

**Minutes of NHS Ayrshire & Arran Audit & Risk Committee Meeting
held on**

Thursday 23rd January at 9.30am hours via Microsoft Teams / Eglinton Room 1

Present Jean Ford, Non-Executive Board Member (Chair)
Marie Burns, Non-Executive Board Member
Sukhomoy Das, Non-Executive Board Member
Joyce White, Non-Executive Board Member
Neil McAleese, Non-Executive Board Member

In attendance Claire Burden, Chief Executive
Lesley Bowie, Board Chair
Derek Lindsay, Director of Finance
Fiona McGinnis, Assistant Director of Finance (Governance and Shared Services)
Crawford McGuffie, Executive Medical Director
Jennifer Wilson, Executive Nurse Director
Judith Aspinwall, Financial Controller and Fraud Liaison Officer
Rachael Weir, Internal Auditor, Azets
Fiona Mitchell-Knight, External Auditor, Audit Scotland
Jack Kerr, External Auditor, Audit Scotland
Bernadette Milligan, Audit Scotland (Item 1 – 4.1)
Leigh Johnston, Audit Scotland (Item 1 – 4.1)
Kirstin Dickson, Director of Transformation and Sustainability (Item 5.3 – 5.4)
Debbie McCard, Risk Manager (Item 5.3)

Amanda Dowse (Observer)
Shirley Taylor (Minutes)

1. Apologies and declarations of interest

1.1 Apologies

The Chair welcomed everyone to the meeting, apologies were received from Marc Mazzucco, Elizabeth Young, David Jamieson and Roisin Kavanagh.

1.2 Declarations of interests

None noted.

2. Minutes of the meeting on 18 November 2024

The minutes were declared as an accurate record of the meeting with the following sentence removed within Item 4.4 as this was inaccurate and the need for additional assurance was reflected in the remainder of the minute for the Item.

Most actions have a quick turnaround and most actions are in progress which provides members with a level of assurance that issues are being mitigated.

3. Matters Arising

3.1 Action Log

Six of the ten actions on the log have been completed with one not yet due.

Item 5.4 18/11/2024 :-There is no further update with regard to the medical workforce risk on the risk register at present.

Item 6.1 18/11/2024:- It was noted that this Counter Fraud action is duplicative of Item 4.2 from 27/9/2024 and should be removed.

Item 4.2 27/9/2024 can now be closed as the discussion has taken place and reflected in the latest update.

Members agreed that the decision in regard to the community midwifery accommodation risk was very positive (closed action 5.4 18/11/2024).

3.2 Committee Work plan 2024-25

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

4. External Audit

4.1 NHS in Scotland 2024

Representatives from Audit Scotland attended to give a presentation on the NHS in Scotland 2024 Audit Report.

The report was published in December 2024 with a focus on financial and operational performance, waiting times standards and waiting lists. The key messages have not changed since the report published in early 2024 however have become more pressing issues. Funding had been provided by Scottish Government in 2023/24 to cover rising pay costs with challenges for all Boards in delivering savings.

With regard to waiting times standards, fewer patients were being seen than pre-pandemic and waiting time commitments were not being met. It was identified there was a need for fully transparent reporting in order to understand which initiatives were having an impact with a focus on preventative measures and improving people's health.

There is a need for a clear national plan with leadership from Scottish Government as most of the recommendations have been noted for Scottish Government. A revised medium term financial framework also requires to be

published for Boards to be able to achieve a balanced financial position and a realistic savings target. Areas of limited clinical value also need to be identified in order to redirect funding elsewhere.

It was confirmed that in 2023/24 eight boards required additional funding to be able to break even which is the largest number ever to need brokerage. Pay is the highest spend within the budgets and Agenda for Change pay awards over 2023/24 and 2024/25 are a 12% increase however there has been a drop in agency spend over the last year. Savings of 3.3% of baseline allocations have been made across NHS Scotland with non-recurring making up 63% of the overall savings. The financial delivery unit is working with Boards to try and reach financial balance and there has been a pause to any new healthcare facilities as available capital budgets are needed to cover existing estates maintenance.

In terms of operational performance, two of the nine waiting times targets are being met nationally with no boards meeting the planned care targets. There has been an improvement in performance against Psychology and CAMHS services across Scotland however deterioration in most other areas.

Increasing demand pressures in the system are affecting certain areas and although there are initiatives in place to tackle unscheduled care and delayed discharges these have yet to have an impact with the need for reform more urgent than ever.

Changes are being made to the Audit Scotland approach with a spotlight on governance report being produced in May. Good practice will be identified alongside areas of challenge, this will be done in conjunction with the principles of the Blueprint for Good Governance.

The report was very well received by the committee and the presenters, Bernadette Milligan and Leigh Johnston were thanked for their attendance.

Outcome: *The Committee received the presentation*

5. Internal Audit

5.1 Internal Audit Progress Report

The Internal Auditor shared the internal audit progress report and advised that since the last meeting a draft report has been issued for the GP Enhanced Sustainability Payments audit and fieldwork is ongoing for the Business Continuity Planning audit. It is anticipated that both audits will be reported at the March ARC and the 2024/25 programme will be on track to be completed as planned.

Outcome: *The committee received the report*

5.2 Internal Audit Plan 2025/26

The Internal Auditor presented a revised draft Internal Audit Plan for 2025/26 and advised that the first draft of the plan which was presented to the committee in November 2024 had subsequently been discussed at CMT. Two key changes

were made, adding both Strategic and Operational Planning which had been deferred from 2024/25 and a follow-up to this year's CRES audit to the plan. It was noted that Waiting Lists will take a Mental Health Focus this year.

The plan will now be submitted to the Integrated Governance Committee for review. Following this the final draft of the plan will be shared with ARC members for approval to submit to the NHS Board.

It was noted that the new global Internal Audit Standards Charter will be reflected within the plan and all coming audits. A webinar will take place in February to provide members with a further update and the date for this will be shared in due course.

ACTION – Rachael Weir

Outcome: *The committee received the updated plan*

5.3 Internal Audit Update – Risk Management

The Risk Manager was in attendance to provide an update on the progress of the risk management internal audit recommendations. The main focus has been on the update of the Risk Management Strategy which will be submitted to RARSAG for discussion on 24 January 2025. Wider actions will become the focus thereafter. It was agreed that the updated Strategy would be shared with Azets and as all actions are on track to complete by due dates no further update would be required by the committee unless this position changed.

Outcome: *The committee received the update*

5.4 Internal Audit Update - CRES

The Director of Transformation and Sustainability was in attendance to provide an update on the progress of the CRES internal audit recommendations and advised that as the date for completion for the majority of actions was 30 November 2024 the associated processes have now been delivered. A request was made at the last committee for a more robust update in order for members to better understand the processes developed in line with audit actions in order to improve identification and delivery of CRES. In discussion it was identified that although processes have been put in place it will take longer for these to be embedded. The internal auditor confirmed that there needs to be actions and evidence in place for the end of year reporting. It was agreed that now a programme of work for CRES has been put in place the review in the 2025/26 audit plan would consider how the embedding of this is progressing. It was confirmed that delivery of the programme would be monitored via Performance Governance Committee.

Outcome: *The committee received the update*

6. Governance and Risk

6.1 Best Value Position Paper (taken before item 5.3 & 5.4)

The Chief Executive shared the Best Value position paper and advised that the intention of the paper being presented to Audit and Risk Committee members is to demonstrate the process and approach rather than provide assurance at this

stage. This has been developed following recommendations by External Audit and follows the same process currently in use at NHS Dumfries and Galloway.

As part of the process a self-assessment was carried out which identified many more areas for improvement. These have been included as part of the 1-1 process with Directors and included within CMT meetings to make these areas business as usual.

Discussion took place on whether it would be helpful to hold a Board Development Day to assist Board Members in understanding their role in Best Value as outlined in Scottish Government Best Value Framework . The Board Chair agreed to look at this in more detail.

ACTION – Lesley Bowie

The External Auditor advised that they were happy with the framework which includes very clear strategic objectives and processes. It is expected that the self-assessment is honest and reflective of financial planning and demonstrates risk. It was agreed this would be kept under review.

Outcome: *The committee received the position paper*

7. Fraud

7.1 Counter Fraud Update Report

The Financial Controller provided the routine fraud update report and advised that Fraud Prevention Week ran from 17 to 23 November and interacted with over 500 staff members across a number of lunchtime sessions designed to promote routes of reporting fraud. There is a new FLO email address or alternatively concerns can be reported via Crimestoppers.

Work is ongoing on matches as part of the National Fraud Initiative exercise.

New cases and updates on existing cases were shared for information.

Outcome: *The committee received the report*

7.2 Counter Fraud Standards Self-Assessment

The Fraud Liaison Officer (FLO) shared the Counter Fraud Standards self-assessment with members and advised that this is our progress against the 12 standards in place to ensure that fraud awareness is embedded within the Board.

The draft submission suggested that 3 of 12 standards were fully embedded and 9 were outstanding however it was felt this required further review. It was highlighted that some of the partially met ratings are due to metrics not yet being available, however, this does not relate to all 9. The Chair as Counter Fraud Champion agreed to look further at the ratings in conjunction with the FLO with a view to providing clarity on exactly what action is needed to reach 'Met' if indeed we are not already there.

ACTION – Jean Ford

Outcome: *The committee received the updated self-assessment*

8. Tender Waivers & Procurement

8.1 Tender Waiver / Quick Quote Report

The Assistant Director of Finance shared the revised report to assure members that the procurement process is being followed as far as possible with waivers being kept to a minimum. Since quarter three there has been two standing waivers and eight one off waivers completed. The detail of this is contained in appendix two of the report. It was agreed that the additional information is helpful especially to consider the waivers by quarter. Concerns were raised regarding the number of waivers and it was responded that delays in setting up national frameworks have led to additional waivers being requested.

A question was raised with regard to community wealth building and whether this is considered when waivers are requested. It was confirmed that most spend is via national frameworks and it can be difficult to deviate from this and spend more locally.

Outcome: *The committee received the updated report*

9. Any other competent business

9.1 ARC Terms of Reference

The committee received the updated Terms of Reference to include the new ex officio members. There have been no other changes to the document. On discussion it was agreed that some wording required to be updated in relation to the Counter Fraud element of the Committee role. The Chair agreed to make changes and circulate to members for agreement prior to submission to the Board.

ACTION – Jean Ford

Outcome: *The committee agreed the Terms of Reference for submission to the NHS Board pending the changes detailed above.*

9.2 Dates for 2025/26

The dates provided for 2025/26 Audit and Risk Committee meetings were agreed with the preference for these meetings to be face to face.

Outcome: *The committee received the dates for 2025/26*

10. Key issues to report to the NHS Board

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

- Internal Audit Progress Report and Plan for 2025/26
- Internal Audit Updates on Risk Management and CRES
- Best Value Self-assessment
- Counter Fraud Update and Self-Assessment
- ARC Terms of Reference

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

None noted at present.

12. For Information

The following items were shared for members information:

- Audit Scotland Report – Alcohol and Drugs Service

12. Date of next meeting

Thursday 20th March 2025 at 9.30am via Microsoft Teams

Approved by Chair of the Committee:

..... Date: