>The Director of Evidence and Digital was joined by the Head of Digital Services and the Cyber Security Manager to provide a combined update across digital services activity.</p> <ul style="list-style-type: none"> a) Freedom of Information (FOI) was the only key risk indicator sitting at red. The number of FOI’s received in quarter 2 has decreased by 47% compared to quarter 1. b) A review of our cyber risk level has been carried out in the context of our Network and Information Systems Regulation (NISR) requirements and being able to demonstrate the knowledge and understanding of our staff. c) On sustainability, we continue to report and explore ways of finding a new lens to look at sustainability and our carbon footprint. <p>The following information was provided in response to comments and questions from the Committee:</p> <ul style="list-style-type: none"> d) Work is being undertaken with the Cyber Security Centre of Excellence to put in place a testing strategy where ‘test emails’ will be sent to staff. e) New FOI leads will provide a point of continuity, both from understanding process requirements, information security requirements, and the continuity of the subject matter expert knowledge. FOI’s will also be put on our website as soon as that is workable.

	<p>f) For Cyber Security month we had planned to provide a variety of activities but given the time frame to deliver the NISR audit we were unable to. A new working group has been formed to plan for Cyber Month in 2025.</p> <p>Decision: The Board accepted moderate assurance around ICT and sustainability and limited assurance around information system security.</p> <p>Action: We will investigate whether security alerts for HIS can be benchmarked against other organisations. This will be dependent on other organisations and their willingness to share. Future reports to the committee will include more detail and context around how we present the data so we can show time changes and start to show you themes.</p>
3.4	One Team Update
	<p>The Chief Executive provided an update on One Team and highlighted that a workforce plan is being taken forward that includes a range of short-term and more complex activities. This was reflected upon at the recent Annual Review. He added that 20 new 'HIS employees' have now been welcomed to the organisation. He also noted that the workstream scope has now refocused on HIS being more digitally confident and capable and was doing so in an appropriate, safe and secure manner.</p> <p>The Committee Chair commended the Chief Executive on a very informative Annual Review and commented on the high level of staff engagement.</p> <p>Decision: The Committee noted the update and accepted a moderate level of assurance provided.</p>
3.5	Assurance Framework
	<p>The Assurance Framework was presented to the Committee by the Director of Finance, Planning & Governance for approval. The framework identifies, maps and brings together all of the main sources of assurance across HIS. The framework is a live document, and it will continue to evolve. It will be brought back to the committee for formal review at least every three years.</p> <p>HIS Chair commented that this was an excellent piece of work and commended the Head of Planning & Governance and the Governance Manager for their hard work and input.</p> <p>Decision: The Committee approved the Assurance Framework and accepted a significant level of assurance.</p> <p>Action: The framework to be shared with all Non-Executives and the Senior Leadership Team.</p>
3.6	Web Estate Redevelopment
	<p>An update around the website redevelopment was provided to the Committee by the Director of Finance, Planning and Governance. All priority content has been moved over to the new website and the focus now is on enhancing that content and looking at bringing new content over, including moving the ihub site into the corporate site. A recent unannounced audit from UK Government Digital Services Team provided HIS with a partially compliant rating. 18 action points need to be cleared within 12 weeks, we have cleared 12 of them to date and the outstanding items will be completed by 25 January deadline. In response to questions from the committee, it was explained that the main issues with accessibility is in regards to Portable Document Format (PDF) on different devices and searches. We are working together with other boards to find a solution.</p> <p>Decision: The Committee acknowledged the progress of the web estate project and accepted a moderate level of assurance on the project.</p>
4.	INTERNAL AUDIT
4.1	Internal Audit Report: Property & Estates
	<p>KPMG presented the property and estates internal audit report. The report provided significant assurance with minor improvement opportunities, including implementing a future estate strategy, formalising the governance arrangements and review of the staff dependencies.</p>

	Decision: The Committee accepted significant assurance on the property and estates report with minor improvement opportunities.
4.2	Internal Audit update: including Internal Audit Actions Progress Report
	<p>The update underlined that HIS is on track to complete the plan by the end of the financial year. In terms of our management actions follow up, there are 25 actions outstanding, and 6 have been completed in the period. 14 are not yet due and 11 are overdue, which is broadly consistent with the last period.</p> <p>It was also highlighted that there are two findings that date back to 2023 that the auditors will focus on with management on over the next period to ensure that we are making progress.</p> <p>Decision: The Committee noted the progress report.</p> <p>Action: The Chair, Head of Planning & Governance and Governance Manager will meet to begin to look at skill mix of committees, length of terms including lengths of chairing arrangements, with a view to taking that to the Governance Committee Chairs meeting in February.</p>
5.	RISK MANAGEMENT
5.1	Strategic and Operational Plan Risk Registers
	<p>The Director of Finance, Planning and Governance highlighted the following key points:</p> <ol style="list-style-type: none"> There is one new strategic risk this quarter regarding public enquiries. The remaining risks have remained unchanged, both in their status and rating. For operational risks, there are two operational risks highlighted on the report, one around healthcare staffing program and the second risk to delivery around adverse events. There will be a Board risk appetite review session on 15 January, followed by a deep dive into the cybersecurity strategic risk on 26 February. <p>In response to questions from the Committee, the following additional information was provided:</p> <ol style="list-style-type: none"> The service change risk has been reframed and will be on the updated register at the next committee meeting. <p>Decision: The Committee accepted a limited level of assurance on the strategic risks which are out of appetite with the exception of data breach and Covid Inquiries which are marginally out of appetite and therefore considered to be within tolerance. Regarding the risks which are within appetite the Committee accepted a significant level of assurance when the residual score is medium or low and a moderate level of assurance when the score is high.</p>
5.2	Committee Management of Risk
	<p>The Committee Chair presented a draft paper proposing that the Audit & Risk Committee create a Sub-Committee to consider risk management, liaise with officers across the organisation, conduct deep dives if necessary and report to the full Committee by way of minutes and short Sub-Committee chair reports. This would allow the Sub-Committee to properly consider risk and give assurance around risk.</p> <p>Decision: A Sub-Committee will be formed. The Vice chair of this Committee will Co- Chair the new Sub-committee, alongside the Head of Finance and Procurement. The Committee will recommend to the Governance Committee Chairs Group that operational risk issues arising from committee considerations be routed through the Audit & Risk Committee for co-ordinated reporting to the Board.</p> <p>Action: HIS Chair and Committee Chair to discuss which additional Non-Executive will join the Sub-Committee.</p>
6.	STANDING BUSINESS
6.1	Board 3 key points
	The Chair listed the key points as: assurance framework, internal audit and committee management of risk.

6.2	Feedback session
	Members of the Committee reflected that the meeting had an appropriate level of information and discussion and that the papers were written in a style of having non-executives in mind.
7.	ANY OTHER BUSINESS
7.1	Our external auditor commented that it had been a very interesting discussion and that she intends to present the audit plan at our next meeting on 5 March 2025.

Approved by Rob Tinlin, Committee Chair
Date: 5 March 2025

Next meeting: 5 March 2025, 10:00am