##### Approved Minutes

**Audit and Risk Committee Meeting**

**Tuesday 13 February 2024, 10:00-12:00**

### Present

Karen Kelly Non-Executive Director (Chair)

Morag Brown Non-Executive Director

Stephen McAllister Non-Executive Director

Lindsay MacDonald Non-Executive Director

Rebecca Maxwell Non-Executive Director

Jane Christie-Flight Employee Director

**In attendance**

Carolynne O’Connor Executive Director of Operations/Deputy Chief Executive

Michael Breen Director of Finance

Graham Stewart Deputy Director of Finance

Adam Haahr Assistant Director of Finance for Efficiency and Sustainability

Kevin Daly Head of Finance

Nicki Hamer Head of Corporate Governance and Board Secretary

Sharon Stott Head of Information Governance (from 10:25)

John Scott Director of Facilities and Capital Projects (from 10:45)

Katie Bryant Head of Risk and Clinical Governance (from 12:00)

Rashpal Khangura KPMG LLP, External Auditor

Imogen Milner KPMG LLP, External Auditor

David Eardley Azets, Internal Auditor

**Apologies**

Gordon James Chief Executive

Susan Douglas-Scott Board Chair

**Minutes**

Claire Hendren Corporate Administrator

1. Opening Remarks

1.1 Chair’s Introductory Remarks and Wellbeing Pause

 The Chair opened the meeting and thanked everyone for their attendance. The Committee extended their appreciation to Lily Bryson for her commitment and support to the organisation and noted Graham Stewart would move to the Interim Director of Finance role from 1 April 2024.

 The Committee welcomed the opportunity for the Wellbeing Pause, aimed at helping maintain connections between colleagues.

1.2 Apologies

 Apologies were noted as above.

**1.3 Declaration of Interests**

There were no declarations of interests to note.

1. Updates from Meeting 16 November 2023

**2.1 Unapproved Minutes**

Minutes from the meeting held on 16 November 2023 were approved as an accurate record.

2.2 Action Log

 The action log was reviewed and updated accordingly.

2.3 Matters Arising

 There were no matters arising.

1. Effective

**3.1**  **Counter Fraud Quarterly Update**

Michael Breen provided an update on the Counter Fraud Services Quarterly Report as at December 2023.

The Committee were advised on the current position in relation to the investigation of cases noting that one had been closed with no fraud detected and the other continued to be investigated by Human Resources.

 The Committee was pleased to note positive feedback following the Counter Fraud Services visit to NHS Golden Jubilee in March 2023 during National Fraud Awareness week.

 The Committee noted the Counter Fraud Quarterly Update.

**3.2**  **NIS Directive Audit Progress**

 Sharon Stott presented an update on the NIS Directive Audit Progress highlighting the following points:

* Achieved overall and category compliance targets in KPIs however 8% in sub-category against target of 0% which was similar across other Health Boards
* Update provided on current compliance within 17 categories with Organisational Governance and Asset Management at 100%
* Focus on Supplier Management currently at 38% and Business Continuity at 50% with an outline of potential solutions presented
* Feedback to Scottish Government provided following Boards not meeting all KPIs
* Year 1 report due week commencing 11 March 2024 including action plan. Evidence submission by 13 January 2025 with internal deadline of 31 December 2024

The Committee thanked Sharon Stott for the update acknowledging the amount of work involved in the three year continuous cycle of the audit.

The Committee noted the areas of risk with low compliance however was reassured with the potential solutions identified within the presentation.

 The Committee noted the NIS Directive Audit Progress.

**3.3**  **National Fraud Initiative Update**

Michael Breen presented an update on the National Fraud Initiative highlighting the following points:

* A bi-annual counter-fraud exercise led by Audit Scotland using computerised techniques to identify matches that may suggest the existence of fraud or error
* Public bodies investigate matches and if fraud or error has taken place there is an ability to stop payments and attempt to recover amounts involved
* NHS Golden Jubilee data matches in the exercise was 1,204 : 785 duplicate invoices, 131 instances of individuals appearing on payroll records of more than one Health Board, 215 creditor references occurring more than once, 73 remaining related to a number of different categories. No instances of fraud have been detected to date
* Currently 4 matches still require to be resolved relating to employees holding posts in other Health Boards. Expectation that these 4 would be closed off in the near future

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 The Committee noted the positive update on the National Fraud Initiative Update.

**3.4**  **Hospital Expansion Update**

John Scott presented an update on Phase 2 highlighting the following points:

* Issues of water commissioning, CSPD/EDU equipment installation works and Handover Key Stage Assurance review continued to affect programme. Planned completion date under review
* Weekly principals meetings continued
* Site inspections undertaken in September and December 2023
* Review of findings with report due to be issued in February 2024

The Committee thanked John Scott for the detailed update and commended the progress to date whilst noting the ongoing issue with water testing.

Carolynne O’Connor provided assurance that regular updates on Phase 2 timelines and activity projections for 2024/25 continued to be provided to Scottish Government.

The Committee noted the Hospital Expansion Update.

**3.5**  **External Audit Management Action Plan (February 2024)**

Michael Breen updated the Committee on the progress on External Audit Management Action Plan noting that of the twelve recommendations listed four had been completed, two partially completed with the remaining six not yet due. The capital accruals completion date was revised to 31 March 2024 as agreed at the previous meeting with the intention of Azets providing an advisory report rather than an assurance report.

The Committee noted good progress on the recommendations within the agreed timescale.

The Committee noted the External Audit Management Action Plan (February 2024).

1. **Auditor Reports**
	1. **Internal Audit**

 **Internal Audit Reports – Consultant Job Planning**

The Committee were provided with an overview on the Consultant Job Planning Report from David Eardley.

The Committee was pleased to note the improvements outlined within the report and commended Mark MacGregor for his oversight and commitment to improving completion rates. The Chair noted that the report would be considered at the next meeting of the Staff Governance and Person Centred Committee.

The Committee noted the Internal Audit Reports – Consultant Job Planning.

**Internal Audit Progress Report (February 2024)**

David Eardley provided an overview on the Internal Audit Progress Report (February 2024).

 The Committee was pleased to note the plan was on track to deliver the 2023/24 internal audit plan noting the ongoing discussions around the scope and timing

 of two audits.

 The Committee noted the Internal Audit Progress Report (February 2024).

**4.2** **External Audit Update**

Rashpal Khangura presented the External Audit Update report highlighting the proposed 2023/24 indicative timeline.

The Committee discussed next steps and early reflections on four audit risks, highlighting the wording around the Fraud Risk from Revenue Recognition. Rashpal Khangura noted the discussions and would further reflect on the wording contained in this risk area.

The Committee noted the External Audit Update.

 **5.Corporate Governance**

**5.1 Strategic Risk Register**

Katie Bryant advised the Committee that due to changes in the Governance cycle no Committee meetings had taken place since the last meeting of ARC and therefore the Strategic Risk Register remained unchanged from the last one presented.

 The Committee discussed the potential new risk surrounding the current financial climate for NHS Boards. Michael Breen advised that the draft financial plan would be presented to the Finance and Performance Committee in the first instance and discussions around risk would follow at that point.

The Committee approved the Strategic Risk Register (February 2024).

**6. Issues for Update**

**6.1 Update to the Board**

* The Committee received the Counter Fraud Quarterly Report and was pleased to note positive feedback following Counter Fraud Services visit in November 2023 during National Fraud Awareness week.
* The Committee welcomed the positive NIS Directive Audit Progress Report whilst also noting the areas requiring additional focus.
* The Committee received a presentation on the National Fraud Initiative noting the four areas currently under investigation were expected to be closed in the near future.
* The Committee received the Phase 2 update acknowledging the ongoing issue with water testing. The Committee was pleased to note the regular updates to Scottish Government regarding timelines and activity projections for 2024/25.
* The Committee received the External Audit Management Action Plan (February 2024), noting good progress on the recommendations within the agreed timescale.
* The Committee commended the Internal Audit Consultant Job Planning Report which would be also be presented to the next meeting of the Staff Governance and Person Centred Committee.
* The Committee received an update on the Internal Audit Progress Report as at February 2024 noting ongoing discussions around the scope and timing of two audits.
* The Committee was pleased to receive the External Audit Update noting the wording around one of the risk areas was to be reconsidered.
* The Committee approved the Strategic Risk Register as at February 2024.

**7. Any Other Competent Business**

Nicki Hamer advised the Committee that the June meeting of the Committee would be moved from the 20th to the 18th due to the availability of the Chair.

**8. Date of Next Meeting**

The next meeting was scheduled for Thursday 14 March 2024 at 10:00.