



## Approved Minutes

**Audit and Risk Committee Meeting  
Tuesday 16 June 2020 at 11.30am  
By Microsoft Teams**

### Present

Karen Kelly	Non-Executive Director (Chair)
Morag Brown	Non-Executive Director
Stephen McAllister	Non-Executive Director
Marcella Boyle	Non-Executive Director

### In attendance

Susan Douglas-Scott CBE	Board Chair
Jann Gardner	Chief Executive
Colin Neil	Director of Finance
Lily Bryson	Assistant Director of Finance – Governance and
Financial Accounting	
Liane McGrath	Head of Corporate Governance/Board Secretary
Laura Langan	Head of Clinical Governance (Chief Risk Officer)
Joanne Brown	Partner, Grant Thornton UK LLP
Karen Jones	Director, Scott-Moncrieff
Chris Brown	Partner, Scott-Moncrieff

### Minutes

Anne McQueen	PA to Director of Finance
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1. **Chair's Introductory Remarks**  
Karen Kelly opened the meeting via Microsoft Teams and welcomed members and Marcella Boyle who had been invited to attend to ensure the committee were quorate.
2. **Apologies**  
None to note
3. **Declaration of Interests**  
There were no declarations of interests to note.
4. **Minutes of the previous Audit and Risk Committee Meeting**  
Minutes from the meeting held on 19 May 2020 were read for accuracy and approved.
- 4.1 **Matters Arising**  
An update on outstanding actions was provided with full detail recorded in the action log.
5. **Effective**
- 5.1 **Audit and Risk Committee Work Plan 2020/21**  
Colin Neil presented the 2020/21 committee annual work plan for members to review and it was noted that work to be undertaken in relation to the Covid-19 pandemic and

on the Boards Recovery and Mobilisation Plan and new governance structure is an addition to the work required to be undertaken this year.

Members approved the Workplan for 2020/21

## **5.2 Terms of Reference**

Liane McGrath presented updated Terms of Reference for 2020/21 for the Committee. Members reviewed the document and a few minor amendments were noted which will be incorporated.

Members approved updated Terms of Reference.

## **5.3 Board Risk Register**

Laura Langan presented the Board Risk Register advising that there were no changes proposed since review at the last Committee and Board meeting. A full update on the recovery plan will be included when the risk register is presented to the next Committee meeting.

Members approved the Board Risk Register.

## **5.4 Blueprint for Good Governance**

Liane McGrath presented an update on the Blueprint for Good Governance. Following review and with internal audit recommendation the format of the action plan has been changed to include action leads and timelines for completion. Jann Gardner commended work that has been undertaken to date.

Members approved the updated action plan on Blueprint for Good Governance.

## **6. Safe**

### **6.1 Counter Fraud Services Annual Report**

Lily Bryson presented the Counter Fraud Services Annual Report to members for information, this report details work undertaken in fraud prevention and achievements over the past year.

Members noted the Counter Fraud Services Annual Report.

### **6.2 National Single Instance Services Audits**

Colin Neil presented the National Single Instance Services Audit report with assurance received for the National Finance System which is overseen by NHS Ayrshire and Arran and provides the committee with positive assurance over financial controls in place relating to the finance system.

The National IT System on the controls framework is overseen by National Services Scotland and a number of low risk improvements were noted which have been highlighted to NSS.

Members noted both Reports

### **6.3 Audit and Risk Committee Annual Report**

Karen Kelly presented the Audit and Risk Committee Annual Report advising that this is a true and fair reflection of the committee's work over the past year.

Karen Kelly asked that section 7.1 be amended to read NHS Audit Reports specific and non-specific are available on Audit Scotland website and to include a link to the reports.

Members approved the Audit and Risk Committee Annual Report subject to a few minor amendments.

### **6.4 Person Centred Committee Annual Report**

Stephen McAllister presented the Person Centred Staff Governance Committee Annual Report to members for noting.

Members noted the Person Centred Committee Annual Report.

### **6.5 Clinical Governance Committee Annual Report**

Morag Brown presented the Clinical Governance Committee Annual Report and thanked Laura Langan for preparation of the report. This will be presented to sub groups and to the Board.

Members noted the Clinical Governance Committee Annual Report.

### **6.6 Information Governance Annual Report**

Colin Neil presented the Information Governance Annual Report which provides assurance around safeguards in place to manage our legal obligations regarding information governance, the report highlights current and planned activity for the next year.

Members noted the Information Governance Annual Report.

## **7. Effective**

### **7.1 Internal Audit Governance Report**

Joanne Brown outlined the Internal Audit Governance Report advising that the audit focussed on the Blueprint for Good Governance with the overall conclusion from the review being 'reasonable assurance with improvement required'. One medium risk finding and two low risk findings were identified and audit are satisfied with management responses to these.

Jann Gardner expressed concern on the level of work that has been undertaken regarding the refresh of internal governance and stated that perhaps this has not been articulated effectively. It was felt that given the level of work undertaken regarding internal governance that wording in the report is amended to reflect this.

Joanne Brown stated it may have been the timing of the report as audit are not saying there is a gap only that some minor points were identified.

Joanne Brown and Liane McGrath will review the report taking into consideration work that has been undertaken and amend wording accordingly.

Once document has been updated with reflection of above discussion it will be circulated to the committee..

Members noted the Internal Audit Governance Report.

Action No.	Action	Action by	Status
160620/01	Governance Report to be updated to reflect governance work undertaken.	Joanne Brown	New

## 7.2 Internal Audit Expansion Report

Joanne Brown presented the Internal Audit Expansion Report and highlighted the overall conclusion from the review was 'partial assurance with improvement required'. Three medium findings were identified, however internal audit found robust project management to be in place. The programme director provided detailed responses to audit recommendations and a timeline for actions to be completed by.

Colin Neil noted that Phase Two remained more static due to the impact of the Covid-19 situation. The succession planning element has been responded to by the programme director and expansion team are now almost at full complement and he therefore felt that classifying this as medium risk was too high.

Jann Gardner advised that the Programme Board meetings were paused and outstanding risks remained until we were in a position to move forward and meetings are now in place monthly. As Phase Two was not active she felt this is not a medium risk. Given scrutiny around building work and with permission from members Jann Gardner would like to take a review of risks as she does not think that all work undertaken has been recorded. Laura Langan echoed these comments regarding Phase Two stating that risks were still being reviewed and she would compile a report to provide assurance to the committee.

Joanne Brown stated that one of the challenges was the impact of Covid-19 and as information was received late the risk had already been classed as medium therefore should have been changed to low risk given additional document that the Project Director has provided proving that work undertaken on Phase Two is more than adequate.

It was agreed a report would be produced detailing all expansion work undertaken to date and this will provide further assurance and Joanne Brown agreed to consider revision to the wording in the Expansion report to reflect this.

<b>Action No.</b>	<b>Action</b>	<b>Action by</b>	<b>Status</b>
160620/02	Report to be written on Phase Two work undertaken and review of risks	Laura Langan	New

Members noted the Expansion Report

### **7.3 Internal Audit Annual Report 2019/20**

Joanne Brown presented the Internal Audit Annual Report for 2019/20 which summarises the internal audit work undertaken throughout the year; the audit opinion is based on reviews completed and was that reasonable assurance can be given on overall adequacy and effectiveness of framework of governance and controls in place and there were no high risk recommendations found during fieldwork. Amendment will be made to Governance and Expansion documentation/reviews as previously discussed however this will not alter the audit opinion.

Subject to a minor amendment members approved the Audit Annual Report which will be presented to the Board

### **7.4 Internal Audit Annual Plan 2020/21**

Joanne Brown presented the Internal Audit Annual Plan for 2020/21. The plan reflects broad principles around Covid-19 for recovery phase and the potential second wave therefore there is capacity within the plan for flexibility as we evolve through Covid-19.

Following discussion with the Chief Executive and the Director of Finance it was agreed that the plan will focus on three core areas this year: Patient Pathways, Financial Position, and Scrutiny and Governance, therefore it is proposed 95 days be allocated for audit work which includes a contingency and the prior year Workforce review is built into this.

Jann Gardner advised that a helpful discussion took place with the internal auditors and this proposal also offers opportunity to provide assurance to the Board as we are in a strong position to undertake a deep dive into these areas.

Morag Brown agreed that this was helpful to provide assurance to non-executives and key stakeholders and asked if workforce review will have equality indicator. Joanne Brown stated she would raise this with the Director of HR as focus on 2019/20 review was at higher level.

Marcella Boyle asked for clarity on the future Commissioning Programme, Colin Neil confirmed that commissioning is referenced in the workplan document however is still subject to discussion at national level. Susan Douglas Scott noted that commissioning scrutiny will be carried out via the Finance, Performance and Planning Committee

Members approved the Audit Annual Plan

## **7.5 External Audit Report**

Chris Brown introduced the Audit Management Report advising that it was being presented in draft form in order to allow the annual accounts to be approved. The committee heard that the audit had gone well considering remote working due to Covid-19. External Audit were pleased to note that accounts will be signed off by end of June in line with normal timescales. External Audit announced an unqualified opinion on the financial statements.

Karen Jones drew members' attention to an additional risk brought about by Covid-19 in relation to Property Valuations, this was a desk top exercise as under the circumstances valuers were not permitted on site therefore as a result there is an inherent material uncertainty statement built in. This is unusual but will be the same across all public bodies annual accounts; it was confirmed that this makes no difference to the audit opinion issued to NHS GJ.

Conclusions on the wider scope audit will be set out in the annual report which will be finalised by July 2020 and presented to the next committee meeting.

Members noted the External Audit Report

## **7.6 Board Annual Report and Accounts**

Colin Neil presented the Consolidated Board Annual Report and Accounts which have been stringently prepared in accordance with national guidance. Members were advised that Scottish Government allowed an extension for submission of accounts however due to significant effort from auditors and the internal finance team the accounts have been completed within original timescales with a positive outcome. All targets have been met and a clean audit declared with an unqualified opinion.

Karen Kelly asked for explanation on page 81 note 9 item reimbursement of provisions being negative. Lily Bryson explained that in prior year contribution to the national CNORIS pot we were advised by CLO and this is our share of the national contribution.

Karen Kelly asked for clarification in regard to item 9 £267k receivables written off. Lily Bryson replied a complete review of amount outstanding debtors should have been written off in March however provision was made in the accounts to write off historic debt in month one, in compliance with accounting standards.

Stephen McAllister asked what formulae means in property medical equipment. Colin Neil replied that each year the Board get a formula allocation from SG for the capital items within the Board, the Board allocated this against various headings as summarised in the Capital Plan.

Members approved the consolidated Annual Report and Accounts and recommended them to the Board for final approval

### **7.7 Statement of Assurance**

Karen Kelly presented the Statement of Assurance from the Audit and Risk Committee to the Board and members were satisfied that arrangements within the Board in regard to the internal control framework are robust.

Members approved the Statement of Assurance.

### **7.8 Trustees Financial Statements**

Colin Neil advised members that the Charity financial statements were presented to this committee for noting, the Charity Annual Accounts were submitted to the Endowments Sub Committee this morning and were approved subject to a minor amendment.

Members noted the Trustees Financial Statements

### **8. Any Other Competent Business**

In closing the meeting Karen Kelly commended staff and internal and external audit on behalf of the committee stating she appreciated efforts made to reach timelines and noted given the circumstances an exceptional outcome was achieved. Colin Neil will pass thanks onto the finance team

It was agreed that an extra Audit and Risk Committee meeting be scheduled in July 2020 and the final external audit report will be presented along with update on Pharmacy Review.