Minutes of NHS Ayrshire and Arran Audit & Risk Committee Meeting

held on Thursday 20th November at 14:30hrs hours via Microsoft Teams

Present	Jean Ford, Non-Executive Board Member (Chair) Neil McAleese, Non-Executive Board Member Joyce White, Non-Executive Board Member Liam Gallagher, Non-Executive Board Member
In attendance	Gordon James, Chief Executive Derek Lindsay, Director of Finance Amanda Dowse, Assistant Director of Finance (Governance and Shared Services) Rachael Weir, Internal Auditor, Azets David Eardley, Internal Auditor, Azets Paul Kelly, Internal Auditor, Azets (Item 4.2 onwards) David Jamieson, External Auditor, Audit Scotland Crawford McGuffie, Medical Director Roisin Kavanagh, Executive Director of Pharmacy (Item 6.4 onwards) Sarah Leslie, Human Resource Director (Item 4.3) Carrie Fivey, Head of Learning, Organisational Development and Staff Experience (Item 4.3) Debbie McGill, Head of Primary and Urgent Care Services (Item 4.5) Paul Davies, Audit Manager, East Ayrshire IJB Anne-Marie Fenton, Team Manager, Internal Audit, North Ayrshire IJB Cecilia McGhee, Chief Internal Auditor, South Ayrshire IJB 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, Sukhomoy Das, Marie Burns, Marc Mazzucco and Jennifer Wilson.

The Chair highlighted that Elizabeth Young from Azets and Jack Kerr from Audit Scotland have now moved on from their positions and thanked them for their assistance in terms of internal and external audit. She welcomed David Eardley who is replacing Elizabeth.

1.2 **Declarations of interests**

None noted.

2. Minutes of Meeting held on 18 September 2025

The minute of the previous meeting was agreed as an accurate record with the following amendments:

Page 8 – Annual Accounts Reflections 2024/25 – with regard to the section on strategic financial planning, it was agreed this would be reworded to note that the board needed to seek more radical reform and an understanding of the options available.

Page 9 – Extension to Azets Contract – it should be noted that Azets left the meeting prior to this discussion taking place.

3. Matters Arising

3.1 **Action Log**

Action 5.5 – Clarification was requested on the update provided within the action log. The Director of Finance responded that a previous discussion had taken place on new risks being proposed for addition to the risk register. This had been discussed at each of the governance committees in turn with ARC being last in this sequence. This update was to try and understand what discussions had taken place at prior governance committees with an update coming to ARC thereafter. It was agreed the action would be updated to add “make efforts to reflect the changes in updates to ARC.”

An update was requested on the scoring of risk 351- PDR Process and the lack of progress regarding this. The Director of HR advised that the internal audit recently conducted will allow for a revision of the mitigating actions of this particular risk. Performance has increased to 53% although this is still not achieving the target of 60%. Management actions will be to focus on improving quality, ensuring commitment and being more bespoke within particular areas of challenge. From this the risk register mitigating actions will be rewritten. It was agreed that the action would remain open until the next iteration of the risk is received at Committee.

It was agreed that action 7.1 from 20/3/2025 could be closed as an update on the action plan was provided in the report submitted in September 2025.

3.2 **Committee Workplan 2025/26**

The Chair advised that there would be no Counter Fraud paper at this meeting due to there being no specific update. The next paper will be presented to the January committee.

It was highlighted that there is a conflict with the ARC and North Ayrshire IJB meetings on 19th March. It was agreed this would be investigated due to affecting committee members.

ACTION – Shirley Taylor

4. Internal Audit

4.1 Internal Audit Progress Report

The Internal Auditor presented the internal audit progress report and advised of completion of both the Staff Performance Management and Information Governance Audits. Further reviews of Health and Safety and Non-Pay Expenditure have also been commenced. Fieldwork is being scoped as part of the Cyber Security audit which is scheduled.

It has been proposed that the audit of Lead Partnership Arrangements be focussed on the Community Equipment Store which is hosted by South Ayrshire HSCP. Approval was provided by members for this change to the plan.

The Internal Auditor highlighted that they were on track to deliver on the plan as agreed.

It is expected that the Health and Safety Audit, Core Financial Controls Audit and the first draft in relation to the 2026-27 internal audit plan will be presented at the next meeting.

The Chief Executive provided some background on the decision to make changes to the audit plan. Additional funding has been put into the equipment store in South Ayrshire and this is a particular area which has been challenged for a number of years. The audit will be used as an improvement tool going forward and although this has been communicated with all three Chief Officers there is still some engagement work to be concluded with the staff within that area.

Outcome: *The committee received the report*

4.2 Internal Audit Report – Information Governance

The Internal Auditor presented the findings from the Information Governance Audit which looked at the controls in place to achieve compliance with three key pieces of governance and legislation. These are the Freedom of Information Act, the Protection Act and the Public Records Scotland Act. The report was rated Yellow - minor improvement required and of the five control objectives noted four were rated as yellow and one as green with five improvement actions noted overall.

From the key findings it was found that mandatory and statutory training was in place for safe information handling, Freedom of Information and Corporate Records Management with roles and responsibilities being well managed. All processes are in place and processed in line with requirements.

Several areas of improvement were identified and it was noted that there have been staffing challenges over the past 18 months which have contributed to the issues raised. It was highlighted that policies, procedures and reporting documents require to be reviewed and version tracking added. Compliance reporting is required especially in terms of subject access requests (SARs) which, at the moment, do not illustrate the number of SARS being processed outwith the

four week legal deadline. More information is required on the reasons for these delays.

The Medical Director thanked the audit team for their work and agreed that the feedback was fair in terms of the improvements required.

The findings of the audit were discussed and it was agreed that there may be a benefit to conduct a rationalisation of policies to help to reduce the numbers. This will be taken back to the team.

The Chief Executive highlighted that a number of the issues relate to Office 365 so it may be pertinent to conduct one training session that incorporates all areas. It was also highlighted that there is new management support within this area which should help with the staffing issues.

The timescales of actions were discussed and it was highlighted that completion dates of June 2026 may be more appropriate than March 2026. The monitoring of the progress will be through the Information Governance Committee.

Outcome: *The committee received the report*

4.3 **Internal Audit Report – Staff Performance**

The Internal Auditor presented the internal audit report on Staff Performance which was rated as Amber - substantial improvement required. The key factors driving this rating were the completion rates of the PDR process as only half had been completed at the time of the audit which is short of both the NHS Scotland and local targets. PDR conversations taking place was found to be variable in terms of the quality and consistency of the documentation in place. It is important that the benefits of the process are communicated to staff to ensure it is aligned with professional development and continuous improvement. There is lots of good work which will take place with good engagement from the team to take these actions forward.

The Director of HR agreed that the audit was very measured and although both the local and national targets have not been met, this work is still fundamental to the board. It has been agreed there will be a move beyond awareness and training to controls and governance at a departmental level. There is an obligation to ensure staff are appropriately trained and objectives need to be set to ensure teams have appropriate training and support in place. The importance of working with Directors and Chief Officers to support this change has been recognised.

The Head of Learning, Organisational Development and Staff Experience advised that work undertaken year to date has pushed the PDR completion rate up by 7%. Work is taking place to restructure the team in order to ensure strategic focus with the culture framework being endorsed by the Chief Executive. It was highlighted that if we continue on this trajectory the local target will be met by the end of this financial year. A 100% completion rate is not achievable due to turnover as it is important that we maintain a dynamic workforce who will deliver effective leadership.

A committee member expressed disappointment with the uptake of the process and felt that the leadership team should be driving this work forward to ensure it is a high priority. It was agreed that this is a historic issue with a culture shift now needed. The Chief Executive highlighted that discussions are required with regard to reporting as not all health boards are recording in the same way and it was also noted that the process is only deemed to be completed once objectives have been set, reviewed and signed off within TURAS. There will be staff who have objectives but there has been no formal review so this will skew the figures.

The Director of HR advised that it is noted within the Leadership team job descriptions that those who manage teams have a commitment to ensure staff governance is in place.

The monitoring of progress against the recommendations in this report will be done by the Staff Governance Committee.

Outcome: *The committee received the report*

4.4 **Internal Audit Follow Up Report**

The Internal Auditor advised that within the period there had been a follow up of 29 actions with no new actions added. Eight actions have been completed and nine are not yet due. 12 actions were noted as partially completed and overdue. Ten of these are high or very high risk with most of these actions related to the GP Enhanced Sustainability audit and close work is taking place with the team regarding these actions.

It was agreed that there has been good progress overall in addressing the actions and the Chief Executive highlighted that there is an expectation for all overdue actions to be completed by the end of the financial year. Due to some timing issues this has not been discussed at CMT but will be presented at the next meeting and will also be better aligned for future meetings.

Outcome: *The committee received the report*

4.5 Internal Audit Report – GP Enhanced Sustainability – Follow Up

The Head of Primary and Urgent Care Services provided members with an update on the progress against the actions within the GP Enhanced Sustainability internal audit report.

A short life working group was convened consisting of members from Primary Care and Finance to ensure that all improvements recommendations are taken forward. As part of this a work plan has been developed with specific timelines for completion. Upon discussion with Azets it was agreed that some of the timescales required to be amended due to the complexities and sensitivity of the process.

Limited historic paperwork was available due to these arrangement being put in place over ten years ago and a tool has been developed to identify areas of concern. Meetings have taken place with individual practices to discuss their positions and an impact assessment took has been developed to identify areas of

concern. Escalation or professional mediation may be required in some cases. Costs are being identified for this.

It was agreed that a monitoring system needs to be built into the process for after the work has been completed. The update provided assurance that good progress was being made to address actions and as such no further update will be required to committee if all timescales remain on track.

Outcome: *The committee received the update*

5. Assurance

5.1 Section 22 Report

The Director of Finance presented the section 22 report and advised that the content is a summary of the annual audit report which was submitted to both the ARC and the Board in June 2025. With regard to the timescales the report was published on the Audit Scotland website at the beginning of November and the Auditor General will give evidence at the Public Audit Committee on 26th November 2025 for section 22 reports on NHS Ayrshire and Arran and NHS Grampian. It is unknown as yet if a representative for the board will be required to attend a subsequent meeting (most likely to be held in January 2026). Weekly meetings have taken place with the Chief Executive, Non-executives and the Board Chair to prepare for attendance if required.

The NHS Overview report will be published by Audit Scotland on 5th December 2025 and will also go to the Public Audit Committee.

Members were assured of the work taking place by the leadership team in relation to this and the report would also go to the next Board meeting for information.

Outcome: *The committee received the report*

5.2 Annual External Audit Report Recommendations – Progress Update

The Director of Finance presented the annual external audit recommendations update and advised that the report has been developed to monitor the ongoing actions which were raised as part of the annual audit report. Four of the nine actions have now been completed, a few of the outstanding actions have been done however cannot be fully completed until they have gone through the annual audit process.

With regard to the Service Auditor requirements action, contracts have now been commenced with BDO and ATOS as the supplier of the platform and this work is now progressing with a view to complete by the end of March 2026. It was agreed there has been significant progress made.

The external auditor highlighted that discussions are ongoing with regard to the final accounts process and how this can be improved.

A query was raised with regard to the lessons learned report that the committee received at the last meeting. The Assistant Director of Finance advised that most

of this work will take place in January and February, a high level timetable has been developed with a sub-timetable for finance colleagues only. A teams channel has been developed to provide the ability to work on shared documents. The Chief Executive added that monitoring of the actions follow-up is being taken through CMT for additional assurance.

Outcome: *The committee received the report*

6. Governance and Risk

6.1 – 6.3 **Integration Joint Board Internal Audit Report and Plans East, North and South Ayrshire**

Representatives from each of the IJBs were in attendance to provide the annual assurance update on the 2024/25 internal audit report and the internal audit plan for 2025/26 in order to provide the committee with assurance of the processes. An annual opinion of reasonable assurance was placed on the adequacy and effectiveness of each of the IJB's framework of governance, risk management and control arrangements for the year ending 31 March 2025. Ongoing financial challenges for IJBs was taken into account as part of the audit.

Discussion took place on delayed discharges which has been covered as part of the audit programme in recent years however it was felt it may be helpful to have a look across each of the IJBs in terms of lessons learned. It was suggested that a review of the whole system approach be considered as part of the 2026-27 audit programme.

ACTION – Derek Lindsay/ CMT

Outcome: *The committee received the report*

6.4 **Strategic Risk Register**

The Medical Director presented the Strategic Risk Register which is submitted to each of the governance committees for their specific risks before coming to Audit and Risk Committee followed by the board. Formal assurance of the process is presented to the Risk and Resilience Scrutiny and Assurance group on a quarterly basis.

In summary there were 13 risks due for review within the reporting cycle, 12 of these risks have been reviewed with one being extended due to a change in Risk Manager. Risk 885- Medical Workforce Supply & Capacity has been deliberately paused and there has been an increase in risk 603 - Cyber Incident.
There have been overall changes to the control measures with further detail being added regarding the effectiveness of these measure.

Risk 557- Information Governance has been terminated and split into three new risks, 935- Data Protection Compliance, 936-Freedom of Information (Scotland) Act 2002 and 937-Poor Management of Corporate Records. Risks 668 - Transformational Change Reform and Recovery of Services and 669 - Sustainability Through Reform (CFA) in relation to the Caring for Ayrshire transformation work have also been paused at present due to a review of the transformation work taking place.

A committee member raised a query with regard to risk 668 which is due for review soon, it would be expected that after review there would be mitigating actions in place to move this risk to different target from its current one due to the importance of this. Risk 703-Financial Outturn was also highlighted due to the same mitigating actions being seen consistently. It was responded that the risk had recently been reviewed and updated and it was therefore agreed that both risks would be discussed with the risk team with a view to including more clarity on way forward in mitigation.

ACTION – Derek Lindsay / Crawford McGuffie

The Chair highlighted that the same questions and comments are being made at each committee regarding lack of clear information in reporting to clarify impact of risk and progress being made in mitigation together with information on how well current controls operate. More focus is required on the narrative within the risk and this will therefore be raised with the risk team. It was also suggested that maybe the report content should be reduced to include key information which the Chair agreed to discuss with the risk team.

ACTION – Jean Ford

Outcome: *The committee received the risk register*

6.5 Risk appetite statement
The Medical Director presented the revised Risk Appetite Statement and Approach for Committee approval prior to being submitted to the board.

A short life working group took place to fully explore and develop the statement and provide a tool which strengthened our position. A revised approach has therefore been developed and was approved by the committee for submission to the Board.

It was agreed that a clear plan would be provided to committee covering the education and training plan, timeline for rollout and implementation and how this sits alongside/ is integrated with the existing operational risk framework and reporting.

ACTION – Crawford McGuffie

7. Tender Waivers

7.1 Tender/ Quick Quote Waiver Report
The Assistant Director of Finance shared the routine tender/quick quote waiver report with members and highlighted that work is ongoing to tighten up the process with waivers now being submitted through a Microsoft Planner for review by the Head of Procurement, Assistant Director of Finance and Director of Finance. Tenders are reviewed for contracts, frameworks and suitability before being followed up with the department. It has been recognised that this is speeding up the overall process.

Within the report there is now information on tenders being rejected and the reasons for this which was not included before.

A number of waivers are due to maintenance of equipment by the original manufacturer and work is ongoing with Procurement to embed a process into contracts for this going forward to avoid the need for waiver applications.

Committee were assured that good processes are in place to minimise the use of waivers.

Outcome: *The committee received the report*

8. Any other competent business

8.1 ARC Proposed Dates for 2026/27
Members agreed the proposed dates for 2026-27.

Outcome: *The committee agreed the proposed dates*

9. Key issues to report to the NHS Board

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

- Internal audit updates and report
- IJB audit reports
- Risk register and risk appetite

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 committee information:

- CFS Quarterly Report 2025-26 – Q2

The Chair informed members that the format of the CFS quarterly report has changed and discussion took place on the suitability of this for committee members. It was agreed that instead of receiving the report in its entirety, the key highlights would now be included within the Counter Fraud update report along with the link for the Sharepoint site.

ACTION – Shirley Taylor

9. Date of next meeting

Thursday 22nd January 2026 at 2.30pm via Microsoft Teams

Approved by Chair of the Committee:

.... Date: ....