

**Minutes of NHS Ayrshire & Arran Audit & Risk Committee Meeting
held on Thursday 18th September at 09:30hrs 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
Derek Lindsay, Director of Finance
Amanda Dowse, Assistant Director of Finance (Governance and Shared Services)
Gordon Young, Head of Counter Fraud
Elizabeth Young, Internal Auditor, Azets
Rachael Weir, Internal Auditor, Azets
David Jamieson, External Auditor, Audit Scotland
Roisin Kavanagh, Executive Director of Pharmacy
Vicki Campbell, Director of Acute Services
Judith Aspinwall, Financial Controller
Debbie McCard, Risk Manager

Shirley Taylor (Minutes)

1. Apologies and declarations of interest

1.1 Apologies

The Chair welcomed everyone to the meeting, apologies were received from Gordon James, Crawford McGuffie, Jennifer Wilson, Fiona Mitchell-Knight and Jack Kerr.

1.2 Declarations of interests

None noted.

2. Minutes of Meeting held on 19 and 24 June 2025

The minute of 19th June was agreed as an accurate record with the following update; the payment verification report was shared with East Ayrshire IJB only due to them having responsibility for the GP Enhanced Sustainability payments.

Changes will be made to the minute of 24th June to add more depth to the reflection of members concern following the challenging internal audit report received. The minute will be updated and circulated via email for committee agreement.

ACTION – Shirley Taylor

It was suggested that the meeting be recorded in future to aid the production of the minute. Discussions will take place to ascertain if the record and/or transcription function can be used at future meetings.

ACTION – Shirley Taylor

3. Matters Arising / Action Log

There were 15 items on the action log, 12 proposed as closed, 3 in progress.

The Chair questioned if there was any feedback on the risk item actions under 5.5 from 19 June which were marked as closed. It was confirmed these had been raised with the risk team and the responsible Director and it is hoped it will be resolved by the next update to the committee. Members agreed the action will remain open until the outcome is reflected.

ACTION – Shirley Taylor

A member raised a query with regard to action 5.2 and whether this action should have been closed pending the remaining actions from the external audit report. It was confirmed that the action was closed as the external audit progress report had been added to the workplan for review at upcoming meetings in November and January.

Following circulation of the papers, an update was received on action 6.3 to advise that the GP Enhanced Sustainability internal audit report will be presented to the East IJB Audit and Performance Committee on 30 September therefore this action will now be closed.

3.1 Committee Workplan 2025/26

The workplan was shared with the committee with changes noted in red for ease of reference.

A query was raised with regard to the addition of the annual accounts reflections 2024-25 item and whether this should be reported regularly given the severity and challenge being faced. It was confirmed that the extra measures in place following the annual accounts reflections would be reported as part of the external audit progress update going forward with the reflections piece as a stand-alone item.

4. Counter Fraud

- 4.1 Presentation from Head of Counter Fraud Services and Annual Report
The Head of Counter Fraud Services was in attendance to present to the committee progress over the last 12 months and expectations of the next 12 months ahead in terms of counter fraud prevention.

The Public Sector Fraud Authority is a UK wide organisation dealing with fraud and have quoted losses between £55b and £81b across the public sector.

An update was given on the Counter Fraud Strategy and the four strategic pillars within this; understand, prevent, respond and assure. The strategy is due to be renewed for 2026-29 and will be launched on 1st April 2026 by the cabinet office. The Counter Fraud Standard is a self-assessment process with 12 different components. Work is beginning to ensure that the standard is still fit for purpose and there have been suggestions made that this should be conducted as part of a peer review process for assessment. With regard to referrals over the last two years, it has been demonstrated that there is a good culture within the board whereby staff are willing to raise concerns if necessary.

Members were advised of some ongoing cases and themes that have been investigated over the last few years.

International Fraud Awareness Week is taking place from 17-23 November. Social media will be used to promote a strong message around counter fraud and there will be a focus on different principles each day.

The chair thanked the Head of Counter Fraud Services for the presentation and highlighted to members that the presentation content covered the previous year noting that the 2024-25 self-assessment against the Counter Fraud Standards was approved at April ARC with six being met and six partially met.

The Assistant Director of Finance advocated for the counter fraud module to be mandatory for certain roles within the Board. It has been sent forward to both the Accounts payable and Payroll teams to be completed as a matter of course.

A committee member raised a question with regard to whistleblowing and whether referrals are triangulated to whistleblowing. It was confirmed that the majority of referrals are routed via Crimestoppers and most referrals are anonymous. No referrals from this board have been highlighted as part of the whistleblowing process.

Outcome: *The committee received the presentation and thanked the Head of Counter Fraud Services for his attendance*

- 4.2 NHS Scotland Credit Card Spend
The Head of Counter Fraud Services provided members with an update on the NHS Scotland report on Credit Card Spend. All boards were asked for data on credit card spend due to a couple of cases of misuse being highlighted. The final report was shared with boards to ensure that consideration is being given to the use of credit cards and limiting spend on these where possible. No single NHS

policy on Credit Cards exists and Counter Fraud Services have recommended to Scottish Government that there should be one.

The Assistant Director of Finance advised that the spend on the Ayrshire & Arran credit card is predominantly on visas. The process has been reviewed to ensure this is robust. There is one physical and one virtual card linked to the same account which is managed by the Financial Services Manager and the virtual card held within HR for the visas for international recruits. Discussions are taking place with Royal Bank of Scotland with regard to credit card spend as there is the ability to earn a rebate on purchases. Discussions are also ongoing regarding procurement lodge cards which will be tagged to one single supplier for low price, high volume items. Risks of this are still being explored.

The Director of Finance advised that spend on the NHS AA credit card has either remained steady or gone down since 2022-23 with the majority of spend being on visas and immigration costs for international employees .

Outcome: *The committee received the report*

4.3 Counter Fraud Update Report

The Financial Controller provided members with the routine counter fraud update report. There were no specific cases to highlight and the main themes of the referrals received were theft of desirable drugs and staff absences. These are being managed via local reviews. Three formal investigations are now reaching conclusion and outcomes will be shared with the committee for information when concluded.

An update was given on progress against the Counter Fraud Standards action plan. Work will take place with communications with regard to the promotion of Counter Fraud week. A few different themes and days will be chosen and promoted to staff. The Counter Fraud Turas training package will also be promoted and new staff will be targeted through the induction process. The overall 2025 focus in relation to the standards will be on engagement and awareness for staff through training.

Members supported the proposal for peer review of progress against the standards going forward.

Outcome: *The committee received the report*

5. Internal Audit

5.1 Internal Audit Progress Report

The Internal Auditor presented the internal audit progress report which is at a fairly early stage of the internal audit plan. The audit of Lead Partnership Arrangements is delayed due to there being some dubiety with regard to the scope of the audit.

The chair questioned whether there was any indication that the lead partnership audit may not be appropriate to be carried out now. It was confirmed that this was not the case at present.

A question was raised as to the planned audit of Staff Performance Management and whether this includes IJB staff. The Internal Auditor advised that only staff on NHS Ayrshire and Arran payroll would be included.

Outcome: *The committee received the report*

- 5.2 Internal Audit Report – Property Transaction Monitoring
The committee received the Property Transaction Monitoring Internal Audit report giving a rating of effective with no recommendations received.

Outcome: *The committee received the report*

- 5.3 Internal Audit Follow Up report
The Internal Auditor advised that 39 actions were followed up within this period. 10 actions were closed and 24 are still not due for completion. The majority of these are in relation to the Patient Flow Management audit. With regard to the CRES audit it was noted that only one recommendation remains open in relation to ongoing finance support for CRES. Since the paper was produced there has been some movement in relation to the GP Sustainability Payments audit and discussions regarding this are encouraging.

A concern was raised with regard to target deadline dates being set which cannot be met. It was noted this process has gotten better but there is still room for more improvement in relation to this when timescales are being set and agreed.

The Director of Finance updated members that the job description for the Finance Business Partner post as part of the CRES audit actions has now been finalised and has gone forward for evaluation, once completed the recruitment process will commence. It was agreed a more realistic target should have been set for completion of this recommendation at the outset.

Members agreed that the follow up of actions was in a good position however work will continue to reduce the number of overdue actions.

Outcome: *The committee received the report*

- 5.4 Internal Audit Report – Patient Flow Management – Follow Up
The committee received the Patient Flow Management internal audit updated to include detailed management responses to actions. The Director of Acute Services provided feedback on the progress against the actions to date. It is expected that the Trakcare dashboard will be in place by 20 November following some challenges with the digital sign off. Configuration will be completed at ward level and there was confidence that the timescales would be met.

With regard to bed management the action was related to the full capacity protocol monitoring and compliance. Awareness sessions have taken place throughout September with governance arrangements being implemented within October. The consolidation of plans aligns to the whole system plan and investment within acute services and HSCPs. Weekly meetings are taking place with the Chief Executive to ensure the unscheduled care plan is being met. It was agreed there is clear scrutiny and visibility within this process with clear

trajectories being set. It is anticipated that all actions will be completed prior to the 20 November due date.

The Internal Auditor advised that a great deal of work has been carried out since the audit was completed and although the timescales were short there is confidence that these will be implemented prior to the deadlines.

Members agreed that although the deadlines were tight there was assurance that the management actions were robust and achievable.

A member raised a query with regard to board member assurance being provided following weekly reviews in this arena in a wider context than ARC. It was agreed it would be helpful for board members to receive a regular update and the Board Chair agreed to discuss this further with the chief executive to request a one page summary of the performance. It was however noted that the information will still remain slightly out of date and unfortunately this is unavoidable.

ACTION – Lesley Bowie

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

6. Assurance

6.1 Section 22 Report Notification

The External Auditor informed members that a section 22 report has been issued under the Public Finance and Accountability Scotland Act 2000. This will focus on specific issues or concern raised by the appointed auditor from the annual audit report and the section 22 report must be laid in Scottish Parliament alongside the annual accounts.

Notification of this was provided to the Chief Executive by letter on 18 August due to the board's difficulty in reaching the financial target, financial sustainability, leadership and governance. A draft report has been received by the Chief Executive who has to revert on the factual accuracy of the letter by 29 September with the final report being presented to Scottish Government on 04 November. Information on this will be added to Audit Scotland's website and it will also be discussed as part of the Scottish Government Public Audit Committee however no date has been confirmed for this as yet. Discussions will be commencing within the next week regarding the factual accuracy of the report.

Once a Section 22 report has been submitted the local auditor no longer has much input to the process however will be expected to attend the Scottish Government Public Audit Committee alongside the Chief Executive.

It was discussed that in a wider context than ARC there requires to be clear communication developed to ensure the narrative is accurate before it is presented to the public and that board members need to be kept apprised on a regular basis of the progress. Board Chair advised that meetings will take place in the first instance to lay out the approach to be taken and once this is clear there

will be further communication. Further discussions will take place on whether it would be beneficial to re-instate the non-exec communication sessions whilst this is ongoing.

Outcome: The committee received the letter

6.2 Annual Accounts Reflections 2024/25

The Director of Finance presented an annual accounts reflections report taking a look back on last year and detailing plans for the coming year. There is a tight timescale each year to prepare the accounts from year end until the beginning of May when they are first submitted to the auditor. Within this period the ledger remains open for any accruals and reports are produced for both the Board and Scottish Government.

The statutory deadline for the accounts is 30 June and although the accounts were handed to the auditor on 5 May this was not inclusive of any narrative or the performance report which will be improved upon going forward.

The report shared with the committee contained three appendices; the recommendations from the annual audit report which will be monitored closely at each audit and risk committee, the actions following a review of the process which has been discussed with the performance team and Audit Scotland for reflection and thirdly the audit timetable for reference.

The Assistant Director of Finance added that the paper has been produced to consider how to take this forward to ensure the same mistakes are not made again. Specific comments on the annual accounts preparation found that timescales were not met, there was a reliance on key individuals and responses back to the auditors were slow. For next year the planning meeting will take place in January and discussions are underway regarding a single Teams channel being developed to allow better collaboration on a single document. Regular planning meetings will take place with Transformation and Sustainability and assurance was provided that the performance report and accounts will be reviewed to ensure compliance with FREM.

There is a plan in place to have more staff involved in the quality checking of the accounts to ensure a more streamlined process of submission. There will also be an expansion on the number of staff involved in the preparation of the accounts, which will also aid their own development and experience.

A single point of contact for each area will be identified to assist during the audit period to ensure timely feedback to Audit Scotland on any queries. Weekly meetings will also take place with Audit Scotland to ensure that any queries are escalated as appropriate.

Feedback has been received from Audit Scotland that the paper provides an honest assessment of the process last year and they have endorsed the recommendations around quality checking and expanding the volume of staff involved to give additional assurance.

A member raised concern with regard to the recommendations around strategic financial planning within the report and felt that the board need to seek Scottish Government Support for more radical reform. It was also felt that more clarity was required with regard to who was carrying out the action and the timescales for this as well as an understanding of the options being explored. It was agreed it would be useful to be advised of how this will be managed.

It was agreed that members would like to see more detail at the January meeting with regard to the timetable and be kept up to date on a regular basis with regard to progress with any delays/issues being highlighted as early as possible.

It was also agreed it would be useful to have some evidence of the work taking place to allow Audit Scotland to close off the recommendations.

ACTION – Jean Ford / Amanda Dowse

Outcome: *The committee received the report*

7. Governance and Risk

7.1 Risk Audit Advisory – Inherent Risk Score

The Risk Manager was in attendance to provide members with an update on the advisory action resulting from the Risk Management Internal Audit. The advisory action was to look at potentially introducing a third or inherent risk score to the process. This has been discussed at RARSAG in July and it was agreed that improvements have been made as part of the audit actions and assurance has been provided due to feedback received from various committees that the changes have allowed risk managers and owners to assess the impact of the current mitigations. It was felt this largely addresses the inherent risk score and as such it would not be advantageous to the process. It was confirmed this update was provided back to the Internal Audit in response to the recommendation.

Members agreed that it would be more helpful for the timescales of the target score to be made clearer and that the introduction of an inherent risk score would complicate the process further. The Internal Auditor was content with the response and has marked the recommendation as being complete.

Outcome: *The committee received the update*

7.2 Tender Waiver / Quick Quote Waiver Report

The Assistant Director of Finance presented the tender waiver report and advised that there has been some work undertaken to trial a difference approach to the recording, reviewing and decisions on tender waivers using Microsoft Planner. This has so far been successful and going forward the report will make clear waivers which have also been declined or returned as this has not been visible in the reports before and will give members more assurance over the process for tender waivers.

It was confirmed there have been 18 waivers within 2025-26 to date, 13 one off waivers and five standing ones. It was confirmed that there are a number of sole suppliers whereby the tender waiver is being generated for maintenance of a service they have already provided. This should have been built into the initial contract and work is ongoing to look at this for future contracts.

A query was raised in relation to one tender waiver whereby the supplier is on contract however a waiver has been completed to buy items direct at a cheaper price. It was confirmed this has been highlighted to national procurement as all Boards who have access to this framework should be receiving the benefit of better pricing.

Outcome: *The committee receiver the report*

7.3 Viridian Tender Waiver

The Director of Finance shared a paper on the tender waivers that have been raised to Viridian over the last two years. There have been three waivers in total with the main one costing £1.356m plus VAT. Two other waivers have been agreed subsequent to this, the first being assisting the e-rostering rollout and the second being the introduction of the operational PMO. Due to the time taken to advertise and recruit to these posts it was thought that bringing the resources through Viridian was appropriate for the time being.

It was felt it would be helpful to see what the overall investment is including the initial investment from Scottish Government.

Highlighting the additional resource for operational PMO in Acute, a member queried how this sat with the triumvirate working which was heavily invested in and whether there was evidence of this additional resource making an improvement. The Director of Finance clarified that within the revenue plan £275k has been set aside to recruit improvement support staff for Acute operational services. This funding is being used to employ Viridian to do this work on a temporary basis until staff can be employed. The wider query on effectiveness of triumvirate working is outside the scope of ARC.

Outcome: *The committee received the report*

8. Any other competent business

8.1 Extension of Azets Contract

Representatives from Azets left the meeting.

The Director of Finance presented a paper requesting endorsement to extend the Azets contract for a one year period in line with the terms of the contract. The initial contract was for a three year period with the option of two x one year extensions if required. This is a joint contract between NHS Ayrshire and Arran, NHS Greater Glasgow and Clyde, Golden Jubilee and NHS 24. All other boards within the contract are supportive of the extension.

It was agreed that checks should be made to ensure Azets would have capacity to take on the extension before submitting this to the Board for approval.

ACTION – Derek Lindsay

The committee agreed there had been no issues highlighted with Azets throughout the contract and reports have been received timeously. On this basis the committee were content to propose the extension to the Board for approval.

Outcome: *The committee recommended the contract for an extension of one year*

9. Key issues to report to the NHS Board

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

- Presentation from CFS and updates on action plan progress
- Internal audit reports, progress and follow up report
- Extension of Azets contract

The Section 22 update from Audit Scotland would in the normal course be included, however, as this information will not be in the public domain at the time of the board it cannot be included.

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:

- Audit Scotland Technical Bulletin
- CFS Quarterly Report 2025-26 – Q1
- Revised Payment Verification Protocols

9. Date of next meeting

Thursday 20th November at 2:30pm via Microsoft Teams

Approved by Chair of the Committee:

..... Date: