



Minute of NHS Ayrshire & Arran Audit & Risk Committee Meeting held on Thursday 18th November 2021 at 14:15 hours via Microsoft Teams

Present Michael Breen, (Chair) Non-Executive Board Member
Sukhomoy Das, Non-Executive Board Member
Bob Martin, Non-Executive Board Member
Jean Ford, Non-Executive Board Member
Marc Mazzucco, Non-Executive Board Member

In attendance Hazel Borland, Interim Chief Executive
Derek Lindsay, Director of Finance
Bob Brown, Assistant Director of Finance (Governance and Shared Services)
Judith Aspinwall, Financial Controller and Fraud Liaison Officer
Zoe Fance, Head of Procurement
Sandy Agnew, Assistant Director Clinical Support Services
Hugh Currie, Assistant Director of Occupational Health, Safety and Risk Management
Ian Ferris, Senior Finance Manager
Gordon Young, Counter Fraud Services
Joanne Brown, Grant Thornton
Susan Brook, Grant Thornton
Karlyn Watt, Deloitte
Eilidh Mackay, East Ayrshire Council
Cecelia McGhee, East Ayrshire Council
Laura Miller, North Ayrshire Council
Mike Newall, South Ayrshire Council

Shirley Taylor (Minutes)

1. Apologies and declarations of interest

- 1.1 Apologies were noted from Lesley Bowie, Board Chair and Councillor Douglas Reid, Non-Executive Board Member.

The chair welcomed everyone to the meeting and introduced Marc Mazzucco to first Audit and Risk Committee as Non-Executive Director.

- 1.2 Declarations of interests

There were none.

2. Approval of Minutes

2.1 Minute of the meeting held on 11th June 2021

The minute was approved as an accurate record of the meeting. Proposed by Bob Martin and seconded by Jean Ford.

3. Matters Arising

3.1 Action Log

No matters arising were noted for the previous minutes.

Item 4.2 – IJB Delayed Discharges – The interim Chief Executive advised that this relates to delayed transfers of care throughout the whole system which is a significant challenge across Scotland. It is anticipated that this particular action will have been surpassed by other actions as the Cabinet Secretary is focussed on delayed transfers of care and meetings are taking place across all boards with Local Authority Executives and IJB representatives to ensure a whole system approach to increases in funding. A further update on the progress of this will be provided at the next meeting.

Action: Hazel Borland

Item 13 – Risk issues to report to the Risk and Resilience Scrutiny and Assurance Group – Discussions are still ongoing with regard to which Governance committee issues around climate change and sustainability should report to. The committee agreed to take this off the action log.

Outcome: *The action log was updated and agreed by the Committee*

3.1 Committee Workplan

It was noted that the areas identified for internal audit are indicative and subject to refinement throughout the year. The committee noted the committee workplan and no amendments were suggested.

4. Counter Fraud

4.1 Presentation from Head of Counter Fraud Services, Workplan and Annual Report

The chair welcomed Gordon Young, Head of Counter Fraud Service to the committee to present on the work being undertaken nationally and the progress of work on the NHS Ayrshire and Arran pilot.

The presentation was centred around the new Counter Fraud Standards. By meeting these standards the organisation is proving that fraud is taken seriously and is being managed appropriately. The standards were tested within Scottish

Government before being launched across various public sector organisations. A number of these standards are already in place across NHS Scotland however work is still required on the new fraud strategy annual action plan and fraud risk registers.

Two pilots are currently running within NHS Scotland, one in NHS Ayrshire and Arran and the other in National Services Scotland, to recognise where best practice can be identified in adopting the standards. Lessons learned will be reviewed and once the process has been completed it is thought the standards will be launched from April 2022. Excellent feedback has been received for work delivered to date and although timescales have been met, some challenges have been identified.

The committee were advised that the NHS NSS Procurement Fraud e-Learning module is now available on TURAS for all NHS staff.

The Fraud Liaison Officer expressed gratitude for the support provided by the Counter Fraud Service Team. Procurement has been agreed as the first area of focus for the NHS Ayrshire and Arran pilot and work is ongoing to decide how best to promote the e-learning module across the range of staff and target specific staff groups. The initial self-assessment has been completed with a procurement workshop now scheduled for two weeks' time. Scenarios will be produced to allow for evaluation of existing processes. The pilot allows the opportunity to comprehend how best to adopt standards in line with the organisations own governance procedures and to provide assurance that best practice is in place. A further update on progress of the Pilot will be provided at the next meeting.

Outcome: The presentation was very well received by the committee. Gordon Young and Judith Aspinwall were thanked for their update.

4.2 Counter Fraud Liaison Report

The Assistant Director of Finance provided a regular local report on counter fraud activities. The main points for noting were the update on pilot project and the national fraud initiative work which is in progress.

Outcome: The committee received the report

5. Internal Audit

5.1 Internal Audit Progress Update Report

The committee received the update on the progress in delivering the 2021/22 Internal Audit plan which was approved at the June 2021 Audit and Risk Committee.

Outcome: The committee received the report.

5.2 Internal Audit Follow Up Report

The committee received the internal Audit follow up report which provided the committee with an update on progress made by management in implementing previous internal audit recommendations.

To date 22 actions raised remain outstanding. It was noted that some recommendations are awaiting national guidance before these can be completed. It was requested that the narrative was amended to reflect this.

The committee agreed it would be helpful to re-examine all actions from 2019/20 to see if these are still relevant. It was also requested that the colour coding of the executive summary should reflect the status of the action so outstanding ones can clearly be seen. The committee also felt it would be helpful if high risk actions were moved to the top of the summary for focus. It was agreed this would be completed with the Internal Auditors.

Action: Hazel Borland /Derek Lindsay

Questions were raised around the impact of the delay in completing the Consultant Job Planning audit from 2019/20. It was confirmed that the job planning process for Consultants is still taking place however the action around implementation of the electronic system to manage this has been delayed. A national roll out of the Allocate system will take place which includes a module for Consultant Job Planning as well as modules for Nurse Bank and e-Rostering. Funding has been set aside for the license costs and non-recurringly to manage the implementation of the Allocate system.

It was noted that Director Sponsors are aligned to each audit report to ensure that recommendations are taken forward and completed within the appropriate timescales. Discussions take place on a regular basis at Corporate Management Team meetings to ensure outstanding actions are being addressed.

Outcome: The committee noted the report and actions were identified.

5.3 Patients Private Funds

The purpose of the audit was to evaluate the adequacy and effectiveness of internal controls over patient property and funds. The audit focussed on four wards and the cash office at Woodland View, Ayrshire Central Hospital. Partial assurance was given with some improvement required. There were three recommendations from the audit, two were low rated and one medium rated. The medium recommendation was due to contents of the ward safe containing in excess of £100 which exceeded the limit within the standard operating procedure.

The Director of Finance provided some context to this, where the standard operating procedure is very relevant for the acute hospital setting, it is very

important for patients in Woodland View to take control of their own money in terms of rehabilitation. It was recommended that a separate Standard Operation Procedure would be produced for Mental Health Services to manage this.

Outcome: The report was received and recommendations agreed.

5.4 Procurement

The committee received the Procurement Internal Audit Report which was produced to consider whether an appropriate and adequate procurement policy is in place and is practiced for local procurements (not using national contracts). The review also considered the process for tender waivers and contract extensions, due to these being more common during the time of the pandemic.

The Internal Auditor advised that the review was rated as partial assurance with some improvement required. One medium recommendation was made along with two low recommendations and one advisory.

The medium recommendation was around the keeping of procurement documentation which could not be evidenced. Guidance is required on what should be held with regard to purchase orders in line with Procurement Operating Procedures.

The Assistant Director of Clinical Support Services provided some background on the recommendation and advised that the audit looked at practices and compliance from March 2021 to August 2021 and found that the Board are required to review all contracts as the operating procedures do not outline where the documentation should be retained. Procurement is carried out across 15 areas of the organisation with Designated Purchasing Officers in each of these areas. All staff will be trained to comply with legislation and initial review will take place with reconciliation quarterly thereafter.

The committee felt that the due date of 30th November 2022 for the action to be completed was a long time frame. The Assistant Director of Clinical Support Services explained that there would require to be a change in the operating procedure which would require to go through appropriate governance process before implementation, thereafter large numbers of staff training will be required to take place to ensure new procedures are embedded. The action was dated to reflect the detailed action plan produced to ensure compliance with the recommendation.

It was agreed that the Assistant Director of Clinical Support Services would attend a future meeting to give an interim update on progress against the recommendations.

Action: Sandy Agnew

The Interim Chief Executive advised that similar discussions have taken place in relation to other audit reports and consideration is required to understand the

activity taking place that allows achievement of the end date. It was agreed that the reports would be brought to Corporate Management Team on a quarterly basis to allow more regular progress updates.

Action: Derek Lindsay

Outcome: Report was noted and actions agreed.

5.5 Property Transaction Monitoring

An Internal Audit Report was received by the Committee on Property Transaction Monitoring. The audit considered whether NHS Ayrshire and Arran has complied with the relevant provisions set out within the NHS Scotland Property Transactions Handbook. The audit covered the transactions which have taken place through 2020/21. The report was rated as reasonable assurance given that the handbook was appropriately followed and transactions conducted correctly.

Outcome: The committee received the report.

6. Governance and Risk

6.1 Strategic Risk Register

The Assistant Director of Occupational Health, Safety and Risk Management attended the committee to present the regular Strategic Risk Register report. Objectives are reported on a quarterly basis to keep the various governance committees apprised of progress against the risks.

It was noted that a piece of work was carried out to move risks from the designated covid register to either the strategic or operational register or for consideration if the actions could not be closed. Any risks moved to the Strategic Risk Register will be reported through the relevant Governance Committees.

The Integrated Governance Committee had agreed that the Risk Appetite Statement review be deferred to May 2022. Workshops will be organised for relevant managers whereby the Risk Appetite Statement will be finalised. This is an Ayrshire and Arran statement and is not a national position.

The committee thanked the Assistant Director of Occupational Health, Safety and Risk Management for attending the meeting to provide an update on the Strategic Risk Register and an offer was made to get in touch if any further training or assistance was required in relation to this.

Outcome: The committee received the report.

6.2 Integration Joint Board Internal Audit Report and Plans East Ayrshire

The East Ayrshire IJB Internal Audit Annual report for 2020/21 and the IJB Internal Audit Plan for 2021/22 was present to the committee. An annual audit opinion of continued reasonable assurance was noted for 2020/21 by the IJB Audit and Performance Committee. The mechanism for providing annual update reports is now appropriately established and the report was well received by the East Ayrshire Council's Governance and Scrutiny Committee. Good relationships have been established within the Board and internal auditors and audit plans have been laid out.

Outcome: The committee received the report.

6.3 Integration Joint Board Internal Audit Report and Plans North Ayrshire

It was recorded that the North Ayrshire IJB Annual report for 2020/21 gave an opinion of reasonable assurance on audit work carried out against the governance framework. The IJB audit for the year was a review of governance arrangements.

The audit plan for 2021/22 has been produced in agreement with the chief officer and will be a review of compliance of the financial management code, compliance with the code will be scrutinised to identify possible risks to financial sustainability and reasonable assurance.

Outcome: The committee received the report.

6.4 Integration Joint Board Internal Audit Report and Plans South Ayrshire

The South Ayrshire annual audit report for 2020/21 provided an opinion of reasonable assurance of the operating control environment. Agile governance arrangements were considered to see how the IJB operated during the covid pandemic, most actions identified were around public engagement and a greater degree of this being required. This could not be fulfilled due to the pandemic and social distancing.

A three year plan has been drafted subject to change to give more assurance. A review of risk management arrangements has been noted.

Outcome: Report noted.

7. External Audit / Audit Scotland Reports

The committee received the reports which were for information. It was agreed that any questions in relation to the reports should be directed to the Director of Finance and any issues can be reported at the next meeting.

Outcome: The committee received the report.

8. Tender Waivers & Procurement

8.1 Tender Waivers/Tender Exception Report

The Assistant Director of Finance advised of the regular report which showed all tenders approved since the meeting on 13th May 2021. Most were noted to be due to specialist knowledge or standardisation.

The Director of Finance added that the Tender Waiver process was included as part of the Procurement Internal Audit review and no recommendations had been identified in relation to this.

Outcome: The committee received the report.

9. Any other competent business

None discussed.

10. Key issues to report to the NHS Board

The following items were agreed to be reported to the Board:

- A positive update was received from the Counter Fraud Service and NHS Ayrshire and Arran in relation to the pilot.
- A number of internal audit reports were received with discussion taking place around timelines.
- Governance reports were provided from each of the Integration Joint Boards.
- An update was provided on the Strategic Risk Register.
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11. Risk issues to report to the Risk and Resilience Scrutiny and Assurance Group

Nothing further identified.

14. Date of next meeting

Wednesday 19th January 2022 at 09:30 hours via Microsoft Teams

Approved by Chair of the Committee:

..... Date: