



**Minute of NHS Ayrshire and Arran Audit & Risk Committee Meeting
held on Wednesday 11th May 2022 at 0930 hours via Microsoft Teams**

- Present** Michael Breen, (Chair) Non-Executive Board Member
Jean Ford, Non-Executive Board Member
Bob Martin, Non-Executive Board Member
Marc Mazzucco, Non-Executive Board Member
- In attendance** Derek Lindsay, Director of Finance
Bob Brown, Assistant Director of Finance (Governance and Shared Services)
Peter Clark, Grant Thornton
Susan Brook, Grant Thornton
Karlyn Watt, Deloitte
Shona McCulloch, Head of Corporate Governance
Zoe Fance, Head of Procurement
Sandy Agnew, Assistant Director Clinical Support Services
- Shirley Taylor (Minutes)

1. Apologies and declarations of interest

- 1.1 The chair welcomed everyone to the meeting. Apologies were noted from Claire Burden and Sukhomoy Das.
- 1.2 Declarations of interests
- There were none.

2. Approval of Minutes

- 2.1 Minute of the meeting held on 17th March 2021
- The minute was approved as an accurate record of the meeting.

3. Matters Arising

- 3.1 Action Log
- One item was noted to be in progress with regard to the IT controls internal audit. The Director of Finance advised that a paper was taken to the CMT due to concerns raised at the last committee regarding management responses not

being appropriate and a cover paper was prepared to detail the expectations around responses. It was noted that the Lead Director for the service had not been sighted on the report or the wording of the responses prior to presentation at the last meeting. It was therefore agreed that some of the wording would be amended and the Committee were comfortable that this would not require to be recirculated to the Audit and Risk Committee and could go directly to the Information Governance Committee for monitoring of actions. It was felt however that all responsible Directors should be sighted on reports before they are finalised. All other actions were noted to be complete.

Outcome: *The action log was received and agreement given for the updated IT Controls report to go to the Information Governance Committee.*

3.1 Committee work plan

The committee work plan for 2022/23 was considered. Highlighted changes were noted by the Committee due to a delay in some internal audit reports being presented. The work plan for the remainder of the year was agreed.

4. Internal Audit

4.1 Internal Audit Progress Report

The Internal Auditor presented the progress report and provided an update on progress since the last committee. Field work is either underway or completed for all reports and three reports have been released for management comment. It is still intended that the annual audit opinion will be presented in June 2022. It was agreed that flexibility could be given around committee meeting dates in order to assist with internal audit reporting if required and to ensure an even spread of reports across all meetings.

Outcome: *The committee received the Internal Audit Progress report*

4.2 Internal Audit Report – Diagnostic Capacity

The Internal Auditor presented the findings of the internal audit review into Diagnostic Capacity. The review was rated as partial assurance with improvement required and contained two medium and one low recommendation as well as two advisories. The review was focussed on the use of Radiology Services in particular MRI and CT. The main areas for discussion were with regard to the utilisation of available and cancelled appointments, no evidence was found of trend analysis in relation to monitoring this or recording of minutes and lessons learned where patterns of under-utilisation were identified.

Resourcing was also identified as a medium rated recommendation as no resourcing analysis was in place for administrative and clerical staff so it was difficult to evidence the full extent of the resourcing issue. It was noted that a previous Demand, Capacity, Analysis and Queue was undertaken for clinical staffing resource and it was felt this could also be helpful for administrative staffing.

The committee agreed that due to the long lead time for the completion of actions it would be helpful to get interim assurance from the service on the progress of actions and if any future reports had completion dates beyond six months in advance it would be beneficial for the Committee to be provided with an interim progress update to be assured that actions are on course. The Director of Finance agreed to take this forward with the service.

Action: Derek Lindsay

Outcome: *The Internal Audit Report was received and recommendation made for an interim report to be provided at a future meeting.*

4.3 Progress Update - Procurement

The Head of Procurement and Assistant Director Clinical Support Services were in attendance to provide an interim update on the recommendations identified as part of the Procurement Internal Audit review which was completed in November 2021 and rated as partial assurance with some improvement required. As part of the review one medium and two low recommendations were made along with one advisory recommendation. Good progress has been made to date in relation to all of the recommendations and no comments were received from the committee in relation to the update.

Outcome: *The committee received the Internal audit update*

5. National Finance System Assurance Report – ISAE3402

5.1 Committee Self-Assessment Checklist and Annual Report

The Assistant Director of Finance presented the external audit assurance report from BDO on the National Finance system which is hosted by NHS Ayrshire and Arran on behalf of all boards within NHS Scotland. A service level agreement is in place with all Boards for the management of the system with a clause contained that an annual service review would be carried out to provide assurance of the appropriateness of the controls in place. No exceptions have been discovered and a clean audit opinion was given. The committee provided approval for the report to be shared with all other boards for assurance as part of their local governance purposes.

Action: Derek Lindsay

Outcome: *The committee approved the report for circulation to all NHS Boards.*

6. External Audit / Audit Scotland Reports

6.1 Proposed Auditors 2022/23 to 2026/27

The Director of Finance advised that changes to the External Auditor occur on a five yearly basis. Due to Covid-19 the current External Auditor, Deloitte, was extended for a further one year period. Communication has been received that Audit Scotland will carry out the External Audit for NHS Ayrshire and Arran for the next five years. No conflicts were identified in relation to this.

Outcome: *The committee were content with the proposed auditor for the periods 2022/23 to 2026/27.*

6.2 Technical Bulletin 2022/1

The Director of Finance shared the health extract from the Audit Scotland technical bulletin which relates to annual accounts for committee information and interest.

Outcome: *The committee received the report.*

7. Governance and Risk

7.1 Code of Corporate Governance

The Head of Corporate Governance was in attendance to provide an update on the review of the Code of Corporate Governance following the annual review with operational leads for each section. The paper was then presented to the Integrated Governance Committee for comments before being presented to the Audit and Risk Committee for endorsement. It was noted that two sections of the report remain under review however these will be put forward for approval and inclusion in the document at a later date.

A question was raised in relation to the increase in delegated authority for capital spend from £1.5 million to £5 million. This was a change that was implemented by the Scottish Government in relation to capital projects.

Outcome: *The committee received the updated Code of Corporate Governance which was endorsed for submission to the NHS Board for approval.*

7.2 NHS Ayrshire and Arran Register of gifts, hospitality and interests

The Head of Corporate Governance provided the annual update on the registers of gifts, hospitality and interests which are held within the organisation. This has been in place for a number of years however was reinforced as a recommendation from an internal audit in relation to the UK Bribery Act. A process was put into place last year whereby registers would be submitted to and reviewed by the Head of Corporate Governance. Assurance was provided that 2021/22 registers have been submitted and no concerns were highlighted as a result of these. It was noted that the register would be published on the External website for information.

Feedback was received on the guidance which was positive, going forward it was agreed that regular communication would be circulated throughout the year to ensure that registers are kept fully up to date.

Outcome: *The committee received the paper and assurance was provided of the process in place.*

7.3 Good practice note on disclosing information on related parties

The Director of Finance shared guidance which was released with regard to related parties and the effect on a public body's financial position or performance

where they enter into transactions that an unrelated party would not. As part of the guidance consideration requires to be given to disclosures of related parties in relation to any individual who is a member of the key management personnel of the public body such as a Director or an elected Board member, an entity who is controlled or influenced by the public body or another public body in Scotland. It was noted that North Ayrshire IJB Disclosure has been included as an example of good practice so changes will be made within the annual accounts to reflect this as a continuous improvement aspect.

Outcome: *The committee noted the paper.*

7.4 Related Party Disclosure for NHS Ayrshire and Arran

The Director of Finance provided a paper on suggested amendments to disclosures within note 24 of the 2021/22 annual accounts. Both the committee and the external auditor were comfortable with the level of detail contained in the disclosures for inclusion within the 2021/22 annual accounts and agreed that openness and transparency were considered to be good practice.

Outcome: *The committee received the paper and agreed the disclosures contained within.*

7.5 Tender Exception Report

The Assistant Director of Finance provided the regular report on tender waivers focussing on those approved since the last meeting on 17th March 2022. The majority of the waivers submitted were from Estates and related to maintenance contracts which could only be provided by the original supplier. A question was raised in connection with STARN rooms purchased for ICU at Crosshouse.

Outcome: *The committee received the report on tender waivers approved.*

8. Fraud

8.1 Patient Exemption Checking Letter

The Assistant Director of Finance presented the Patient Exemption Checking Letter for 2021. Ordinarily a review would be conducted by Counter Fraud Services into patient exemption eligibility checking. Due to the disruption to general dental and ophthalmic services as a result of the Covid-19 pandemic it has not been possible for Counter Fraud Services to extrapolate enough data to be able to provide an accurate figure for any fraudulent claiming of exemption charges in 2021. It was noted that appropriate narrative will be reflected within the annual accounts.

Action: Derek Lindsay

Outcome: *The committee noted the content of the letter.*

9. Any other competent business

Due to several of internal audit reports being put forward to the next meeting along with the annual accounts it was agreed that the agenda would be split to accommodate these. It was agreed that a separate meeting for some of the

agenda items would be organised for the week prior to the next meeting date and a pre-meet would take place to discuss the agendas for both meetings.

Action: Shirley Taylor

10. Key issues to report to the NHS Board

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

- Internal audit reports received
- Notification on changes to the external auditor
- Code of Corporate Governance
- Register of Gifts, Hospitality and Interests
- National Finance Systems Assurance Report

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

Nothing further identified.

14. Date of next meetings

Thursday 23rd June 2022 @ 9.30am via Microsoft Teams (TBC)
Monday 27th June 2022 @ 10:00am via Microsoft Teams

Approved by Chair of the Committee:

..... Date: