



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

**held on Wednesday 21 June at 09:30 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)  
Ian Sey, Head of Infrastructure Services  
Judith Aspinwall, Financial Controller and Fraud Liaison Officer  
Joanne Brown, Internal Auditor, Grant Thornton  
Adam Phipps, Internal Auditor, Grant Thornton  
Elizabeth Young, 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.

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

None noted.

### **2. Minutes of the meeting on 10 May 2023**

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

### 3. Matters Arising

#### 3.1 Action Log

Most actions have been completed and further updates were provided for those still in progress.

Action 6.1 15/3/2023 - It was confirmed that the handover has taken place between Azets and Grant Thornton. This action is now completed.

Action 3.1 10/5/2023 -The Chair announced Dr Sukhomoy Das as the new Vice Chair of the Audit and Risk Committee.

Action 6.2 10/5/2023 - A meeting has been arranged to discuss the risk management strategy. An update will be provided on this at a later date.

#### 3.2 Committee Work plan 2023-24

The committee received the amended work plan with changes detailed in red for ease of reference. Changes relate to additions or items carried forward.

### 4. Internal Audit

#### 4.1 Internal Audit Progress Report

Joanne Brown, Internal Auditor advised that the internal audit plan for the year has now been fully delivered and the internal audit annual opinion presented to the March Committee is unchanged. It was re-iterated that a handover has taken place with Azets for those actions which remain outstanding.

**Outcome:** *The Committee received the progress update.*

#### 4.2 Internal Audit Advisory Review Report – Cyber Security and Resilience

Adam Phipps, Internal Auditor presented the advisory report into Cyber Security and Resilience and focussed on prevention, protection and recovery. As the review was of an advisory nature there is no overall risk rating however 10 observations were noted within the review with 14 advisory actions. Discussion took place around the observations/actions due dates to seek clarification over some which indicate that a report will be produced and whether this will mean actions will be delivered after the report within a further agreed date. The Head of Infrastructure confirmed that for these cases a report will be produced for October 2023 giving an understanding of what action requires to be taken. Completion of the actions will take place thereafter and the Information Governance committee will be kept up to date on any progress made.

It was noted that the follow up for this report will be through the Strategic Digital Delivery Group. As this group aligns to the Integrated Governance Committee, care will be required to ensure that updates also come to Information Governance Committee as there is crossover. It was agreed that further discussion would take place to formalise a process for this reporting.

Action: Claire Burden/Jean Ford/Marc Mazzucco

Members also discussed the GP Licensing which has been identified as a risk because of the excessive permissions being granted. This is due to the way the systems were originally configured by GPs to create flexibility, however, it does create a weakness and work will take place to review the position and reduce the risk as far as possible.

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

- 4.3 Internal Audit Report – Delayed Discharge and Performance Indicators  
Joanne Brown, Internal Auditor presented the internal audit report on Delayed Discharge and Performance Indicators. The review focussed on the controls (design and operation) in place in relation to delayed discharges within NHS Ayrshire and Arran as well as across all three health and social care partnerships. The review provides partial assurance with improvement required and identified three medium, one low and four improvement rated recommendations.

The Chief Executive advised that extensive discussions have taken place in preparation of the management responses and there is a united plan of work which has commenced internally. In response to a query on error rates, the Chief Executive advised that due to the dynamic nature of health conditions, a margin of error is always present in terms of the figures with a risk of over or under reporting on any given day. It is important that the focus remains on continuous improvement against the trend.

Thanks were given to the Internal Auditors from Grant Thornton for their work over the past few years and the committee wished them well for the future.

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

- 4.4 Internal Audit Overview Paper  
Elizabeth Young, Internal Auditor provided the committee with an overview of the Azets internal audit process. There will be a focus on proactivity and upfront planning with assignment plans taking place early in the year. Catch ups will be arranged with audit contacts throughout the audit process and actions will be uploaded to Pentana. Action owners will receive training on the use of this for tracking action responses. Reporting will take place on a quarterly basis to the Corporate Management Team of those actions which are outstanding. Azets will be in attendance at a future Corporate Management Team to provide a demonstration of the portal and process to Director leads.

**Outcome:** *The committee received the paper*

- 4.5 Internal Audit Follow Up Report  
Elizabeth Young, Internal Auditor presented the internal audit follow up report which is the first follow up since the handover from Grant Thornton, with all actions being added to the tracker. It was agreed it would be helpful to separate any old actions out from the new ones.

It was identified that there are a number of aged actions which require review and decision as to whether these are still relevant and should be prioritised for completion or if they have been superceded and should be removed. Any actions identified for removal will be brought back to the Audit and Risk Committee for final approval. It was agreed this would be completed as a matter of priority.

Action: Elizabeth Young/Derek Lindsay

The Director of Finance advised that discussions had recently taken place with regard to alignment and categorisation of risks between legacy actions and new ones. No update has been provided with regard to the Diagnostic Capacity Audit which will be requested via the Performance Governance Committee.

Action: Shirley Taylor

The Chief Executive provided assurance to the committee that audit actions would be escalated appropriately and action owners re-iterated for awareness. Clear explanation will be provided if deadlines are not met and discussion should take place for all actions that have passed their deadlines, with no revised date being provided. The Chair agreed to liaise with chairs of all governance committees to ensure this remains high on each committees agenda.

Action: Claire Burden/Jean Ford

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

- 4.6 Internal Audit Progress Update Report – Azets  
Elizabeth Young, Internal Auditor spoke through the update report and provided members with a summary of progress made to date. The internal audit report for Property Transaction Monitoring has been completed and the audit report is in the process of being finalised. Scoping meetings will be arranged with audit sponsors for other areas for review. A question was raised regarding the potential for the scope of the audit to be changed as the process is followed. It was responded that this would not generally happen however if a particular area of concern was identified this could be considered as part of the audit.

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

## 5. Governance and Risk

### 5.1 National IT Services

### 5.2. NSS Practitioner Services

The Director of Finance presented the papers and provided some background information. National Services Scotland provide IT and Practitioner services to all boards in Scotland. IT services cover ATOS systems that support payments to primary care services and the payroll system. An audit of the systems is carried out each year with the reports being distributed to all boards to share with their audit and risk committees. The Audit and Risk committee can take assurance that clean audits have been reported for 2022/23 with only a few exceptions identified.

**Outcome:** *The committee received the reports*

### 5.3 Payment Verification

The local annual report was provided to the committee to give assurance of the arrangements in place in relation to payment verification of independent contractors providing family health services.

Quarterly meetings are held with colleagues from Finance, Primary Care and Clinical Leads to discuss any anomalies in payments.

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

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

Item 10.1 was taken at this point in meeting.

## 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 and best value 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 2022/23 with the statement aligning with risk profile and issues currently being addressed.

**Outcome:** *The committee received assurance from the Chief Executive and comments were provided*

### 6.2 Endowment Assurance Report

The Director of Finance presented the Endowment Assurance report and explained that due to the endowment accounts being consolidated into the main accounts it was important to receive assurance on the endowment process and identification of any major control weaknesses in relation to the endowment fund. No issues have been raised from the endowment auditor and a clean audit has been provided. It was also highlighted that an internal audit was carried out in 2022/23 to consider the controls in place in relation to the Endowment Fund. The final report classified the review as low risk.

**Outcome:** *The committee received assurance on the Endowment Process*

## 7. Statutory Annual Report and Accounts

### 7.1 Annual Report and Accounts for NHS Ayrshire and Arran 2022-23

The Director of Finance apologised to members for the delay in circulating the annual report and accounts which had only been issued late on 19 June. The committee considered the accounts presented and some amendments to the narrative were provided. Due to the late receipt of the information. Discussion was potentially more limited than would have been expected and it was agreed that members would be given another chance to scrutinise the accounts for

omissions or wording changes, with a deadline of 12 noon on 23 June set for comments to be provided. The committee were content that providing no major amendments were identified, approval would be given for the annual accounts for 2022/23 to be submitted to the NHS Board. Members would also have the opportunity to raise any further questions at the Private Board Meeting which receives the annual report and accounts.

**Outcome:** *The committee approved the accounts for submission to the NHS Board subject to there being no material comments submitted*

## **8. External Audit**

### **8.1 ISO 260 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 board accounts and governance statement in line with recommended practice from which the committee could be given assurance.

Due to the delays previously mentioned, the management responses to actions were not included in the papers issued. Verbal responses were provided at the meeting and these will be incorporated into the version of the annual report to the Board meeting. The committee agreed that most of the suggested responses were reasonable and there was a clear understanding of the recommendations.

Questions were asked about the recommendation for a best value assurance framework to ensure that best value responsibilities are being met and whether this was an external process. The external auditor said that this should be a self-assessment process. Material from other areas will be shared with the Director of Finance.

Action: Fiona Mitchell Knight

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.

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

**10. Fraud**

10.1 Patient Exemption Checking 2022-23  
This item was taken alongside Item 5.3 on the agenda.

The Assistant Director of Finance informed the committee that spot checks are conducted regularly by counter fraud services in order to ascertain if exemption charges have been fraudulently claimed. Within the year 2022-23, £66k has been returned to NHS Ayrshire and Arran through carrying out these checks. Questions were raised with regard to what the reason “policy” for write off meant as this accounts for the vast majority of cases written off. The Assistant Director agreed to look into this.

Action: Fiona McGinnis

**Outcome:** *The committee received the analysis of fraud/error*

**11. Any other competent business**

Nothing discussed.

**12. Key issues to report to the NHS Board**

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

- Internal audit reports
- Service audit reports
- Governance statement and supporting letters
- Annual report and accounts
- Annual audit assurance statement
- Annual audit report

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

None noted at present.

**14. Date of next meeting**

Wednesday 27<sup>th</sup> September 2023 at 9.30am via Microsoft Teams

Approved by Chair of the Committee:

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