

## **Minutes of NHS Ayrshire and Arran Audit & Risk Committee Meeting**

held on Thursday 20 June at 13:00 hours via Microsoft Teams

**Present** Jean Ford, Non-Executive Board Member (Chair)  
Marie Burns, Non-Executive Board Member  
Sukhomoy Das, Non-Executive Board Member  
Marc Mazzucco, Non-Executive Board Member  
Joyce White, Non-Executive Board Member  
Neil McAleese, Non-Executive Board Member

**In attendance** Claire Burden, Chief Executive  
Derek Lindsay, Director of Finance  
Fiona McGinnis, Assistant Director of Finance (Governance and Shared Services)  
Nicola Graham, Director of Infrastructure and Support Services (up to and including item 4.2)  
Judith Aspinwall, Financial Controller and Fraud Liaison Officer  
Rachael Weir, Internal Auditor, Azets  
Paul Kelly, Internal Auditor, Azets  
Fiona Mitchell-Knight, External Auditor, Audit Scotland  
David Jamieson, External Auditor, Audit Scotland  
Jack Kerr, External Auditor, Audit Scotland

Shirley Taylor (Minutes)

### **1. Apologies and declarations of interest**

#### **1.1 Apologies**

The Chair welcomed everyone to the meeting, apologies were received from Lesley Bowie and Elizabeth Young.

#### **1.2 Declarations of interests**

None noted in relation to the agenda.

### **2. Minutes of the meeting on 16 May 2024**

The minutes were declared as an accurate record of the meeting.

### 3. Matters Arising

#### 3.1 Action Log

Of the eight actions on log, one has been completed, five actions are not yet due and two remain outstanding. These outstanding actions were discussed and closure agreed - Action 4.4 in relation to the CRES work as the scope is included within the meeting papers and Action 6.3 as although the audit actions have not been fully completed, an update has now been provided.

#### 3.2 Committee Work plan 2024-25

The committee received the amended work plan with changes detailed in red for ease of reference. Changes relate to additions or items carried forward. Due to the changes to the Endowment Auditor it was highlighted that the Endowment Audit would now be taking place at a later date and as such the Endowment Assurance Report would be delayed. This will be reflected in the workplan.

ACTION Shirley Taylor

### 4. Internal Audit

#### 4.1 Internal Audit Progress Report

The Internal Auditor presented the Progress Report and advised that the programme for 2023-24 has now been concluded. Early work has commenced for the 2024-25 programme in relation to audits of Risk Management, Environment Sustainability and Property Transaction Monitoring. As previously requested, the scope of the Cash Releasing Efficiency Savings (CRES) Audit was presented for discussion and approval.

**Outcome:** *The Committee received the progress update and approved the CRES Audit scope*

#### 4.2 Internal Audit Report – Digital Strategy

The Internal Auditor provided some background on the review of Digital Strategy which examined processes with regard to the development of digital and data strategy and the planning, implementation and oversight of delivery. The report was rated Minor Improvements Required with four improvement actions identified, three amber and one yellow. Focus was drawn to the executive summary which highlighted the Digital and Data Strategy, approved in 2023, in which the review identified some processes which could be improved upon. In particular the Strategic Digital Delivery Group which has not met with the agreed frequency due to operational issues therefore does not provide the level of oversight within the delivery plan. It was also highlighted that both the Strategy and Delivery Plan should have been updated in January 2024 however this remains to be done.

The Director of Infrastructure and Support Services updated members that the actions within the audit were all collectively agreed upon and felt to be fair. The actions have been broken down further to five actions. Two should be closed, two

are due for closure within the next couple of months and the final one will be closed when the new strategy is drafted. All actions are in hand and achievable.

It was agreed that the internal audit report would be shared with Information Governance Committee for information purposes only and the monitoring of actions would be the responsibility of the Integrated Governance Committee.

ACTION – Shirley Taylor

**Outcome:** *The committee received the report which will be submitted to the Integrated Governance Committee for monitoring of actions.*

#### 4.3 Internal Audit Report – Staff Rostering

The Internal Auditor presented the Staff Rostering Internal Audit report and thanks were given to the team for their engagement throughout. The review was based mainly around data analytics work to look at the use of agency with further areas of investigation to look at the use of agency and planned leave correlation. Secondly the rostering guideline processes for escalation and oversight of arrangements and how this information is monitored was also examined. The report is rated Significant Improvement Required and is a key area for the board with some tangible control issues highlighted to be addressed.

Discussion took place with regard to the invoice approval process which was explained to members in further detail. It was agreed that if a process is already in place for approval of agency staff then the timescale could possibly be brought forward to formally document this. It was agreed this would be explored with the team responsible for the action and timescales amended if possible.

ACTION – Derek Lindsay

**Outcome:** *The committee received the report which will be submitted to the Staff Governance Committee for monitoring of actions.*

#### 4.4 Internal Audit Annual Report and Opinion 2023-24

The Internal Auditor presented the Internal Audit Annual Report and Opinion for 2023-24 which provided reasonable assurance based on the work carried out throughout the year. It was highlighted that this is the highest possible rating which can be achieved.

Although there were some challenging audits no high risk recommendations were raised throughout the year. From the audits completed, five were rated Minor Improvement Required (Yellow) and four Significant Improvement required (Amber). The committee agreed that the Internal Audit KPIs put forward were reflective however the Internal Auditor was happy to take feedback on these.

**Outcome:** *The committee received the annual report and opinion*

## 5. Governance and Risk

### 5.1 National IT Services

The Director of Finance reminded the committee of the National Finance System Assurance report received at the meeting in May 2024 which was circulated to all Boards for information.

A Service Audit was carried out by PriceWaterhouseCoopers of the NSS IT Services. The cover paper summarises the issues picked up on the report. The audit takes place on the national IT system provided by ATOS. One issue which was identified was due to a system upgrade which had not gone smoothly. This system deals with data capture, pricing and verification for Pharmacy services. This was also flagged as an issue within the Governance Statement in our annual accounts.

Four exceptions were identified within the report however assurance could be taken with regard to the controls in place which were thought to be robust.

**Outcome:** *The committee received the service audit*

## 5.2 NSS Practitioner Services

The Director of Finance shared the NSS Practitioner Services Audit and advised that expenditure is shown within the accounts for Primary Care payments which relate to GPs, Pharmacy, Opticians and Dentists. The transaction and payment processing function used to be within each individual board however this became a centralised national service around 25 years ago within the Practitioner Services Division of NSS.

Due to the new system being put into place for Pharmacies as noted above, some payments had to be estimated. This has now caught up and payments are being made on an actual basis.

The Service Audit was conducted by PriceWaterhouseCoopers and identified four exceptions in relation to Dental Services, these were very small in value and assurance can be taken from this work and the processes in place.

**Outcome:** *The committee received the service audit*

## 5.3 Payment Verification

The Assistant Director of Finance shared the local annual report for Payment Verification which outlined the process in place to check the validity and accuracy of payments made as noted in 5.2 above.

As above it was noted that the new system for General Pharmaceutical caused some issues as did the Lloyds Pharmacy liquidation which resulted in a £390,000 loss for NHS Ayrshire and Arran. This was reimbursed by Scottish Government.

The committee received assurance that robust arrangements are in place for managing practitioner services within Ayrshire and Arran.

**Outcome:** *The committee received the report.*

## 5.4 Strategic Risk Register

The Director of Finance presented the complete Strategic Risk Register to the committee and advised that relevant risks had been shared with all individual committees in order to undertake a detailed review of their own risks. Nine risks have been updated and three are overdue for review. Two particular risks were flagged which sit under the Performance Governance Committee. This is due to a change in scores for Financial Outturn and Planned Care Waiting Times.

The Financial Outturn risk was discussed and assurance was sought from officers with regard to targeted deliverables against each of the items and it was clarified there is work currently ongoing by the Corporate Management Team regarding this. It was agreed that the control measures and commentary within some risks is not quite correlating. This will be further discussed with the risk management team as part of the outstanding action from May 2023.

ACTION – Jean Ford

A question was raised with regard to the risk around PDPs and MAST and whether this is noted within objectives. It was confirmed this is included within objectives and there is a gap within Acute Services where this has not been completed. It is hoped that under the new management structure this will begin to transform.

The committee were give assurance that an Internal Audit was being conducted on the risk management system at present and this may assist in highlighting further improvements.

**Outcome:** *The committee received the risk register*

## **6. Internal Assurance**

### **6.1 Governance Statement and Supporting Letters**

The Chief Executive advised that the governance statement is informed by supporting letter from each Director which ensures that each of the responsible officers are providing assurance of compliance with all policies, risk registers and audit recommendations for their own areas.

The committee received assurance that the control environment and systems of internal control were adequate in respect of the financial year 2023/24 with the statement aligning with risk profile.

**Outcome:** *The committee received assurance from the Chief Executive*

## **7. Statutory Annual Report and Accounts**

### **7.1 Annual Accounts for NHS Ayrshire and Arran 2023-24**

The Director of Finance presented the Annual Accounts for 2023-24 and apologised to members for the delay in receiving them. It was noted that the accounts had been subject to audit over the last month or so and some minor changes would be required before final submission to the Board next week.

The first section of the Accounts which provides narrative and background was shared in draft at the May Audit and Risk Committee for comment. Some amendments to the wording were made by the Chair to make the text easier to read. Once agreed the Chief Executive and Director of Finance will sign off the consolidated statement of financial position. The team were thanked for their work in the coordination and preparation process as there was some new information included within this years accounts which was very complicated.

Some queries were discussed in relation to the detail and the committee approved the 2023/24 annual accounts for submission to the NHS Board following the slight amendments still to be made. Members would also have the opportunity to raise any further questions at the Private Board Meeting which receives the annual report and accounts.

Discussion took place on the format and content of the accounts. It was agreed that following approval the final accounts would be shared with colleagues from the Communications team to establish what further improvements could be made for future reports to modernise/ make more user friendly within the boundaries which apply.

ACTION – Derek Lindsay

**Outcome:** *The committee approved the accounts for submission to the NHS Board.*

## **8. External Audit**

### **8.1 ISA 580 Audit Completion Letter**

The external auditor presented the audit report and opinion which concludes the audit cycle for the year. The completion letter advises that pending final review of the accounts and any anticipated amendment, an unmodified, clean audit opinion will be provided. The letter of representation was noted for signature by NHS Ayrshire and Arran alongside the accounts.

**Outcome:** *The committee received the letter*

### **8.2 Annual Report**

The external auditor presented the annual report and re-iterated an unmodified audit opinion is proposed on the annual accounts and the governance statement is in line with recommended practice from which the committee could be given assurance. The Financial statement and all related reports were found to be free from material financial misstatements.

The Auditor advised that good support had been provided from finance staff however it had been a very challenging audit and reliance on key staff requires to be reviewed going forward to the next audit cycle.

The Auditor highlighted the key audit findings however some disappointment was shared in terms of the management responses to a few recommendations. It was agreed that a meeting would take place between the Chief Executive and the External Auditor within a 24 hour period to add more detail and clarity around a

number of the management responses which were not felt to be representative of the work ongoing. It was also felt that some of the management responses could be expanded to give greater assurance / better reflect the detail of the action being taken.

ACTION – Claire Burden

The chair thanked all for their contribution and assistance in producing the annual report and accounts.

**Outcome:** *The committee received the proposed report*

## **9. Assurance to Board**

- 9.1 Annual Audit Assurance Statement to Ayrshire and Arran NHS Board  
The Director of Finance advised that a statement is required from the committee to provide assurance to the Board on the control aspects in place over the year. It was agreed that the assurance statement would be submitted to the board following a change of dates on Appendix one.

ACTION – Derek Lindsay

**Outcome:** *The committee approved the statement for submission to the Board*

## **10. Any other competent business**

Nothing discussed.

## **11. Key issues to report to the NHS Board**

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

- Internal audit reports and opinion
- Service Audit Reports
- Annual Accounts 2023-24
- Governance statement
- Risk register

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

None noted at present.

## **13. Date of next meeting**

Friday 27<sup>th</sup> September 2024 at 9.30am via Microsoft Teams

Approved by Chair of the Committee:

..... Date: .....