##### Approved Minutes

**Audit and Risk Committee Meeting**

**Thursday 28 November 2024, 14:30**

### Members

Lindsay MacDonald Non-Executive Director (Chair)

Jane Christie-Flight Employee Director

Morag Brown Non-Executive Director

Stephen McAllister Non-Executive Director

**Core Attendees**

Carolynne O’Connor Deputy Chief Executive/Director of Operations

Jonny Gamble Director of Finance

**In attendance**

Carole Anderson Director of Quality, Performance, Planning and Programmes (Item 5.2)

David Eardley Azets, Internal Auditor

Imogen Milner KPMG LLP, External Auditor

Nicki Hamer Head of Corporate Governance and Board Secretary

Sharon Stott Head of Digital Governance and Data Protection Officer (Item 3.3)

Hazel Thomson Risk Manager (Item 5.1)

**Apologies**

Gordon James Chief Executive

Rebecca Maxwell Non-Executive Director

**Minutes**

Tracey Wark Senior Corporate Administrator

1. Opening Remarks

1.1 Chair’s Introductory Remarks and Wellbeing Pause

The Chair welcomed everyone to the meeting and invited everyone to participate in a short wellbeing discussion.

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 of 12 September 2024

**2.1 Unapproved Minutes**

Minutes from the meeting held 12 September 2024 were approved as an accurate record.

**2.2** **Action Log**

There were no live actions.

2.3 Matters Arising

 There were no matters arising.

1. Effective

**3.1**  **Counter Fraud Service Quarterly Report**

Jonny Gamble presented the Counter Fraud Service Quarterly Report and highlighted the support provided by Lindsay MacDonald as Fraud Liaison Champion and Adam Haahr, Associate Director of Finance, Governance and Financial Accounting, as Fraud Liaison Officer.

The Committee received the Counter Fraud Service Quarterly Update report and noted the rise in cases nationally. One of these cases related to NHS Golden Jubilee and has now been closed. The Committee was assured of the robust counter fraud controls and management processes in place. Nationally, drug thefts and sickness absence continued to be a recurring theme.

The Committee noted the efforts to raise staff awareness during the recent Counter Fraud Week.

Audit and Risk Committee noted the Counter Fraud Service Quarterly Report.

**3.2 National Fraud Initiative (NFI) Update**

Jonny Gamble provided the National Fraud Initiative (NFI) Update and highlighting that this was a Scotland wide process undertaken by Audit Scotland every two years.

The Committee noted the exercise utilised data analysis techniques to compare information about individuals held by different public bodies or on different financial systems, to identify circumstances that might suggest the existence of fraud or error.

The Committee noted the National Fraud Initiative Update that the 2024/25 exercise had begun in line with a detailed timetable provided by Audit Scotland and that no action was required from NHS Golden Jubilee until early 2025, with final reporting of the results required in summer 2026.

The Committee was assured progress updates would continue to be provided at future meetings.

 Audit and Risk Committee noted the National Fraud Initiative (NFI) Update.

**3.3**  **Network and Information Systems (NIS) Audit and Cyber Update**

The Chair welcomed Sharon Stott, Head of Digital Governance and Data Protection Officer to the meeting to present the Network and Information Systems (NIS) Audit and Cyber update noting the Action Plan had been developed based on the Year One Report.

Sharon Stott provided a detailed overview of the Year Two Progress report highlighting the improved Key Performance Indicators with a forecasted overall compliance rate of 87% as at 31 December 2024. The Committee noted the next steps with final reporting scheduled for March 2025.

The Committee noted the NIS Audit and Cyber Update and the significant progress of the ongoing work on the Year Two NIS Directive audit review. The Committee applauded the Key Performance Indicator (KPI) forecast and noted that supporting evidence and reports would be submitted to the external auditor on 13 January 2025. There continued to be a focus on staff awareness on Cyber Security.

The Committee commended the significant volume of work undertaken and praised the forecast element of reporting.

Audit and Risk Committee approved the NIS Audit and Cyber Update.

1. **Auditor Reports**
	1. **Internal Audit – Progress Report, Programme Report and Financial**

**Management and Reporting**

David Eardley, Internal Auditor from Azets, provided an overview of the Internal Audit Progress Report, Programme Report on Management Actions and Report on Financial Management and Reporting.

In response to the Audit Actions Update, Jonny Gamble highlighted that a review would be completed every quarter to provide assurance that management actions previously agreed had been implemented appropriately.

The Committee approved the management request in respect of the Financial and Environmental Sustainability – Hotel/Conference Operations Audit for the scope of the Audit Plan to be changed to focus on governance arrangements for the Hotel.

David Eardley reported that a proposed final plan for 2025/26 would be presented for endorsement at the next Audit and Risk Committee in March 2025 to submit to Board for approval.

The Committee was assured by the content of the Internal Audit Progress Report 2024/25. Jonny Gamble highlighted the level of scrutiny and robust processes in place.

The Internal Audit Progress Report and Management Actions report were noted by the Committee and no risks to the programme were identified.

Following a discussion on the Internal Audit Report on Financial Management and Reporting, the Committee challenged the conclusion against Control Objective 2, as it felt that the conclusion had moved beyond the remit of the Control Objective.  The Committee agreed to refer it to the Board for further discussion.

Audit and Risk Committee noted the Internal Audit – Progress Report, Programme Report and Financial Management and Reporting.

* 1. **External Audit Update and Timeline for 2024/25**

The Committee received an update on the External Audit and noted the key themes arising from the debrief with the Finance Team. Consideration would be given to bring forward year-end audit testing to February/March 2025 and regular scheduled progress meetings would commence from January 2025 onwards.

Imogen Milner, KPMG, outlined the timeline for 2024/25 and emphasised there had been no change to the significant risks as reported.

Lindsay MacDonald commended the positive relationship between KPMG and the Finance Team.

Audit and Risk Committee noted the External Audit Update and Timeline for 2024/25.

**5. Corporate Governance**

**5.1 Strategic Risk Register**

Hazel Thomson, Risk Manager along with Jonny Gamble, Director of Finance, presented the Strategic Risk Register update.

The Committee were advised that five new risks had been added following a review of the Strategic Risk Register to include Capital Infrastructure, Recruitment and Retention, Organisational Change, Staff Wellbeing and Absence and Health and Safety.

Jonny Gamble commended the work undertaken on Risks reduced and highlighted the risk appetite workshop scheduled for January 2025.

The Committee approved the Strategic Risk Register and were assured by the deep dives being undertaken. The Committee were updated that the risk relating to CSPD and EDU departments had been escalated from a divisional to a strategic risk to reflect ongoing challenges and noted the mitigation plans being progressed.

Audit and Risk Committee approved the Strategic Risk Register.

**5.2 Revised Key Performance Indicators**

Carole Anderson presented the Revised Key Performance Indicators which had been presented and supported at each Governance Committee. The Committee endorsed the Revised Key Performance Indicators for submission to Board for approval.

Audit and Risk Committee noted the Revised Key Performance Indicators.

**6. Issues for Update**

**6.1 Update to the Board**

The Committee received the quarterly Counter Fraud Service Update report and noted the rise in national cases, one of which related to NHS GJ and had been closed. The Committee were assured of the robust counter fraud controls and management processes in place. The Committee noted the efforts to raise staff awareness during the recent Counter Fraud Week.

The Committee noted the National Fraud Initiative Update that the 2024/25 exercise had begun in line with a detailed timetable provided by Audit Scotland.

The Committee noted the NIS Audit and Cyber Update and the significant progress of the ongoing work on the Year Two NIS Directive audit review. The Committee applauded the Key Performance Indicator (KPI) forecast and noted that supporting evidence and reports would be submitted to the external auditor on 13 January 2025. There continued to be a focus on staff awareness on Cyber Security.

The Committee reviewed the Internal Audit Report Action Plan Update and noted the progress against all actions. The Committee discussed the report on Financial Management and Reporting and endorsed submission of the report to Board for consideration in December 2024.

The Internal Audit Update was noted by the Committee and that there had been no risks to the programme identified.

The Committee received an update on the External Audit and noted the key themes arising from the debrief with the Finance Team. Consideration would be given to bring forward year-end audit testing to February/March 2025 and regular scheduled progress meetings would commence from January 2025 onwards.

The Committee approved the Strategic Risk Register and were assured by the deep dives on risks being undertaken. The Committee were updated that the risk relating to CSPD and EDU departments had been escalated from a divisional to a strategic risk to reflect ongoing challenges, and noted the mitigation plans being progressed.

The Committee endorsed the Revised Key Performance Indicators for submission to Board for approval.

Audit and Risk Committee noted the Revised Key Performance Indicators.

**7. Any Other Competent Business**

There was no other competent business.

**8. Date of Next Meeting**

The next meeting was scheduled for Thursday 13 March 2025, 10:00.