



## **Minutes of NHS Ayrshire and Arran Audit & Risk Committee Meeting**

**held on Wednesday 15<sup>th</sup> March at 09:30 hours via Microsoft Teams**

**Present** Jean Ford, Non-Executive Board Member (Chair)  
Marie Burns, Non-Executive Board Member  
Sukhomoy Das, Non-Executive Board Member  
Bob Martin, Non-Executive Board Member  
Marc Mazzucco, Non-Executive Board Member

**In attendance** Derek Lindsay, Director of Finance  
Fiona McGinnis, Assistant Director of Finance (Governance and Shared Services)  
Hugh Currie, Assistant Director of Occupational Health and Safety and Risk Management  
Jamie Fraser, Internal Auditor, Grant Thornton  
Elizabeth Young, Internal Auditor, Azets  
Fiona Mitchell-Knight, External Auditor, Audit Scotland  
David Jamieson, External Auditor, Audit Scotland  
Jack Kerr, External Auditor, Audit Scotland  
Derek Hoy, Audit Scotland  
Fiona Lees, Audit Scotland

Shirley Taylor (Minutes)  
Christie Fisher, Non-Executive Director (Observer)

### **1. Apologies and declarations of interest**

#### **1.1 Apologies**

The Chair welcomed everyone to the meeting, specifically Elizabeth Young, Fiona Mitchell Knight, David Jamieson and Jack Kerr to their first meeting as our new Internal & External Auditors and Derek Hoy and Fiona Lees who would be presenting the Audit Scotland reports on NHS in Scotland 2022. Apologies were received from Claire Burden and Lesley Bowie.

#### **1.2 Declarations of interests**

There were none.

### **2. Minutes of the meeting on 23 November 2023**

The minute was declared as an accurate record of the meeting.

### **3. Matters Arising**

#### **3.1 Action Log**

All actions were noted as completed.

With reference to Item 5.2 in the minute of 23 November 2022, the chair advised that the internal audit recruitment process took place during December 2022 with the recommendation to approve Azets made to ARC members and agreed by correspondence. On 20<sup>th</sup> February 2023 Azets was approved as the new internal auditor for a period of three years.

#### **3.2 Committee Work plan 2022-23**

The committee received the amended work plan with changes detailed in red for ease of reference. The Audit Scotland Technical bulletin has not been included in the agenda as the most recent issue did not have matters relevant to the NHS.

#### **3.3 Committee Workplan 2023-24**

The committee considered the draft workplan for 2023-24. A query was raised in relation to the inclusion of the counter fraud standards however it was confirmed this would be included as part of the routine counter fraud updates. It was also agreed that the Internal Audit Update would be provided quarterly. The workplan will be amended to reflect this.

Action: Shirley Taylor

It was confirmed that fieldwork has been completed for the remaining three audits undertaken by Grant Thornton. All final reports will be available in time for the annual internal audit opinion.

### **4. External Audit**

#### **4.1 NHS in Scotland 2022**

Derek Hoy and Fiona Lees from Audit Scotland were in attendance to present the findings of NHS in Scotland report for 2022 for which NHS Ayrshire and Arran was used as one of the case studies.

The report differs from that of recent years as previously it would have focussed on financial and operational performance however this year saw a more focussed approach which looked at the NHS recovery plan from August 2021 to gain an understanding of how this was being implemented. The report considered the trend of growth in health spending over the past few years and the severe operational pressures being faced by all boards due to winter pressures, delayed discharges and increased A&E attendances.

A focus of the report was on staffing and recruitment which was found to be the biggest risk to the recovery plan as identified within last year's report. Although staffing rates have increased, so too has turnover of staff, sickness absences rates and reliance on agency staff. The number of nurses completing undergraduate training is very low and also cause for concern. The Scottish Government are planning to utilise international recruitment to bridge the gap.

A big part of the recovery plan is looking to clear the backlog post covid. This is a very challenging situation as waiting lists are continuing to grow resulting in people waiting longer for treatment and significant increases in waiting lists for inpatient, day case and diagnostic testing. There has not been much improvement identified nationally since last year with the main focus being on reducing the numbers of very long waits.

The findings of the report found the recovery plan to be very ambitious and not based on detailed demand and capacity modelling work. There is no detailed action plan so it is difficult to measure progress and there has been minimal engagement with boards by the Scottish Government in its preparation..

Information stated on the NHS Inform website regarding length of wait was not found to be accurate and therefore misleading. Clarity and transparency is required to gauge how long people should expect to wait for treatment.

There is a need for reform of the health and social care system in order to achieve a reduced demand for healthcare services. This work has commenced and progress will be monitored by Audit Scotland.

**Outcome:** *The Committee received the presentation and thanks were given to Derek Hoy and Fiona Lees for their attendance and for bringing the audit report to life.*

#### 4.2 External Audit Plan 2022-23

The external auditor presented the first annual audit plan from Audit Scotland who have been appointed as the external auditor for the next five years. Detail was provided of the planned audit approach for this year and the areas that will be examined as part of the audit such as valuation of land and buildings, use of Covid funding within IJB reserves, the e-financials system upgrade issues and workforce challenges and planning. Independent assurance on the annual accounts will be provided by the end of June in line with national deadlines. It was noted that there was a significant fee increase due to increased expectations and inflationary pressures.

**Outcome:** *The committee received the plan set out by the external auditors.*

### 5. Governance and Risk

#### 5.1 Review of Committee Terms of Reference

The committee considered the terms of reference which were presented for annual review and endorsement for submission to the NHS Board for approval. Discussion took place and it was agreed that small wording changes would be required to both section 3.1 and 3.6. The committee were in agreement with this and the document would be updated following the meeting.

Action: Jean Ford/Derek Lindsay

**Outcome:** *The committee agreed the Terms of Reference for onward submission to the NHS Board with the proposed changes being made.*

## 5.2 Strategic Risk Register

The Assistant Director of Health, Safety and Occupational Health was in attendance to present the Strategic Risk Register. Two specific risks were highlighted which have been discussed in detail at various other committees. Risk 767 with regard to emergency department overcrowding is due for review on 31<sup>st</sup> March 2023, a more updated output will be sought regarding this. Risk 357 was also discussed in relation to mandatory and statutory training. This is currently being tolerated however concern was expressed from committee members regarding the significant challenges in relation to training uptake.

The volume of key risks was challenged together with whether there was a need for a more overarching risk regarding ability to recruit and retain staff. This will be raised at Risk and Resilience Scrutiny and Assurance Group.

It was noted that the governance committee responsible for each risk should endeavour to review their risks on a regular basis to ensure that control measures are in place and have assurance from the relevant risk manager. This will ensure that the committees have improved confidence in the way risks are being managed.

To progress this, it was agreed that a discussion would take place at the Integrated Governance Committee with a focus on how governance committees can build in this assurance to their activity.

Action: Jean Ford / Hugh Currie

**Outcome:** *The committee received the strategic risk register.*

## 6. Internal Audit

### 6.1 Internal Audit Progress Update Report

The Internal Auditor provided the progress update report which outlines the status of all audits. It was confirmed that fieldwork has been completed on the last three audits, assurance was provided by the auditor that the reports will be circulated in time for the annual opinion to be given. A handover on any outstanding issues will also be provided to Azets.

Action: Jamie Fraser

**Outcome:** *The committee received the report.*

### 6.2 Internal Audit Report – Risk Management (Safety Action Notices)

The Internal Auditor presented the internal audit on risk management. The audit considered the controls in place in relation to safety action notices and received two medium and one low rated finding providing an overall assurance level of partial assurance with some improvement required. The findings were centred on the roles and responsibilities of staff in relation to processes and timescales,

specific action owners being noted within the paperwork and reporting of compliance with the safety action notice.

The Assistant Director of Occupational Health, Safety and Risk Management provided assurance that the actions would be taken forward with a quarterly progress report through the Risk and Resilience Scrutiny and Assurance Group and directors will be challenged on performance.

**Outcome:** *The committee received the report.*

### 6.3 Internal Audit Report – Recruitment

The Internal Auditor presented the internal audit on Recruitment which considered the processes and implementation of the Jobtrain programme. The review received three medium, two low and one improvement rated findings with an overall rating of partial assurance with improvement required.

It was noted there are significant workforce challenges within the organisation at present and it was agreed it would be useful for the report to be considered by the Staff Governance Committee for monitoring of actions however a progress update should come back to the Audit and Risk committee to provide assurance given the level of concern surrounding recruitment challenges. Discussions will take place with colleagues from O&HRD regarding timeframes for reporting to committees.

Action: Hugh Currie/Shirley Taylor

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

### 6.4 Internal Audit Report – Organisational Culture

The Internal Auditor advised that an advisory review has taken place into Organisational Culture. Due to the review being advisory in nature there is no assurance level or risk rating. A culture plan incorporating the findings of the review is currently being prepared and will be presented to the Corporate Management Team within the next week. It was agreed that the report would be submitted to Staff Governance Committee for monitoring of recommendations. Following this a progress update should come back to Audit and Risk Committee for assurance that recommendations are being taken forward. Details of submission deadline and meeting dates will be shared with O&HRD colleagues.

Action: Hugh Currie/Shirley Taylor

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

### 6.5 Internal Audit Report – Review of PMO (Part 2)

The Internal Audit review of PMO (Part 2) was conducted as a follow up to part one which was reported to the Audit and Risk Committee in November 2022 and part two looks at financial savings and cost avoidance. The review was given one medium and one low rated recommendation with a rating of reasonable

assurance. It was noted that most actions from Part 1 of the audit are now complete with three actions which have extended the due date for completion. The committee agreed that the audit will go forward to the Performance Governance Committee for monitoring of actions.

Action: Shirley Taylor

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

#### 6.6 Internal Audit Report – Microbiology Point of Care Testing

The Internal Audit focussed on the control measures in place around governance, policies, records, service delivery and the use of operators. The review was rated as partial assurance with improvement required and received three medium rated recommendations. The report will go forward to the Healthcare Governance Committee for monitoring of actions.

Actions: Shirley Taylor

**Outcome:** *The committee received the report which will go forward to the Healthcare Governance Committee for monitoring of actions.*

#### 6.7 Internal Audit Report – Quality and Cost Improvement

The Internal Auditor advised that the advisory review on quality and cost improvement was completed in December 2022. Four observations were made as part of the review. The committee agreed there was no requirement for this review to be circulated further.

**Outcome:** *The committee received the report.*

#### 6.8 Internal Audit Follow Up Report

The Internal Auditor presented the follow up report which provides the committee with an update on progress made by management in implementing audit recommendations. It was noted that since the report has been finalised a revised due date has been received for five of the outstanding actions. One outstanding action in relation to the redesign of unscheduled care has now been completed. It was agreed that a copy of the summary page showing the status of all actions which had been included in previous reports would be sent to the Chair for information.

Action: Jamie Fraser

Discussion took place and it was agreed that a meeting would be arranged to discuss the future reporting mechanisms from Azets to ensure these meet the needs of the committee and can easily feed in to each of the sub committees. Derek Lindsay and Jean Ford to pick up with Elizabeth and Rachael to further discuss and develop reporting.

Action: Shirley Taylor

**Outcome:** *The committee received the report and noted progress.*

## 6.9 Internal Audit Plan 2023-24

Elizabeth Young presented the internal audit plan for 2023-24. The original plan was reviewed by Corporate Management Team and Integrated Governance Committee and also fully discussed and agreed at a workshop with Audit and Risk Committee on 15<sup>th</sup> February 2023 subject to some final changes which were now included. The committee were content to approve the plan for submission to the NHS Board for approval. It was agreed in the future it would be helpful to see any changes to the plan tracked for ease of reference.

**Outcome:** *The committee agreed the plan for onward submission to the NHS Board.*

## 7. Counter Fraud

### 7.1 Counter Fraud Update Report

The Assistant Director of Finance presented the routine Counter Fraud reported and highlighted one new investigation which is currently being undertaken. The Counter Fraud Cyber Security week has recently taken place and the National Fraud initiative is due to commence.

Progress updates against the new standards are likely to be available around May 2023 and will be included in the update report. It is anticipated that the feedback on the pilot will be positive.

**Outcome:** *The committee received the Counter Fraud update report.*

## 8. Tender Waivers and Procurement

### 8.1 Tender Waivers/Tender Exception Report

The Assistant Director of Finance shared the tender waiver register and exception report detailing any waivers which have been approved since the last committee meeting. Discussion took place around two specific contracts and it was noted that although similar were for very different purposes and services.

**Outcome:** *The committee received the report.*

## 9. Any other business

The Chair passed thanks to Bob Martin whose term on the Board ends on 30 April 2023 after nine years of service. Formal thanks were provided for the excellent input and support given to the committee as member and Vice Chair and the committee members wished Bob well for the future.

## 10. Key issues to report to the NHS Board

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

- External and internal audit plans
- Terms of reference

- Strategic risk register
- Internal audit and advisory reports
- Progress on action plans
- Presentation from Audit Scotland

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

It was suggested that an overriding risk regarding staffing should be included in the risk register.

**12. For Information**

No additional reports were shared.

**11. Date of next meeting**

Wednesday 10<sup>th</sup> May 2023 at 9.30am via Microsoft Teams

Approved by Chair of the Committee:

..... Date: .....