



**Minutes of NHS Ayrshire and Arran Audit Committee Meeting  
held on Wednesday 18 March 2020 at 14:00 hours in meeting room 2, Eglinton  
House, Ailsa Hospital**

<b>Present</b>	Michael Breen	(Chair), Non-Executive Board Member
<b>Attended by teleconference</b>	Sukhomoy Das Jean Ford Bob Martin Douglas Reid	Non-Executive Board Member Non-Executive Board Member Non-Executive Board Member Non-Executive Board Member
<b>Ex Officio</b>	John Burns Derek Lindsay	Chief Executive Director of Finance
<b>In attendance (via phone link)</b>	Coenraad Balfoort Joanne Brown  Bob Brown,  Frances Forsyth	External Auditor - Deloitte Internal Auditor - Grant Thornton  Assistant Director of Finance (Governance and Shared Services) Committee Secretary (Minutes)

**1. Apologies**

1.1 Lisa Tennant

**1.2 Declaration of interests**

There were none

**2. Minutes of the meeting held on 24 January 2020**

2.1 One of the Non-Executive members wished to suggest a couple of minor wording amendments, these would be submitted to the Chair. Notwithstanding these, the minute was approved as an accurate record of the meeting.

### 3. Matters arising/Action Log

- 3.1 The Chair noted that revisions to the Internal Audit report on Integration Joint Board Directions were being discussed between the Chief Executive and Chief Officers. Committee members appreciated that this was a complicated report and that progress with this would be compromised due to the additional workload caused by the COVID-19 pandemic.

**Outcome:** The revised report will be presented to the Audit Committee once it has been finalised.

**Action: Internal Audit**

- 3.2 All other actions were complete or not yet due.

### 4.0 Internal Audit

- 4.1 Internal audit status report

The Board's Chief Internal Auditor recognised that there would need to be flexibility around internal audit work in recognition of the unprecedented demands being placed on NHS staff by the COVID-19 pandemic. This was expected to impact particularly on the planned review of Medical Services Redesign (Cardiology) and Regional Planning, which are both planned to be postponed. The Auditor anticipated being able to complete the report on Consultant Job Planning without further requirement to speak to consultants as fieldwork had largely been completed.

The Auditor confirmed that they would be able to complete enough of the audit work to allow them to provide their audit opinion as part of the annual reporting process.

**Outcome:** Progress against the Internal Audit plan was noted. Committee members appreciated that Health Board staff had to prioritise their time and that this may impact on their ability to engage with audit work. The Auditor agreed to ensure that any changes to the audit plan were documented and reported to the Audit Committee.

**Action: Internal Auditor**

- 4.2 Health and Safety Self Audit Management Review (Risk Management)

The Committee heard that the review had considered the effectiveness of the Board's use of the Health and Safety self-assessment toolkit. One medium and two low risk recommendations had been made for which the Assistant Director for Occupational Health, Safety and Risk Management had provided action plans and implementation dates.

**Outcome:** The Committee took assurance from the review that there were good controls in place. The Director of Finance suggested that although Risk Management would normally be in the remit of the Audit Committee, the focus of this review had been on Health and Safety and therefore the report should be submitted to the Staff Governance Committee for monitoring. This was agreed.

**Action: Frances Forsyth**

#### 4.3 Central Decontamination Unit (CDU) Management Arrangements

The Auditor told Committee members that the review had provided 'significant assurance with some improvement required', having identified two low and one advisory point.

**Outcome:** The report will be submitted to the Healthcare Governance Committee for monitoring.

#### 4.4 Waiting Times – DNA and CNA Management

The Auditor noted that the review had identified two medium risks around the updating of Standing Operating Procedures and communication of these and the working of the Acute Services Waiting Times Group. An action plan and implementation dates had been provided by management. One of the Committee members suggested that implementation dates should be extended to reflect the additional workload caused by the pandemic. The Chief Executive responded that the Head of Health Records may already have progressed some of the work so dates could be adjusted if required later on.

**Outcome:** The report will be submitted to the Performance Governance Committee for monitoring.

#### 4.5 Internal Audit Follow-Up

The Auditor explained that follow-up work to assess and validate work by Board staff to address audit points was carried out on a quarterly basis. Committee members were advised that the new approach to following up on audit actions, supported by the Board's management team was working well. 30 actions had been closed since the follow-up review in February. A number of these had been legacy recommendations from reviews carried out by the previous auditors. These points had been assessed for relevance and currency in discussion with staff and a number had been closed having been superseded by later audit work or were no longer relevant. Three low risk recommendations remained from reviews carried out prior to June 2018. Five recommendations from reviews carried out since June 2018, out of a total of 76, remained in progress beyond their target implementation dates. The Auditor had discussed these actions with the relevant staff and was pleased with the

level of engagement and awareness and had been able to establish realistic implementation dates with them.

With reference to an outstanding action in the Medicines Homecare review, one of the Committee members asked about the value to the Board of receiving original purchase orders and invoices for patients receiving treatment from NHS Greater Glasgow and Clyde. The Director of Finance said that he would need to check this with the Director of Pharmacy and explained that medicines issued by Pharmacy were subject to VAT but that those issued by Homecare were not.

**Action: Derek Lindsay**

**Outcome:** Committee members noted the good progress made in completing audit recommendations.

The Auditor was asked to assess the remaining legacy actions to establish whether they were still valid, particularly where external factors were preventing their completion. The Auditor would report verbally on this to the next meeting.

**Action: Internal Auditor**

Audit Committee members made a general point about the reporting of any slippage in the completion of audit recommendations so that recognition is given to the fact that staff will have other priorities at this time.

#### 4.6 Gifts and Hospitality processes

The Board's Head of Corporate Governance provided an update on progress with audit actions raised in a review of the Gifts and Hospitality process. Committee members heard that the delay in completing the actions had been in part due to the extension of the scope of the recommendations to additionally include a guideline for staff on the Declaration of Interests. A draft guideline had now been produced and was presented to the Committee seeking recommendation to submit to the Board for approval. Once approved, the guideline would be communicated to operational areas for implementation as soon as possible and would become part of the Code of Corporate Governance.

**Outcome:** The guideline was recommended for approval by the Board.

#### 4.7 Internal Audit Plan 2020/21

Committee members noted that the plan, which they had received at their meeting in January 2020, had been updated to incorporate comments and amendments made at that meeting as well as by the Corporate Management Team. A review of Financial Sustainability had been included in the plan. Committee members discussed whether it

was appropriate for this review to be carried out in quarter two as noted in the plan. It was agreed that moving it to quarter four would be more appropriate and would allow recommendations to be incorporated into the financial planning process for the following year. The Chief Executive suggested that it may be necessary to review the scope of the review once the situation relating to the pandemic was clearer.

The number of days allocated to the Integration Joint Boards had been updated.

One of the Committee members suggested that it may be necessary to move reviews planned for quarter one; the Chief Internal Auditor agreed that there was no requirement to carry out the review of Patient's Funds at that point.

The revised draft plan included an appendix which cross referenced the planned audit reviews to the Board's Strategic Risk Register. Committee members agreed that this was a useful addition, providing assurance around the scope of the audit work.

**Outcome:** The internal audit plan for 2020/21 was recommended for approval by the Board. Committee members accepted that it may not be possible to carry out some of the reports and that the timing of others may need to change reflecting the pandemic challenges currently faced by the Board.

## **5.0 Governance**

### **5.1 Model Standing Orders**

The Corporate Business Manager explained that a new NHS Boards Standing Order template had been issued as part of the 'Once for Scotland' model. Ayrshire & Arran were required to adopt this. The Committee heard that there were some changes to the Board's current practice, including the approval process for governance committee minutes and the appointment of members to these committees. The Corporate Business Manager would continue to monitor and cross reference the existing Standing Orders with the new model.

**Outcome:** The Audit Committee considered and recommended the revised NHS Ayrshire & Arran Standing Orders to the NHS Board for approval and subsequent inclusion in the Code of Corporate Governance.

### **5.2 Audit Committee Handbook**

The Director of Finance explained that an internal audit review on Healthcare Governance had recommended that a self assessment process be implemented for all governance committees. As a self-

assessment checklist was included as part of the Audit Committee Handbook, the Audit Committee was piloting the process. The Chair and Director of Finance had reviewed the self-assessment checklist which was presented to the meeting.

**Outcome:** The Audit Committee approved the responses to the Audit Committee Handbook self-assessment checklist but asked that comments be added to evidence these for the next annual review.

**Action:** Derek Lindsay/Michael Breen

### 5.3 Terms of Reference – Audit Committee

The Terms of Reference had been updated to reflect guidance contained in the Audit Committee Handbook and national guidance. The following changes were made:

- All Audit Committee members must be Non-Executive Board members, none should be a Health Board employee
- The receipt of assurance from other governance committees that actions have been taken by management to address audit recommendations

**Outcome:** The Terms of Reference were recommended for approval by the Board.

### 5.4 Strategic Risk Register

The Director of Finance noted that the register had been reviewed and updated by the Risk and Resilience Scrutiny and Assurance Group on 27 February 2020 which had also approved an updated risk management strategy. Committee members heard that two emerging risks had been raised at the meeting on 27 February, one for Adult Speech and Language Services, the other for Children and Young People's Speech and Language Services. Both risks were being assessed and had not yet been promoted to strategic risks.

The Chief Executive was asked about the Board's response to the COVID-19 risk. The Committee heard details of the command structure, including a strategic emergency management team and sub structures and the measures which were being put in place. These measures covered the provision of medical care through increased bed capacity as well as workforce planning and support for staff.

**Outcome:** The Audit Committee discussed the Strategic Risk Register and took assurance from the work being done to manage strategic risks. Work being done by the Board to address the risk posed by the COVID-19 virus was commended.

## 5.5 Tender exception report

The Assistant Director of Finance confirmed that the result of the VAT tribunal had been in favour of the Board. A further extension to the contract for the provision of medical services in HMP Kilmarnock had been granted to allow time for a tender to be issued.

**Outcome:** The Committee was satisfied that all exceptions had been considered appropriately.

## 5.6 Counter Fraud and Fraud Liaison update

The Assistant Director of Finance explained that the National Fraud Initiative had been completed; all matches had been investigated but none had been found to be fraudulent.

**Outcome:** Referrals to Counter Fraud Services and work on the NFI were noted.

## 5.7 Guide to Understanding the Total Impact of Fraud

The report was prepared by the International Public Sector Fraud Forum. Committee members were invited to address any questions they may have arising from this by e-mail to the Assistant Director of Finance.

**Outcome:** The Guide to Understanding the Total Impact of Fraud was received for information only.

## 6. Audit Scotland reports

### 6.1 Privately financed infrastructure investment

The Director of Finance explained that the report was specifically relevant to the 'Caring for Ayrshire' programme and suggested that it should be discussed in more detail at the Performance Governance Committee.

**Outcome:** It was agreed that the report would be submitted to the Performance Governance Committee for detailed discussion.

Action: Derek Lindsay

## 7. Key issues to report to the NHS Board

The Committee agreed that the following points would be highlighted to the Board:

- Audit Committee were supportive of any necessary amendments to the audit programme which were required as a result of staff needing to prioritise time to address the COVID-19 situation

- Good progress was noted in the completion of audit recommendations which had been verified by the Auditors and detailed in their follow-up report.
- The revised draft Internal Audit plan for 2020/21 was recommended for approval by the Board
- The draft supporting guidance for Standards of Business Conduct for NHS Staff: Acceptance and Declaration of Gifts and Hospitality and Declarations of Interests was recommended for approval by the Board
- The revised Terms of Reference for the Audit Committee were recommended for approval by the Board.
- The new model Standing Orders were recommended for approval by the Board.

**Outcome:** A report will be submitted to the next Board meeting.

Action: M Breen

**8. Risk issues to report to the Risk and Resilience Scrutiny and Assurance Group**

The Committee were assured that risks around the COVID-19 pandemic were being appropriately addressed by Board management

**Outcome:** No action required.

**9. Any other competent business**

**10. Date of next meeting**

The next meeting will take place on Wednesday 13 May at 14:00 in Meeting room 1, Eglinton House, Ailsa Hospital.

Approved by Chair of the Committee:



Date: 12 June 2020