THE STATE HOSPITALS BOARD FOR SCOTLAND

AUDIT AND RISK COMMITTEE ANNUAL REPORT

1 April 2023 – 31 March 2024

1. Introduction

The Audit and Risk Committee is a standing committee of the Board and shall be accountable to the Board. Its purpose is to provide the Board with assurance in respect of risk, governance and internal control including financial control.

The main objectives of the Committee are to provide the Board with the assurance that the State Hospital acts within the law, regulations and code of conduct applicable to it, and that an effective system of internal control is maintained.

The committee periodically assesses its own effectiveness to ensure that the Committee fulfils its remit, this may involve assessing the attendance and performance of each member.
New members receive a suitable induction and declare his/ her business interests.

The duties of the Audit Committee are in accordance with the Audit Committee Handbook, July 2008.
http://www.scotland.gov.uk/Publications/2008/08/08140346/

2. Committee Chair, Committee Members and Attendees

Committee Chair:
David McConnell (Chair of Committee, Non Executive Director)

Committee Members:
Allan Connor (Employee Director)
Stuart Currie (Non-Executive Director)
Pam Radage (Non-Executive Director)

In attendance:
Gary Jenkins (Chief Executive)
Monica Merson (Head of Planning and Performance)
Brian Moore (Board Chair)
Margaret Smith (Head of Corporate Governance/Board Secretary)

Where required by the Chair or by other members of the Committee, appropriate members of staff were invited to be in attendance for the purposes of verbal updates, information sharing and presentations.

3. Meetings 1 April 2023 – 31 March 2024

During 2023/24 the Audit and Risk Committee met on four occasions, in line with its terms of reference (Appendix 1).

Meetings were held on:

22 June 2023
28 September 2023
25 January 2024
21 March 2024

Attendance of Committee members were as follows:

	Number of Meetings Present
David McConnell	4
Allan Connor	4
Stuart Currie	4
Pam Radage	4

4. Summary of Reporting

The Committee received and considered reports as undernoted and made recommendations and/or monitored areas as required:

Internal Audit Reports:
- Workforce Planning and Rostering
- Data Quality - Performance Management
- Incident Management
- Environmental, Social and Governance Review Report
- Patient Monies Report
- Payroll

Workplan Reporting
- Risk Strategy
- Adverse Events Action Tracker
- Attendance Management – Risk Report
- Cyber Security Report
- Committee Workplan 2024
- Financial Report

4.1 Annual Reports

Annual Reports from Governance Committees
- Audit and Risk Committee
- Remuneration Committee
- Clinical Governance
- Staff Governance

Annual Accounts
- Statutory Annual Accounts
- Patient Funds Accounts

Annual Reports
- External Audit Annual Report to the Board and the Auditor General for Scotland
- NHS in Scotland 2022
- Review of Scheme of Delegation and Standing Financial Instructions
- Review of Accounting Policies
- Review of Board Standing Orders and Code of Conduct
- Review of Committee Terms of Reference
- Risk and Resilience Annual Report
- Internal Audit Annual Report 2022/23
- National Single Instance (NSI) and NSS Audits
- Annual Audit Committee Assurance Statement to the Board
- Audit Scotland Reporting
- Review of Effectiveness of Committee
- Climate Emergency and Sustainability Annual Report 2022/23
- Procurement Annual Report 2022/23
- Legal Claims Annual Report 2022/23
- Summary of Losses and Special Payments
- Report on Waivers of SFI Tendering Requirements

4.2 Progress Updates

The Committee also received regular updates on the following –
- Completion of audit actions
- Policy review completions
- Risk register reviews
- Outcomes of fraud reports
- Adverse events
- Cyber security matters

4.3   Standing Items Considered by the Committee during the Year

Standing Items
- Internal Audit Tracking Report
- External Audit Updae
- Policy Update
- Corporate Risk Register
- Fraud Update and Action Plan

4.4   Notes of updates from other meetings

The Committee received and noted minutes/reports from the following:
- Security, Resilience, Health and Safety Oversight Group Update
- Finance, eHealth and Audit Group Update
- Sustainability Management Group Update

5.   Activities / Risk Management

5.1   Corporate Risk Register

An update on the latest progress of the Corporate Risk Register went to each Audit and Risk Committee in the 2023/24 period. The paper details any changes to current grade of the approved risks, updates on any current high and very high risks, any new risks for consideration and updates on the general development of the risk register. The latest paper in March 2024 showed that all approved risks were within their review period. The latest updates of the 3 'High Graded' risks were given: MD30 – Failure to prevent/mitigate obesity, ND70 – Failure to utilise our resources to optimise excellent patient care and FD90 – Failure to implement a sustainable long term model. Updates included the latest progress on the control measures in place to reduce the risk back to an acceptable level. The paper provides assurance to the Audit and Risk Committee with regards to any increased areas of concern within the Corporate Risk Register as well as ensuring risks are regularly updated and reviewed.

5.2   Category 1 and 2 Action Tracker

After the conclusion of a Category 1 or 2 Adverse Event Review recommendations are made to reduce the chances of the adverse event recurring. The tracker provides assurance to the Audit and Risk Committee that all actions have been appropriately considered and either actioned or reason given for being unable to implement an agreed recommendation. The report also provides an update on any ongoing reviews and new reviews that have been commissioned by the Corporate Management Team. The latest report detailed 2 outstanding recommendations that are due for action alongside 4 new recommendations that are awaiting allocation to an action officer. The report was provided to each meeting of the Audit and Risk Committee in 2023/24 allowing the group to have sight of current progress of the recommendations made.

6. Areas of Best Practice

Improvement
- Regular reporting now from Finance, eHealth and Audit Group, and Security, Resilience, Health and Safety Oversight Group
- Regular reporting on TSH financial position

Concern
- The members reviewed Committee effectiveness through formal assessment in September 2023, reporting to the Audit & Risk Committee that month – there were no matter of significant concern noted. It was noted that there was a potential lack of full independence of Committee members from other Governance Committees and Board, but that was acknowledged as an inevitable consequence of the size of the Board.

7. Conclusion

From the review of performance of the Audit & Risk Committee, it can be confirmed that the Committee has met in line with the Terms of Reference, and has fulfilled its remit. Based on assurances received and information presented to the Committee, adequate and effective Audit & Risk Governance arrangements were in place throughout the year.

I offer my thanks for the continuing support and encouragement of Committee members and also to those members of staff who have worked on the Committee's behalf during 2023/24.

David McConnell
AUDIT AND RISK COMMITTEE CHAIR
On behalf of the State Hospitals Board for Scotland Audit and Risk Governance Committee