

**Minutes of NHS Ayrshire and Arran Audit & Risk Committee Meeting
held on Tuesday 24 June 2025 at 09:15hrs 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
Craig McArthur, Director of Health and Social Care / Depute
Chief Executive
Derek Lindsay, Director of Finance
Amanda Dowse, Assistant Director of Finance (Governance and
Shared Services)
Rachael Weir, Internal Auditor, Azets
Fiona Mitchell-Knight, External Auditor, Audit Scotland
Jack Kerr, External Auditor, Audit Scotland
Vicki Campbell, Director of Acute Services (Item 2.1)
Judith Aspinwall, Financial Controller

Shirley Taylor (Minutes)

1. Apologies and declarations of interest

1.1 Apologies

The Chair welcomed everyone to the meeting.

Apologies were received from Elizabeth Young, Crawford McGuffie, Jennifer Wilson and Roisin Kavanagh.

1.2 Declarations of interests

None noted.

2. Internal Audit

2.1 Internal Audit Report – Patient Flow

The Internal Auditor presented the Patient Flow Internal Audit report and advised that the audit was very difficult to complete within the allocated timeframe and as such there are no management responses contained within the management action plan. This is due to the number of stakeholders who were required to be consulted on the suggested actions. The report was rated Amber - Substantial Improvement Required as radical redesign is necessary with an agreed focus on the unscheduled care recovery plan due to the amount of activity taking place in this area. The scale of challenge was recognised and endorsement given on the efforts currently underway. The plan sets out a number of improvement actions and control weaknesses which are known to management. Management have considered the findings from the ED overcrowding report which calls for streamlining and standardising the various workstreams as well as providing clarity to staff. Trakcare data capture for patient flow was also considered with a recognition that clear progress reporting is required.

The Director of Acute Services advised that the scoping work was aligned to ensure that the audit did not capture areas already in progress. The audit has captured what the service is looking for in terms of improvements and the management actions have been agreed, there are various plans in place to address the issues captured but an overarching plan is required. Bed management has always been a significant challenge and the plan to approach this area was welcomed including early conversations with the teams to recognise the resources required. The team were content with the accuracy of the report however the timings did not allow for detailed responses to the management actions which should be concluded within the next week.

After discussion it was agreed that the recommendations in the report were reasonable however Committee could not conclude on appropriateness of actions until detailed management responses have been provided and agreed in a final report. To avoid unnecessary further delay the final report will be shared by email with members for agreement when available to enable progression to the appropriate Governance Committee with an update being included in the September meeting.

ACTION – Shirley Taylor

Outcome: *The committee received the report*

2.2 Internal Audit Annual Report and Opinion 2024-25

The Internal Audit Annual Report and Opinion for 2024-25 was provided confirming that NHS Ayrshire and Arran has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives, except in relation to aspects of financial sustainability and the management of GP Sustainability Payments. The work ongoing in these areas was recognised as was the commitment of management to implement the suggested improvements.

The Chief Executive advised that there was 43 improvement actions within the year with 6 of these being red rated. All red rated actions have been addressed and are either closed or part of a future follow up audit.

Outcome: *The committee received the annual report and opinion which was deemed an appropriate assessment for the year in question*

3. Internal Assurance

3.1 Governance Statement and Supporting Letters

The Chief Executive shared the governance statement and supporting letters from Directors. Members attention was drawn to the Chief Executive governance statement which outlines the scope and responsibility of the Chief Executive as accountable officer. This focusses on the process of internal control, the governance structure that work is carried out within and the effectiveness of the internal control system as well as external and internal reviews.

Disclosures have been highlighted such as the unannounced inspection of Marchburn ward at East Ayrshire Community Hospital and a personal data incident which was reported and closed. The two red rated internal audits were included as part of the disclosures specifically in relation to the management actions taken in year to close these.

It was highlighted that there was no reference within the governance statement to the National Whistleblowing Standards which would be positive to have assurance of. It was agreed this would be taken back for review.

ACTION – Claire Burden

Outcome: *The committee received the statements and took assurance from the content*

4. Statutory Annual Accounts

4.1 Annual Accounts for NHS Ayrshire and Arran – 2024-25

The Director of Finance shared the annual accounts for 2024-25 and advised that the highlight message within the account was that £51.4m brokerage was received from the Scottish Government resulting in a £1.1m surplus in year. The reason for this was due to the Primary Care prescribing payments for February and March 2025 which were £884k less than what was accrued and resulted in an improved financial position. The cover paper flagged some main points of interest within the accounts.

Members were advised that the Performance Report should be signed by the Accountable Officer along with the Accountability Report including the Staff and Remuneration Report at the Board on 30 June. Finally, the consolidated statement of financial position will be signed by both the Director of Finance and Chief Executive on same date.

Appreciating that there had been issues with time available and the lack of compliance with FReM when developing the revised Annual Report, a question was raised regarding why a fairly substantial amount of the wider narrative which was previously in the draft performance report presented to the Audit and Risk

Committee on 15 May had been removed and why similar content seemed to be acceptable in other Boards reports. It was confirmed that this was largely the result of the time pressure faced at the end of the process and Audit Scotland confirmed that there was no issue with inclusion of such information in future provided everything complied with the FReM. It is the intention to progress with the wider report in future years.

Members thanked everyone involved in the production of the accounts for their hard work.

Outcome: *The committee approved the accounts for submission to the board*

5. External Audit

5.1 ISA 580 Audit Completion Letter

The External Auditor shared the ISA 580 audit completion letter and provided an unmodified audit opinion on the accounts which are free from material misstatements. A few matters still required action before the accounts are submitted to the Board for adoption but there is nothing outstanding which will affect the overall opinion.

The letter of representation is included as part of audit evidence and will be signed by the Chief Executive as Accountable Officer at the Board on 30 June. This is a standard letter and part of the routine process.

Outcome: The committee received the letter

5.2 Annual Report

The External Auditor shared their Annual Audit Report for 2024/25 providing an unmodified opinion and drew members' attention to the key messages on pages 3 to 5.

Substantially completed accounts were submitted to Audit Scotland on 5 May in line with the audit timetable however further information was required in the performance report to ensure compliance with the guidance, a recommendation has been included within the report for this to be rectified for next years' accounts.

It was highlighted that a large number of adjustments required to be made to the accounts, including figures, narrative and disclosures. A recommendation was included for this to be addressed for future accounts and assurances have been given by management that these issues will be addressed.

The budget was set in a deficit position and the financial targets were met in 2024/25 after receiving brokerage from Scottish Government. It was agreed that it can be difficult to plan if settlements are received late in the year however work is required to ensure that 3% recurrent savings are made next year. It was highlighted that there are appropriate arrangements in place for budget setting however issues have been identified with regard to achieving recurring CRES

and the requirements for this. There is also uncertainty regarding the savings that can be generated by the IJBs and a recommendation is included in relation to this.

With regard to financial sustainability, it was agreed that the board is not financially sustainable and correspondence with Scottish Government has been clear about the reality of achieving the requested outturn in 2025/26. The Board should seek Scottish Government support for short and longer term radical reform plans.

In terms of vision, leadership and governance it was found that appropriate governance is in place as well as accountability arrangements within the board however there are areas whereby improvements can be made and work needs to take place with Board members, CMT and Scottish Government to ensure sustainability of services.

With regard to the use of resources to improve outcomes it was highlighted that service performance against national waiting times targets is behind target, delayed discharges vary from month to month and sickness absence rates whilst improved are well above the 4% national target.

In summary it was noted that a lot of activity is taking place and improvement plans are being developed however there is no impact being seen on the financial position and service performance. This will continue to be reviewed going forward.

Members were referred to the action plan on appendix 1 highlighting the recommendations. A follow up has taken place on last year actions which have mostly been completed or have been superseded by other actions.

The Chief Executive thanked everyone for their support and advised that the recommendations have been accepted. The committee felt that although the findings were not unexpected they were stark when formally reported and reinforced the need for continued immediate and robust action both internally and in raising directly with Scottish Government.

It was agreed that the Committee would monitor progress with recommendations and this will be added to the workplan and future agendas to ensure updates are received.

ACTION – Shirley Taylor

Everyone involved was thanked for their input and efforts.

Outcome: *The committee received the report which will be submitted to the NHS AA Board.*

6. Assurance to Board

6.1 Annual Audit Assurance Statement to the Ayrshire and Arran Board

The Director of Finance shared the annual audit assurance statement which will be taken to the Board meeting on 30 June along with the annual accounts for 2024-25, the letter of representation and the annual audit report from Audit Scotland. Reference within the statement will be given to the work completed and assurance received in terms of the external audit opinion, governance statement and internal audit annual assurance statement.

The committee approved the statement for submission to the board with the addition highlighted in italics below to point 4.1.

4.1 On the basis of work undertaken by the Audit and Risk Committee in respect of the financial year 2024/2025, the Committee considers the control environment and systems of internal control to be *adequate and improvements highlighted by internal and external audit are recognised and committee will ensure these are achieved in 2025/2026*. They can be relied on by the Board in approving the signing of the Performance Report and Accountability Report and the adoption of the Annual Accounts for the year ended 31 March 2025 by the Board.

ACTION – Derek Lindsay

Outcome: *The assurance statement was approved for submission to the Board*

8. Key issues to report to the NHS Board

As all items from the meeting will flow to Board they will be listed as such in the key items report.

9. Date of next meeting

Thursday 18th September at 09:30am via Microsoft Teams/venue to be confirmed

Approved by Chair of the Committee:

..... Date: