



Minutes of NHS Ayrshire & Arran Audit & Risk Committee Meeting held on Monday 18 November at 9.30am hours via Microsoft Teams

Present

Jean Ford, Non-Executive Board Member (Chair)
Marie Burns, Non-Executive Board Member (Item 1.0 – 7.1)
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)
Elizabeth Young, Internal Auditor, Azets
Rachael Weir, Internal Auditor, Azets
Jessica Watkinson, internal Auditor, Azets
Fiona Mitchell-Knight, External Auditor, Audit Scotland
Jack Kerr, External Auditor, Audit Scotland
Vicki Campbell, Director of Acute Services (Item 1.0 – 4.4)
Nicola Graham, Director of Infrastructure and Support Services (Item 1.0 – 4.3)
Kirstin Dickson, Director of Transformation and Sustainability (Item 1.0 – 4.4)
Rob Whiteford, Assistant Director of Finance (Item 1.0 – 4.4)
Paul Davies, Audit Manager, East Ayrshire Council (Item 5.1- 5.3)
John McCallum, Senior Manager, North Ayrshire Council (5.1 – 5.3)
Cecelia McGhee, Chief Internal Auditor, South Ayrshire Council (Item 5.1 – 5.3)
Debbie McCard, Risk Manager (Item 5.1 – 5.5)
Shirley Taylor (Minutes)

1. Apologies and declarations of interest

1.1 Apologies

The Chair welcomed everyone to the meeting, apologies were received from Crawford McGuffie.

1.2 Declarations of interests

None noted.

2. Minutes of the meeting on 27 September 2024

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

3. Matters Arising

3.1 Action Log

One action is noted as outstanding with a completion date of May 2025. A request was made for action 4.2 to be reopened as the Counter Fraud Standard update will now be reported at the next meeting.

ACTION – Shirley Taylor

3.2 Committee Work plan 2024-25

The committee workplan was shared for information with changes highlighted in red.

4. Internal Audit

4.1 Internal Audit Progress Report (taken after Item 4.4)

The Internal Auditor presented the Internal Audit progress report and advised that three reports are being presented to the committee as complete and they are content with the level of progress to date. Due to the significant fieldwork which was undertaken for the CRES Audit it has been suggested that planned audit of Strategic and Operational Planning be deferred to next year. The committee agreed this could be postponed until the first or second quarter of 2025/26.

It was noted that there has been newly released Internal audit standards which will supercede the current standards from January 2025. This will be fully adopted by 1st April 2025 with changes being made to methodology and templates at the moment.

Outcome: *The Committee received the progress report*

4.2 Internal Audit Report – Waiting List Management

The Waiting List Management Internal Audit report was presented to the committee with an audit rating of substantial improvement required (Amber). This is due to issues being identified with the booking in turn policy and national guidance not being followed as expected. It was also found that governance processes are noted clearly and good practice areas were also identified as part of the audit with regard to Trakcare recordings which were all in place. The key driver for the report is the challenge for performance and getting on top of demand versus capacity. There is also a challenge with regard to dermatology patients and ensuring that patients are being booked in turn. The Director of Acute Services thanked the audit team for their work on the audit and advised that the team engaged really well and the report was a fair reflection of where the service is at the moment. Planning is in place for improvements in 2025/26 with regard to governance processes and training for Secretaries in terms of

unavailability. It was agreed that implementation of the recommendations will enhance practices going forward.

Outcome: *The committee received the internal audit report which will be circulated to the Performance Governance Committee for monitoring of actions*

4.3 Internal Audit Report – Environmental Sustainability

The Internal Auditor shared the Environmental Sustainability Internal Audit which received a rating of Minor Improvement required (Yellow). NHS Ayrshire and Arran has a plan in place to meet the requirements of the NHS Scotland Climate Emergency and Sustainability Strategy 2022-26. There is a local strategy in place and good practice has been identified with regard to documentation of risks, areas of improvement and moving towards implementation of the strategy. The Director of Infrastructure and Support Services thanked the team for the audit and agreed that the audit and recommendations were fair. A better risk register will be developed and timescales put into place within the action plan.

Outcome: *The committee received the internal audit report which will be circulated to the Integrated Governance Committee for monitoring of actions*

4.4 Internal Audit Report – Cash Releasing Efficiency Savings

The Internal Auditor presented the Internal Audit report which was a comprehensive look at the CRES programme and received a rating of immediate major improvement required (Red) due to the numbers of significant issues raised within the report. The key theme which emerged from the report was a lack of clarity and transparency around financial reporting of CRES to the management team, the board and the Scottish government. It was also noted that quicker progress is required across the CRES programme with effective communication in place and agreement of objectives.

The Chief Executive thanked everyone for the work undertaken to provide the audit and noted that the Finance Business Partner post was lost in 2022 and was not replaced at the time due to a cost reduction. Progress is now being made as part of the Viridian Programme however it was agreed that the post is needed post Viridian.

The Director of Finance commented on the differences between figures and it was clarified that the different numbers were including or excluding the IJB savings. There was also some criticism of finance forecasting of savings and a financial tracker is now in place supplied by Viridian who are providing support to the CRES delivery. Although the recommendations within the report were accepted, some of the wording within the executive summary was challenged by DoF.

Whilst Members appreciate the progress being made in conjunction with Viridian concerns were raised around the lack of content/ detail within the Management Responses to audit actions with some perceived as dismissive. In addition it was suggested that the timescales for completion needed to be extended to provide time to evidence embedding of processes. In light of these concerns it was

agreed that more detailed information on actions would be provided to next Committee and consideration would be given to amending timescales for completion of actions. The report would be kept within the Audit and Risk Committee until the necessary assurance was provided. Meantime the report will be shared with Performance Governance Committee for information purposes only.

Concerns were also noted from Members over the reliance on Viridian with assurance sought that activity is underway to develop the necessary skillset internally to carry things forward.

The Chair also advised that this required to be escalated to the Board for awareness. Further information will be sought from the Board Chair on the form this needs to take.

ACTION – Shirley Taylor /Jean Ford
/Claire Burden/Azets

Outcome: *The committee received the internal audit report which will be circulated to the Performance Governance Committee for information purposes only.*

4.5 Internal Audit Follow Up Report

The Internal Auditor reminded members of the discussion at the previous meeting regarding the follow up of aged actions. Since then a lot of work has been undertaken to close aged actions off or move them to other governance committees for monitoring moving forward. A further five actions have been agreed for closure so of the 25 actions on the tracker only six are overdue for review. There are still some actions where an update has not been received on progress.

Although the committee agreed at the last meeting that the Chair would undertake some work to close or move actions it was stressed that this was a “one off” exercise relating to historic actions and that this activity is undertaken by the leadership team and responsible directors as part of the Chief Executive process in place for audit.

Outcome: *The committee received the report*

4.6 Internal Audit Plan 2025/26

The Internal Auditor shared the draft plan for 2025/26 as agreed with the Chief Executive. Following ARC the plan will be circulated to CMT and Integrated Governance Committee before a final draft is circulated to committee for approval and submission to the NHS Board.

Discussion took place on the CRES audit and whether this needed to be repeated given the scrutiny around this audit. It was agreed that a standalone audit would provide members with most assurance and it would be helpful for this to take place early 2026/27 to ensure that practices have been embedded, however, this will be considered further by Chief Executive and CMT.

Discussion took place on whether the planned mental health waiting times audit could be considered the audit hours applied to cover Health and Social Care Partnerships, this will be considered going forward.

Outcome: *The committee received the draft internal audit plan*

5. Governance and Risk

5.1 – Integration Joint Board Internal Audit Report and Plan East, North and South Ayrshire

The purpose of the reports is to provide an annual assurance update on the 2023/24 internal audit report and audit plan for 2024/25 to give committee members continuous assurance of IJB processes. For each IJB an annual opinion of reasonable assurance can be placed on the adequacy and effectiveness of the IJB's framework of governance, risk management and control arrangements for the year ending 31 March 2024.

Outcome: *The committee received the internal audit reports and plans*

5.4 Strategic Risk Register

The Risk Manager attended the meeting to present the full strategic risk register following the committee cycle. As part of the update 15 risks were reviewed and updated, only one risk (703) changed scoring following comments received from PGC. There is one new emerging risk with regard to estates and the wider impact of service delivery, finance and patient impact which is being agreed at present. One risk has moved from strategic to operational and is being managed by the IT team and three new strategic risks have been put forward to committee for acceptance. Members were asked to note the update and be assured that work is being undertaken to update the register for onward presentation to the NHS Board in December.

Discussion took place on risks and targets and how there is a lack of understanding of what information should be added to these columns. The committee were assured that, due to a recent internal audit, work will be taking place to develop the process which will be rolled out across the Board. Guidance will be developed to support this with changes highlighted for committee assurance.

Discussion took place on the new risks and why these have been added to the strategic register. The Chief Executive confirmed that all these risks have been through all governance processes and there is no other option for managing them.

A query was raised with regard to the medical workforce risk and whether this can be combined with the current medical registrar risk. It was agreed this would be looked at in more detail to see if these risks align.

ACTION – Claire Burden

It was also agreed that further work should be done on the community midwifery accommodation risk (No. 784) to ensure that it is clarified as to why the risk has been escalated as a strategic risk. It was agreed this would be done and reported back.

ACTION – Claire Burden / Debbie McCard

Outcome: *The committee received the strategic risk register*

5.5 Risk Appetite Statement

The Risk Manager presented the Risk Appetite Statement and noted that the statement is due for review however due to the amount of work that is required the committee are being asked to extend the statement for a further one year to allow a short life working group to take place to look at adding information on the risk tolerance level, work on descriptors and tolerance levels and look at the language used to ensure it is more aligned to public sector terminology. This will also lead nicely into the full Risk Management Strategy Review in 2026. The committee agreed the proposal of the extension of the current risk appetite statement to the NHS Board.

Outcome: *The committee proposed the extension of the current statement to the NHS Board.*

6. Fraud

6.1 Counter Fraud Update Report

The Assistant Director of Finance presented the routine counter fraud update report and advised that there have been four referrals received within the period. Revision of the Counter Fraud Standard Self-Assessment had not been able to be completed in time for the Committee and will therefore be included in January update. .

ACTION – Fiona McGinnis

Fraud Prevention Week will be taking place week commencing the 18th November, stalls will be held at each of the main hospital sites. This took place last year and there was good interaction with staff.

The National Fraud Initiative exercise is undertaken every two years and has just been received for 2024. Results will be shared in February to highlight any areas of concern.

A query was raised with regard to a specific referral and whether this was the same as a referral reported last period due to them being different names. It was agreed this would be looked into.

ACTION – Fiona McGinnis

Outcome: *The committee received the report*

6.2 Counter Fraud Annual Action Plan

The Counter Fraud Annual Action Plan, developed by CFS with some local additions, was shared with members and discussed.

Outcome: *The committee received the action plan*

7. Tender Waivers & Procurement

7.1 Tender Waiver / Quick Quote Report

The Chair advised that various discussions have taken place at previous meetings with regard to the purpose of the report. Lots of work has been done to ensure the information captured within the report is of value to members. Information has been categorised to separate one off and standing waivers, charts added to assist and assurance was provided to the committee that procurement practices are being followed and waivers are being kept to a minimum where possible.

It was highlighted that there is not enough information written with regard to the reasons for Viridians appointment within the waiver register. It was agreed this would be updated to give full transparency that the programme was both referred and funded via Scottish Government.

ACTION – Fiona McGinnis

Outcome: *The committee received the report and agreed that the format would form the basis of future reporting*

8. Any other competent business

8.1 Action Plan with annual audit report

The Chief Executive provided an update on the external audit action plan and recommendations. Most recommendations are due in 2025 however the most pressing issues are the disaster recovery for Business Continuity, closing the gap for change in brokerage and the resetting of the Caring for Ayrshire ambitions. It was noted that the £53.5m is a challenge however the position will be upheld for as long as possible until 31st December when a decision will need to be made. Testing of Disaster Recovery is currently ongoing and on schedule for completion by the deadline of 31st December 2024. The whole system plan will cover the Caring for Ayrshire ambitions. It was also noted that all other areas should be achievable within the timescales set. It was agreed that a Best Value update would be reported at the next meeting as work has been ongoing over the last 10 months to get the self –assessments in place.

The Director of Finance advised that an extra resource has been identified to support the annual accounts submission and IFRS16. There is currently wording within the service audit report which it is hoped may cover the assurance requirement.

It was highlighted that the version of the report circulated had a number of actions omitted albeit the Chief Executive update did cover all actions. It was agreed that an updated version of the report would be shared with members for information. An update on best value update will be brought to next ARC.

The external auditor thanked the team for the update and requested a written update to evidence the work taking place. She raised a query regarding an update to Performance Governance Committee which had indicated that all actions were complete which was not yet the case and stressed that care needs to be taken to ensure updates are consistent and not misleading. It was felt that although progress is being made there is still a great deal of work to be done.

Outcome: *The committee received the updated action plan*

9. Key issues to report to the NHS Board

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

- Internal Audit – all items
- Risk Register
- Tender Waivers
- IJB reports
- External Audit Update

10. Risk issues to report to the Risk and Resilience Scrutiny and Assurance Group

None noted at present.

11. For Information

The following items were shared for members information:

- Counter Fraud Services Quarter 2 Report 2024-25

12. Date of next meeting

Thursday 23rd January 2025 at 9.30am via Microsoft Teams

Approved by Chair of the Committee:

..... Date: