

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

**held on Wednesday 10th May at 09:30 hours via Microsoft Teams**

<b>Present</b>	Jean Ford, Non-Executive Board Member (Chair) Marie Burns, Non-Executive Board Member Sukhomoy Das, Non-Executive Board Member Marc Mazzucco, Non-Executive Board Member Joyce White, Non-Executive Board Member Neil McAleese, Non-Executive Board Member
<b>In attendance</b>	Derek Lindsay, Director of Finance Hugh Currie, Assistant Director of Occupational Health, Safety and Risk Management Shona McCulloch, Head of Corporate Governance Ann Crumley, Assistant HR Director, OHRD Sheila Rosher, Assistant HR Director – Central Employment Services Colin White, National Finance Systems Manager Rachel King, Internal Auditor, Grant Thornton Rachael Weir, Internal Auditor, Azets David Jamieson, External Auditor, Audit Scotland  Shirley Taylor (Minutes)

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

#### **1.1 Apologies**

The Chair welcomed everyone to the meeting, in particular, Joyce White and Neil McAleese as new non-executive members of the Board. Apologies were received from Claire Burden, Lesley Bowie, Fiona McGinnis and Elizabeth Young.

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

Jean Ford declared a connection to item 5.1 National Finance System Assurance Rep as a member of NHS Education for Scotland Board

## 2. Minutes of the meeting on 15 March 2023

The minutes were approved as an accurate record of the meeting.

## 3. Matters Arising

### 3.1 Action Log

Most actions were noted as having been completed.

Action 5.2 is still outstanding and will be finalised soon.

Item 6.1 regarding the handover from Grant Thornton to Azets won't be fully completed until the next meeting. The initial handover has taken place and it was agreed this would be carried forward.

Due to the retirement of Bob Martin from the NHS Board, a replacement vice chair of the Audit and Risk Committee will be appointed in due course.

Action: Jean Ford

### 3.2 Committee Work plan 2023-24

The committee received the updated work plan with changes detailed in red for ease of reference.

## 4. Internal Audit

### 4.1 Internal Audit Progress Report

Grant Thornton presented the internal audit progress report which is provided to each committee. There are currently two outstanding audits; Cyber Security and IJB report on Delayed Discharges. The vaccination review has been completed and is being reported at today's meeting. It was noted that the two reviews which remain outstanding are in final stages and ratings will not affect the overall annual opinion being presented.

The Director of Finance advised that the IJB report on Delayed Discharges had been to the Corporate Management Team due to concern with the vast number of staff involved in it. It was agreed that this should be taken forward to SPOG which met on 8<sup>th</sup> May and it was agreed that the IJB Chief officers would nominate individuals to meet with Grant Thornton to finalise. It was therefore noted that the audit should be finalised by June 2023.

**Outcome:** *The Committee received the progress update.*

### 4.2 Internal Audit Report – Vaccination Programme

Grant Thornton presented the Internal Audit review into the Vaccination Programme for 2022-23 which considered the controls (design and operation) in place in relation to the Covid-19 and Flu vaccination programme in line with Risk 511 of the Strategic Risk Register. The review received a rating of partial assurance with some improvement required.

Discussion took place around action two which relates to the levels of adverse event training and the low completion rate of training. It was noted however that there does not require to be training for those reporting adverse events, only for those approving them.

The third action was in relation to the scrutiny of adverse events which is not clear from the minute of the AERG. It was felt that there is a very good understanding of the process across the organisation. If a category 1, 2 or 3 event is reported this would be reviewed by a manager in accordance to the HIS Framework for Adverse Events. If the consequence is level 4 or 5 then an automatic adverse event SBAR is required to be prepared by someone Band 7 or above. The SBAR is reviewed by the adverse event group who will decide on the level of review required. It was noted that although there is a robust process in place there is no evidence in the minute as to the level of scrutiny and this needs to be addressed going forward.

Discussion took place with regard to the long due date for completion of one action (March 2024) and whether this would be something that could be progressed throughout the year. This is something that has been raised before in previous audits and as a such it was agreed that an interim update should be provided in September or November 2023 to give assurance that work against the action is progressing.

Discussion also took place as to whether it would be helpful for a responsible officer to come along when any future review is first presented to the Audit and Risk Committee in order to advise the committee of their intentions in relation to the audit and timescales. Contact will be made with representatives for the Cyber Security outstanding review and consideration given to whether the Chief Executive is the relevant person for the IJB report on Delayed Discharged as five Directors have actions.

Action: Derek Lindsay/Shirley Taylor

It was noted that the review only considered the general public element of the mass vaccination programme and not all of the staff who have been vaccinated as part of the programme. It was agreed that a further discussion should take place with Grant Thornton regarding the process.

Action: Hugh Currie

**Outcome:** *The committee received the report which will be further explored before being submitted to the Healthcare Governance Committee for monitoring of actions.*

#### 4.3 Progress Update – Recruitment

The Assistant HR Director attended the committee to provide an update on the actions arising from the internal audit recruitment review. The auditor identified three medium, two low rated and one improvement rated finding as part of the audit. The main focus of the audit was around the control measures of planning, demand and implementation of Jobtrain. Most actions were noted as having been completed. Two actions remain outstanding. One action is to develop a recruitment plan which aligns to the Strategy of NHS Ayrshire and Arran. It was

noted that all work which has taken place to date and ongoing will form part of the plan. A discussion paper has been drafted for the Corporate Management Team and it is anticipated that this action will be complete as of September 2023.

The other outstanding action is in relation to the workforce risk with regard to demand and capacity and not meeting the KPI's for recruitment within the 12 week period. It was felt it was important to note that there is increased activity in relation to vacancies however processes are constantly being streamlined to ensure that KPI's are being met where possible. Although Jobtrain has improved the recruitment process a paper has been drafted for CMT to request funding for extra staff for the recruitment team.

A committee member asked if there was any consideration given to using robotics for low level recruitment, It was noted that all recruitment is conducted via Jobtrain and eESS which are standardised system across NHS Scotland.

A question was raised with regard to how recruitment is linked to budgets. It was confirmed that all vacancy requisitions require to be signed off by a Director and Finance before a vacancy can be advertised as per the approval process. This provides assurance that posts are not being advertised where there is no budget available.

A committee member asked if it would be possible to use savings from vacancy management from posts which have been vacant for a while to help fund the internal recruitment. The Director of Finance advised this is not possible due to agency backfill for frontline vacant posts being at a higher cost.

**Outcome:** *Thanked for attendance no further update required.*

#### 4.4 Progress Update – Organisational Culture

The Assistant Director of O&HRD was in attendance to provide an update on the internal audit advisory report on organisational culture. The report identified eight observations which, if implemented, will provide a clearer more consistent message of behaviours and leadership and provided an opportunity to refine the culture plan.

One observation was discussed with regard to introducing a fixed cycle of appraisal, this particular observation was not accepted as it was felt that the appraisal process should be scheduled throughout the year.

The report and observations have been presented to the Staff Governance Committee and have been added to the agenda for the Area partnership Forum and the People Strategy Steering Group. It is anticipated that the process will be concluded in August 2023 when it will return to the Staff Governance Committee.

As part of the observations and refining the culture plan a Culture Steering Group has been established which will be chaired by the Chief Executive and will be up and running by June 2023. As part of the Terms of Reference the group will oversee all planned activity across the first year.

A culture toolkit will be developed to support engagement activity and both management development and leadership development will be refreshed, however this will be upon receipt of the Once for Scotland Policy regarding this. Activity is ongoing to seek to improve culture. A culture survey has just taken place within Women and Children's Services and a local survey has been planned within Acute Services. Attendance will take place at Senior Management Team meetings to present the advisory report and culture plans. It is anticipated this work will take place over a period of 10 years with a particular focus identified each year. iMatters surveys will go live within the next couple of weeks and particular attention will be given to the output of these.

The Committee were comfortable with the update given and the detailed Culture Plan which once finalised and approved will fall to the Staff Governance Committee to closely monitor progress.

**Outcome:** *The committee received the update*

4.5 Internal Audit Annual Report and Opinion 2022/23

The Internal Auditor presented the annual report and opinion for 2022/23 based on the overall adequacy of and effectiveness of the organisation's framework of governance, risk management and control. The overall opinion was of partial assurance with some improvement required. A summary of the follow up status will be handed over to Azets to conclude.

**Outcome:** *The committee received the internal audit annual report and opinion for 2022/23*

5. Assurance

5.1 National Finance System Assurance Report – ISAE3402

The National Finance Systems Manager attended the committee to present the National Finance System Assurance Report. A service level agreement is in place with all Boards for the management of the system with a clause contained that an annual service review would be carried out to provide assurance of the appropriateness of the controls in place.

Three minor exceptions were noted within the report with regard to processes, all of which are being actively addressed. Audit checks are carried out frequently and the committee were given assurance that processes are being followed. The committee provided approval for the report to be shared with all other boards for assurance as part of their local governance purposes.

Action: Shirley Taylor

**Outcome:** *The committee received the report which will be circulated to all NHS Scotland Boards*

5.2 National Finance System Post Implementation Report and Lessons Learned

The National Finance Systems Manager presented the National Finance System Post Implementation report which has been circulated to all Board leads for information. A recent upgrade took place which created some issues within the

DB Capture system. There are a few issues which still require to be resolved however the report would provide some visibility of the issues faced and ensure that lessons learned are addressed.

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

## 6. Governance and Risk

### 6.1 Code of Corporate Governance

The Head of Corporate Governance presented the annual review of the Code of Corporate Governance. The contents are a suite of documents from various departments of NHS Ayrshire and Arran pulled into one single reference point contained in Athena with various staff involved in the update.

Very little change was noted to the code from the previous year with the exception of the inclusion of the 2<sup>nd</sup> edition of the Blueprint for Good Governance and also a summary of each Governance committees Terms of Reference as opposed to a link to the full document. Minor changes have taken place to the Risk Management strategy and the Standing Financial Instructions however all changes have been noted within the revision history.

Discussion took place with regard to the nature of the project bank account. The Director of Finance clarified that the purpose of this is to assure sub-contractors that they will receive income so funds will be placed into the account for this purpose. It was agreed that some narrative should be included to explain that the account would also receive income.

Action: Derek Lindsay/Shona McCulloch

Assurance was provided that the review of the Code of Corporate Governance has been carried out appropriately and as such the committee approved submission to the NHS Board.

**Outcome:** *The committee approved the code of corporate governance for submission to the NHS Board.*

### 6.2 Risk Management Strategy 2023-26

The Assistant Director of Occupational Health, Safety and Risk Management presented the Risk Management Strategy for 2023-26. The three year strategy was reviewed and agreed at the Risk and Resilience Scrutiny and Assurance Group on 21st April 2023. Any changes from the previous strategy are included within the revisions table however it was noted that there has not been a significant amount of change. It was noted the Strategy contains the Risk Appetite statement which is presented to the Audit and Risk Committee and the NHS Board every two years. Some recently received minor changes are still to be made to the document therefore it was agreed that a final draft would be circulated to members with changes clearly identified in red for approval for submission to the NHS Board.

Action: Hugh Currie/Shirley Taylor

Further discussion took place around the definitions of an issue and a risk within the strategy and it was agreed that this would be clarified further as part of the amendments.

Action: Hugh Currie

**Outcome:** *The committee noted the strategy and agreed to review the final draft which will be circulated and approve for submission to the NHS Board.*

### 6.3 Strategic Risk Register

The Assistant Director of Occupational Health, Safety and Risk Management presented the routine Strategic Risk Register which was reviewed at the Risk and Resilience Scrutiny and Assurance Group (RARSAG) in April 2023 and noted that most of the risks have been reviewed during the period. Changes to specific risks were discussed by the committee.

Particular attention was paid to the risk regarding staffing and the PDR process which has been on the risk register since 2010. The committee felt if a risk has been noted for such a long period of time there may be a process issue and the focus should be on the management of this risk in order to provide assurance to the Board. It was felt that Directors should be accountable as to why risks are contained within the risk register for such long time periods. It was also agreed that there are too many strategic risks and work is required to ascertain if some of these risks may be more operational in nature and that a discussion was required outwith the meeting to information what is required from officers.

It was felt that a more focussed approach to review and management of risks is necessary at this time to ensure the register truly reflects current strategic risks and that these are being managed appropriately with actions in place to address control weaknesses. It was agreed that this should be raised at the Integrated Governance Committee to allow the committee chairs to have a more detailed discussion on it. It was also felt that some re-education may be required around the definition of a strategic risk. It was agreed a review should take place and consideration given on how to take this forward

Action: Jean Ford/ Hugh Currie

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

### 6.4 Tender/Quick Quote Waiver Report

The routine tender waiver/quick quote report was circulated. The report was taken as presented with no questions received.

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

**7. Counter Fraud**

**7.1 Counter Fraud Update Report**

The routine counter fraud update report was circulated. The report was taken as presented with no questions received.

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

**8. Any other business**

**8.1 Audit and Risk Committee Annual Report 2022-23**

The chair presented the audit and risk committee annual report for 2022-23 and noted the appendices evidence discharge of duties of the audit and risk committee as per the terms of reference. The committee approved the annual report for submission to the NHS Board.

**Outcome:** *The committee approved the annual report for submission to the NHS Board*

**9. Key issues to report to the NHS Board**

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

- Internal audit plan for 2022-23 and progress against this.
- Internal Audit report – Vaccination Programme
- Internal audit annual report and opinion 2022-23
- National Finance System Assurance Report
- Code of Corporate Governance
- Risk Management Strategy 2023-26
- Strategic Risk Register
- Audit and Risk Committee Annual Report 2022-23

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

None noted at present.

**12. For Information**

The Director of Finance drew attention to the Technical Bulletin and in particular the section on leases (IFRS16) to be included in the annual accounts for the first time.

**11. Date of next meeting**

Wednesday 21<sup>st</sup> June 2023 at 9.30am via Microsoft Teams

Approved by Chair of the Committee:

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