



Minutes of NHS Ayrshire and Arran Audit & Risk Committee Meeting

held on Thursday 15 May 2025 at 9.30am hours via Microsoft Teams

- Present**
- Jean Ford, Non-Executive Board Member (Chair)
 - Sukhomoy Das, Non-Executive Board Member
 - Marie Burns, Non-Executive Board Member
 - Marc Mazzucco, Non-Executive Board Member
 - Neil McAleese, Non-Executive Board Member
 - Joyce White, Non-Executive Board Member
- In attendance**
- Lesley Bowie, Board Chair
 - Claire Burden, Chief Executive
 - Derek Lindsay, Director of Finance
 - Amanda Dowse, Assistant Director of Finance (Governance and Shared Services)
 - Shona McCulloch, Head of Corporate Governance (items 5.2 & 5.3)
 - Elizabeth Young, Internal Auditor, Azets
 - David Jamieson, External Auditor, Audit Scotland
 - Jack Kerr, External Auditor, Audit Scotland
 - Roisin Kavanagh, Executive Director of Pharmacy (from item 7.1)

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, Jennifer Wilson, Rachael Weir and Fiona Mitchell-Knight.

1.2 Declarations of interests

None noted.

2. Minutes of the meeting on 20 March 2025

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

3. Matters Arising

3.1 Action Log

It was confirmed that none of the items are due for completion as yet.

A query was raised with regard to the item 6.4 relating to a schematic list of plans of CRES projects to be shared with members. The Chief Executive provided assurance that projects will not sit idle within plans for a prolonged period. If a project is in a workbook and cannot be progressed it will be removed. Workbooks are active documents that are constantly updated. It was agreed this would be followed up by Performance Governance Committee due to similar queries being raised and as such the action will now be closed.

3.2 Committee Work plan 2025-26

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

Agenda items 5 & 7 were taken here.

4. Internal Audit

4.1 Internal Audit Progress Report

The Internal Auditor confirmed that the audit plan for this year has not been concluded which has caused a delay in the issue of the annual audit report. It is anticipated this will be available for the June 2025 meeting and audit planning work will also commence at this time.

Outcome: *The committee received the report*

4.2 Internal Audit Report – Promoting Attendance

The Internal Auditor presented the Internal Audit report on Promoting Attendance and noted this is a very challenging area for the NHS as a whole. The report was rated “substantial improvement required” and the audit was split into two parts, the first is the absence management policy and the application of this across the board was considered. It was found to be applied well with good guidance, there were some minor areas where it was not being applied however no real concerns were identified. The other part of the audit was to look at the overall monitoring and governance of the absences and how there are managed, i.e. ensuring plans are in place. There was found to be no overarching plan for the health board, plans were found to be directorate level with some being out of date. It was recommended that directorate level plans are updated and improved and that an overall action plan is developed with a top down approach.

The Chief Executive advised that the audit was well received and management structures will be put in place to manage this effectively. Recommendations will be aligned to programmes of work with processes and outcomes agreed.

Discussion took place by members on the unknown causes category for sickness absence, especially with regard to longer term absences. It was agreed that although these conversations can be challenging, Managers need to ensure that conversations are taking place and absences are classified correctly.

As the report will be presented to the Staff Governance committee it was agreed they would assume responsibility for any further discussions and monitoring of the actions.

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

4.3 Internal Audit Follow Up Report

The Internal Auditor presented the follow up report and advised there has been no change in the total number of actions however lots of activity has been going on in the background to manage these. The CRES actions have been recorded as a separate appendix to give more assurance on the closure of the actions. There has been a huge amount of improvement in relation to these actions with some now complete and one being superseded. Actions have been closed on the basis of revised processes, it has been difficult to pick up how well the revised processes have been embedded however this will be captured when the follow up audit is conducted.

Good progress is being made with regard to the remainder of the outstanding actions and any aged actions are coming off the tracker. Most of the actions remaining are from audits conducted within the last year.

Discussion took place on the progress of the action in relation to the Financial Support for the CRES Programme. The Director of Finance advised that the recruitment process has commenced however a job description will require to be evaluated to determine the grade. The Finance Business Partner job description has been submitted to HR and the Recovery Director job description has also been drafted.

Outcome: *The Committee received the follow up report*

5. Assurance

5.1 National Finance System Assurance Report – ISAE3402

The Director of Finance presented the ISAE3402 service audit which has been carried out by BDO on the finance system provided by NHS Ayrshire and Arran to all boards in Scotland. This covers services such as the financial ledger, helpdesk and upgrades. The detailed report will be circulated to all boards following the Audit and Risk Committee and will provide assurance for all Boards annual accounts that no exceptions have been identified on the control objectives.

The scope of the audit is the same as BDO have covered every year, the processes that the National Finance Systems team carry out, however, this does not include the control environment within the ATOS hosting environment and as such this has been identified by Audit Scotland as an assurance gap. It was hoped to fill this gap, however, there have been problems getting a non-disclosure agreement and a contract with ATOS for more than one service audit. It is hopeful this can be resolved within the next few months for the 2025-26 audit.

Outcome: *The committee approved the report to be circulated to other boards*

5.2 Best Value Update

The Chief Executive provided an update on Best Value noting the outcomes from the 2023-24 external audit. Learning has taken place with the IJBs and councils as well as NHS Dumfries and Galloway to develop a robust process. Work has taken place throughout the year to ensure this is embedded into practice and will be monitored via CMT meetings. It has been suggested that a Board workshop be undertaken now that the process has been in place for a one year period. A self-assessment action plan has also been developed to capture the compliance.

A question was raised in relation to actions noted in red font within the plan. It was responded that these are actions whereby no progress has been made. It was agreed that more information would be included within the plan with regard to timescales for completion.

ACTION – Claire Burden

Outcome: *The committee received the update*

5.3 Corporate Governance Blueprint Improvement Plan Update

The Head of Governance presented an update to the Corporate Governance Blueprint Improvement plan to provide the committee with assurance regarding the progress of the plan. A session took place in January 2024 to develop the improvements identified and look at the specific actions to deliver the improvements. The plan was approved by the Board in March 2024 and an update was provided to the Audit and Risk Committee in September 2024 where it was requested that the plan was made clearer and some narrative was reduced.

The report will be presented to the Board on 02 June 2025 with a recommendation that actions move to business as usual.

It was highlighted that there may be some changes made to the Blueprint for Good Governance in the future. Future updates to the self-assessment will be managed by NES as opposed to the Scottish Government.

Outcome: *The committee received the update*

6. Governance and Risk

6.1 Tender/Quick Quote Waiver Report

The Assistant Director of Finance presented the tender waiver report and highlighted that a standing waiver has been approved in the last period related to a fully hosted estates system with the supplier being the current supplier for the system. A one-off waiver has been approved for a project team for the ITU capital project design and it was noted this is the same team who are already designing the Oncology ward so this will allow the team to design both areas. A further Waiver has been approved for the Viridian contract to allow this work to continue for a further year.

A question was raised regarding the process for evaluating ongoing waivers and how the committee can be assured this work is still relevant. The committee were assured there is a robust process in place for the processing of tenders with a specific set of questions being given to the requester before a waiver is approved. It was agreed the process may need to be tightened up in conjunction with the Procurement Department.

It was agreed that further work would be undertaken on historic, ongoing waivers to ensure the correct process is being followed.

ACTION – Amanda Dowse / Shirley Taylor

Outcome: *The committee received the report*

7. External Audit

7.1 Draft Narrative for the Annual Report and Accounts

The Chief Executive presented the draft narrative for the annual report and accounts. Following feedback received last year from the committee a different approach has been taken and support has been sought from the Engagement and Communication teams, while the document will remain compliant with guidance on the completion of the accounts. The document is being presented for the committee's comments on the revised content and structure. It was noted there are still some sections to be completed.

Members agreed the revised presentation of the report was an improvement on previous versions however felt that some of the narrative and data could be further refined. In particular the "green" section requires to be shortened.

Outcome: *The committee received the draft narrative and comments were provided*

8. Fraud

8.1 Counter Fraud Update Report

The Assistant Director of Finance presented the Counter Fraud update report and highlighted that we are in close contact with Counter Fraud services with regard to the developments in the Arston case. The trial concluded on 28th April 2025 and sentencing will take place on 2nd June 2025. Formal communication regarding this is awaited.

Members were advised that Counter Fraud Services are currently building case studies in order to get Counter Fraud Training rolled out on Turas for all staff.

Outcome: *The committee received the report*

9. Any other competent business

9.1 ARC Annual Report

The annual report was presented and key messages were highlighted.

Discussion took place on absences from meeting and it was noted this was due to previous clashes with IJB meetings. This has been minimised for all future meetings.

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

9. Key issues to report to the NHS Board

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

- Internal audit progress and progress with actions.
- Internal Audit report on Promoting Attendance
- National finance systems report
- Best value
- Blueprint Improvement Plan
- Draft annual report and accounts

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

None noted.

11. For Information

The following items were shared for members information:

- Audit Scotland Report – General Practice
- Counter Fraud Services Quarter 4 Report 2024-25

12. Date of next meeting

Thursday 19th June 2025 at 2.30pm via Microsoft Teams/Eglinton Room 1

Approved by Chair of the Committee:

..... Date: