

AUDIT AND RISK COMMITTEE ANNUAL REPORT 2024/2025

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SECTION 1 – SUMMARY OF ASSURANCE

Assurance Need (from ToR)	Agreed Level of Assurance	Comments/Further Details
1. OBJECTIVES		
Assurance levels as per individual sections 3-10.		
<p>Committee will seek assurance that NHS Dumfries and Galloway act within statutory financial and other constraints, as set out in the Code of Corporate Governance, as well as ensuring effective internal control.</p>		<p>The Committee covers this through the receipt of internal and external audit reports, financial reporting and governance reports, committee annual reports and oversight of the system of risk management. The Committee also reviews the Board's Annual Report and Accounts, which includes the Governance Statement.</p> <p>Officers include proposed assurance levels within each paper to Committee; Committee discuss these and agree the appropriate level (Significant, Moderate or Limited) at the end of each agenda item, and also at the end of each section (Governance, Risk, Control Environment). See attached Assurance Log at ANNEX 1 which has informed the assurance levels assigned throughout this report.</p> <p>The Audit and Risk Committee Annual Report and Assurance Statement for 2023/24 was presented to Audit and Risk Committee on 29 April 2024. Garry Forsyth was appointed to Audit & Risk Committee on 3 October 2024 with the Corporate Business Manager communicating this to Non-Executive Members via email, this was the only membership change during 2024/25.</p> <p>The Audit and Risk Committee Annual Report and Assurance Statement for 2024/25 (this report) will be submitted to Committee on 28 April 2025 for approval.</p>
<p>The Committee will provide the Board with the means of an objective review of the:</p> <ul style="list-style-type: none"> • Management of the NHS Board activities in accordance with the laws and regulations governing the NHS, as reflected in the Board Assurance Framework once it has been developed • Internal control systems which should be designed to: <ul style="list-style-type: none"> ○ Safeguard assets ○ Avoid waste ○ Avoid inefficiency ○ Produce accurate financial information ○ Seek Best Value • To receive assurances on the management of 		<p>A Best Value Board Workshop took place on 15 January 2024 with input from both Internal Audit and External Audit. The 2023/24 Best Value Self-Assessment will be included as part of the annual assurances within the Governance Statement paper presented to Audit and Risk Committee on 17 June 2024. The Best Value Self- Assessment will be reviewed by Board Management Team on a regular basis throughout the year and will be presented to Committee for scrutiny bi-annually going forward, with the next scheduled update to be brought during 2026.</p> <p>See sections 2-10 also.</p>

Assurance Need (from ToR)	Agreed Level of Assurance	Comments/Further Details
operational and strategic risks from across the organisation.		
The Chair will present to each Audit and Risk Committee member, at least annually, a self-assessment questionnaire designed to review the effectiveness of the working of the committee.		<p>A self-assessment session took place on 04 March 2024 and a paper was presented to Audit and Risk Committee on 29 April 2024. An action plan was devised and an update has been presented to each Audit and Risk Committee meeting during the year. Non-Executive Committee members held a separate session on to review the Action Plan in more detail and populate further with timelines and detail.</p> <p>This year's self-assessment session took place on 14 April 2025 and an action plan has been devised. A paper on the self-assessment will be presented to Audit and Risk Committee for approval on 28 April 2025</p> <p>In addition, Committee members completed an annual Committee Members Survey during March 2025 in relation to</p> <ol style="list-style-type: none"> 1. Committee membership and dynamics, 2. Committee meetings, support and information, and 3. The Role and Work of the Committee. <p>The responses to this have fed into the Audit and Risk Committee Annual Report and Assurance Statement for 2024/25</p>

Assurance Need (from ToR)	Agreed Level of Assurance	Comments/Further Details
2. REPORTING ARRANGEMENTS AND DELEGATED AUTHORITY		
Assurance levels as per individual sections 3-10.		
Committee supports the Accountable Officer and Board by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report.		See sections 3-10
Committee will allow time annually for a meeting to discuss specific matters with the Chief Internal Auditor and External Auditors, without the presence of either the Director of Finance or Chief Executive.		Quarterly agendas throughout 2024/25 include time at the end of each meeting for a private session between Audit and Risk Committee members, the Chief Internal Auditor and the External Auditors. Additionally, the Chair and Vice-Chair of the Committee have met with the Chief Internal Auditor periodically throughout the year.

Assurance Need (from ToR)	Agreed Level of Assurance	Comments/Further Details
3. ROLE AND FUNCTION - GOVERNANCE		
SIGNIFICANT level of assurance agreed by Committee.		
Committee will advise the Board and Accountable Officer on the strategic processes for risk, control and governance that support the Governance Statement.		<p><u>Committee Scrutiny</u></p> <p>A new process was introduced in 2023/24, whereby the Chairs of all Board Committees are required to present a Chairs Report to each Board meeting on the business of their respective committees. These include an update on the most recent meeting and a copy of any approved Committee minutes since the last Board meeting. This process was continued throughout 2024/25. A copy of these reports is included at ANNEX 2 for reference.</p> <p><u>Governance Statement</u></p> <p>Audit and Risk Committee review and approve the Governance Statement and associated documentation in advance of this being presented to Board for approval.</p> <p>See sections 4-10 also.</p>
Committee will keep under review and monitor adherence to the Board's Standing Financial Instructions and Standing Orders, by means of:		<p>A review of the Standing Financial Instructions (SFIs) took place in December 2023 and Committee approved the SFIs presented at the meeting on 29 January 2024. No reviews of the SFIs were carried out during 2024/25. The Scheme of Delegation was updated for April 2025.</p> <p>No changes to the Scheme of Delegation were made during 2024/25.</p>
Committee will approve changes to Standing Financial Instructions.		As above
Committee will oversee the Board's Internal Control Systems and financial risk by means of:		<p><u>Financial Governance Quarterly Update</u></p> <p>Regular updates and assurances have been provided on the following areas: Responsibilities of Audit and Risk Committee as per Standing Financial Instructions and Scheme of Delegation; Financial Governance breaches; Financial Governance training; Banking and Cash arrangements; Finance Risk Register and Risk Management; Internal Audit Recommendations; Incidents recorded in Datix; Authorised Signatories; Financial Governance Waivers (included annual review of lifetime waivers); Finance review of Frauds and Irregularities; Financial Governance reviews and developments; Procurement and Purchase Order Compliance; Payment compliance; special payments and losses; External Audit recommendations; internal audit recommendations progress; key performance indicators; late payments; accounting policies review.</p>

Assurance Need (from ToR)	Agreed Level of Assurance	Comments/Further Details
3. ROLE AND FUNCTION - GOVERNANCE		
		<p>Committee has continued to receive detail on any tenders where other than the lowest one has been accepted or when the total value exceeds £250,000, which requires to be formally recorded in the Audit and Risk Committee minutes which will be made available to the next Board meeting.</p> <p>Financial Governance training continues to be delivered to staff who have access to financial systems; work will be undertaken over the coming months to explore wider training to all staff to provide oversight of financial governance and financial control.</p> <p>The review of authorised signatories continues with a focus on cost containment rather than ease of signatory. Areas of spend across the organisation continues to be scrutinised more closely in line with financial recovery plan requirements.</p> <p><u>Financial Recovery Governance and Escalation Process</u></p> <p>Audit Committee received two reports (October 2024 and January 2025) giving the Committee assurance on the new reporting arrangements put in place during 2024/25 to support the Financial Recovery Programme. The January 2025 report additionally gave details on a local assessment of the Board's position within the Scottish Government escalation framework.</p> <p><u>Audit Scotland Reports Update</u></p> <p>A process is in place to ensure that all Audit Scotland reports are identified and disseminated to the appropriate Director and standing committee for scrutiny and action. The register for this is presented to each Audit and Risk Committee for assurance. Copies of any new Audit Scotland reports are also included in the report to Committee for information.</p>
Committee will approve changes to bank account signatories.		As above
<p>Financial Risk</p> <p>Committee will:</p> <ul style="list-style-type: none"> • Monitor financial risk management to the Audit and Risk Committee. • Gain assurance that financial risk and changes in risk are being monitored. 		As above. See sections 4-10 also.
Committee will help the Accountable Officer and NHS Board formulate their assurance needs with regard to risk management, governance and internal control.		As above. See sections 4-10 also.

Assurance Need (from ToR)	Agreed Level of Assurance	Comments/Further Details
4. ROLE AND FUNCTION - RISK		
<p>See Assurance Log at Appendix 1</p> <p>MODERATE level of assurance agreed by Committee.</p>		
<p>Risk Management - General</p> <p>Committee will:</p> <ul style="list-style-type: none"> Oversee the development of and periodically review the Board's Risk Management Strategy and advise the Board of the Committee's views as to its adequacy. Draw attention to weaknesses in systems of risk management, governance and internal control, making suggestions as to how these weaknesses can be addressed. Review, discuss and assess organisational risk and seek assurance that effective risk management systems are in place <p>Committee shall seek assurance that:</p> <ul style="list-style-type: none"> There is a comprehensive risk management system in place to identify, assess, manage and monitor risk at all levels of the organisation. <p>The Committee shall</p> <ul style="list-style-type: none"> Reflect on the assurances that have been received to date, and identify whether entries on the Board's risk management system require to be updated. 		<p>Risk Management continued to be a key area of priority for Committee in 2024/25 and a number of in-depth discussions have taken place at Committee over the past year. The Strategic Risk Management paper was a standing agenda item at each meeting. This has been developed further in 2024/25 to ensure it meets Committee's requirements on ongoing reporting on strategic risks.</p> <p>Regular updates have been provided on the following areas: Risk Management Strategy; Risk Appetite; Risk Workplan; work of the Risk oversight groups ie. (Executive Group, Risk Oversight Group; The Tactical Health and Safety Group); Risk Annual Report; Status of Operational, Directorate and Corporate Risk Registers; outstanding internal audits actions; training. Committee are also presented with updates on the risks specifically assigned to Audit and Risk Committee for scrutiny.</p> <p>Committee has noted that good progress has been made with implementing the Board's Risk Strategy, Risk Action Plan and development of Risk Registers, however, have noted that further work is required to embed Risk Appetite throughout the organisation and to consider how we evidence this. This will help move us through the Risk Maturity Curve from Risk Defined to Risk Managed and Enabled. A Board Workshop on these changes to Risk Appetite was held on 13 January 2025. The updated Risk Appetite Statement is due to be presented at the April 2025 committee.</p> <p>The Committee received assurance around the implementation of the new risk management system in phase.</p>
<p>Risk Training</p> <ul style="list-style-type: none"> Committee will seek assurance that there is appropriate ownership of and training in relation to risk in the organisation and that there is an effective culture of risk management. 		As above
<p>Risk Appetite</p> <ul style="list-style-type: none"> Committee will form an opinion on the exposure to risk relevant to the Board's Risk Appetite, and the adequacy and effectiveness of the systems of 		As above

Assurance Need (from ToR)	Agreed Level of Assurance	Comments/Further Details
4. ROLE AND FUNCTION - RISK		
<p>internal control for individual areas/subjects.</p> <ul style="list-style-type: none"> Committee will seek assurance that the Board has a clearly defined its risk appetite (ie. the amount of risk that the Board is prepared to accept, tolerate, or be exposed to at any time), and that the Board's decision making and Executive's approach to risk management is consistent with that appetite. 		
<p>Risk Register</p> <ul style="list-style-type: none"> Committee will consider the Corporate Risk Register and risk management arrangements for key organisational projects on a quarterly basis. At each meeting, the Committee shall, receive and review a report summarising any significant changes to the Board's corporate risk register, what plans are in place to manage them and to review the full Corporate Risk Register at least once per year. The Committee may also elect to occasionally receive information on significant risks held on other risk registers held in the organisation. The Committee shall consider whether the Corporate Risk Register is an appropriate reflection of the key risks to the Board. The Committee shall consider the impact of changes to the Corporate Risk Register on the assurance needs of the Board and the Accountable Officer, and communicate any issues when required. Committee shall reflect on the assurances that have been received to date and identify whether entries on the Board's risk management system require to be updated. 		As above
<p>Risk Annual Report</p> <ul style="list-style-type: none"> The Committee shall receive an annual report on risk management, confirming whether or not there have been adequate and effective risk management arrangements throughout the year, and highlighting any material areas of risk. 		<p>The Annual Risk Management Report for 2023/24 was presented to Audit and Risk Committee on 17 June 2024 where it was deemed to provide Significant assurance to the Board.</p> <p>The Annual Risk Management Report for 2024/25 will be presented to Audit and Risk Committee on 16 June 2025</p>

Assurance Need (from ToR)	Agreed Level of Assurance	Comments/Further Details
5. THE CONTROL ENVIRONMENT - AUDIT		
SEE SECTIONS 6 AND 7		
The Committee will approve all Audit Plans, including those submitted by External Auditors.		See section 6 and 7.
The Committee will take responsibility for overall audit arrangements.		See section 6 and 7.

Assurance Need (from ToR)	Agreed Level of Assurance	Comments/Further Details
6. THE CONTROL ENVIRONMENT - INTERNAL AUDIT		
<p>See Assurance Log at Appendix 1</p> <p>MODERATE level of assurance agreed by Committee for Overall Control Environment</p> <p>MODERATE level of assurance agreed by Committee for Internal Audit section</p>		
<p>Committee will keep under review the role, function and performance of the Board's Internal Audit service, by means of:</p> <ul style="list-style-type: none"> • Regular review of the Internal Audit Strategy and Plan. • Receiving copies of all Limited Assurance Internal Audit reports. • Reviewing action taken by the Chief Executive and others on audit recommendations. • Reviewing the annual report of the Chief Internal Auditor. • Agree and periodically review the Internal Audit Charter 		<p><u>Internal Audit Reports and Audit Plan</u></p> <p>An Internal Audit Activity Quarterly Progress report is a standing agenda item at each Committee meeting.</p> <p>A Internal Audit Plan for 2024/25 was presented to Committee for consideration at the Audit and Risk Committee meeting on 29 April 2024 along with the revised Internal Audit Charter and Risk and Audit Universe for 2023/24. Committee approved the proposed plan.</p> <p>The Internal Audit Team have had a vacancy during 2024/25 which has been under review. The Cyber Attack identified the need for an Internal Audit review of the lessons learned, response and early recovery. Given the backlog of audits faced by the team due to the vacancy, and lack of IT expertise within the team for the Cyber Attack audit, Audit & Risk Committee gave approval for the Internal Audit team to look at a co-sourcing arrangement for Internal Audit provision at its meeting in July 2024. Henderson Loggie were appointed as co-source partners after a competitive tender process for a period of 3 years, with Audit & Risk Committee supporting this approach at its meeting in January 2025.</p> <p>The Internal Audit Annual Report for 2023/24 was presented to Audit and Risk Committee on 17 June 2024 where it was deemed to provide Moderate assurance to the Board.</p> <p>The Internal Audit Annual Report for 2024/25 will be presented to Audit and Risk Committee on 23 June 2025</p> <p><u>Limited Assurance Updates</u></p> <p>A Limited Assurance Update report is a standing agenda item at each Committee meeting. Copies of any limited assurance reports are provided as appendices.</p> <p>As per previous years, officers are required to provide updates to Committee on any Limited Assurance reports. The following reports were presented as separate items on the agenda during 2024/25 and officers attended meetings to provide updates:</p> <ul style="list-style-type: none"> • Use of Vehicles • Security

Assurance Need (from ToR)	Agreed Level of Assurance	Comments/Further Details
		<ul style="list-style-type: none"> • Residences • Young Patients Family Fund <p><u>Internal Audit Reports Committee Scrutiny</u></p> <p>The process for review of internal audits by Committees has continued into 2024/25 has been embedded this year whereby each new Internal Audit report is required to report into a Board Committee for oversight and scrutiny. The following Internal Audits were presented to Audit and Risk Committee during the year with officers attending to present an update on their management action plan as required:</p> <ul style="list-style-type: none"> • Register of Interests - Gifts and Hospitality • Freedom of Information • Payments to Staff • Creditors – Accounts Payable • Vehicle Use – This report was published in Jan 2024 and will be closely monitored by Committee noting the high number outstanding actions and some concerns raised about processes; this will need to be reflected in the Governance Statement for 2023/24. A detailed update from the lead officer will be presented to Audit and Risk Committee in April 2024. <p><u>Property Transactions</u></p> <p>NHS bodies are required to complete Property Transactions in accordance with guidance in the NHS Scotland Property Transactions Handbook (the Handbook) maintained by the Scottish Government Health and Social Care Directorates. There were no property transactions during 2024/25.</p> <p><u>External Quality Assessment of Internal Audit function</u></p> <p>In line with the Public Sector Internal Audit Standards (PSIAS), an External Quality Assessment (EQA) of the Internal Audit Function commenced in December 2023. This was undertaken by the Chartered Institute of Internal Auditors. The final report was presented to Committee on 29 April 2024 with the Committee agreeing a Moderate level of assurance.</p>

Assurance Need (from ToR)	Agreed Level of Assurance	Comments/Further Details
7. THE CONTROL ENVIRONMENT - EXTERNAL AUDIT		
<p>See Assurance Log at Appendix 1</p> <p>MODERATE level of assurance agreed by Committee for Overall Control Environment NO ASSURANCE level assigned for External Audit section as no cover papers provided</p>		
<p>The Committee will keep under review the External Audit arrangements, by means of:</p> <ul style="list-style-type: none"> • Reviewing the external audit strategy and plan. • Holding discussions at appropriate intervals with external auditors. • Reviewing the external audit management letters on annual accounts. 		<p>In the latter part of 2022, Audit Scotland were appointed as NHS Dumfries and Galloway's new auditors for the audit periods 2022/23 to 2026/27 inclusive. This is the third year of Audit Scotland's appointment.</p> <p>Audit Scotland provided an update on the External Audit Plan at each relevant Audit and Risk Committee meeting and has been in attendance to answer queries.</p> <p>A slot is allocated at the start of each agenda for a private session to be held between the Committee members, External Audit and the Chief Internal Auditor.</p> <p>Audit Scotland presented the following papers to Committee during the year:</p> <ul style="list-style-type: none"> • External Audit – Timelines of Audits (29 April 2024) • NHS Dumfries and Galloway Draft Audit Management Report for the year ended 31 March 2024 (including Letter of Representation) (24 June 2024)

Assurance Need (from ToR)	Agreed Level of Assurance	Comments/Further Details
8. THE CONTROL ENVIRONMENT - FRAUD		
<p>See Assurance Log at Appendix 1</p> <p>MODERATE level of assurance agreed by Committee for Overall Control Environment MODERATE level of assurance agreed by Committee for Fraud section</p>		
<p>Committee will:</p> <ul style="list-style-type: none"> • Approve the Counter Fraud policies and arrangements for special investigations. • Note that the Board will appoint a Counter Fraud Champion to support Audit and Risk Committee. The Counter Fraud Champion will have a direct influence on the agenda when fraud is discussed. 		<p>The Fraud Update report was a standing agenda item at each Committee meeting. The report has provided updates on liaison with Counter Fraud Services and includes copies of any new fraud alerts received in the last quarter.</p> <p>Greg Black continues to be the Counter Fraud Champion for the Board.</p> <p>Counter Fraud Services (CFS) did not attend Audit and Risk Committee during 2024/25, though did attend Area Partnership Forum in August 2024 during the consultation for the Fraud Policy. An annual review meeting with CFS and NHS Board representatives took place on 19 July 2024.</p> <p>A review of the Board's Fraud Policy was carried out during 2024/25, updating the format and including recent changes to contact information. The refreshed Fraud Policy was taken to Area Partnership Forum as noted above, alongside representation from CFS.</p>

Assurance Need (from ToR)	Agreed Level of Assurance	Comments/Further Details
<p>9. THE CONTROL ENVIRONMENT - INFORMATION ASSURANCE</p>		
<p>See Assurance Log at Appendix 1</p> <p>MODERATE level of assurance agreed by Committee for Overall Control Environment MODERATE level of assurance agreed by Committee for Information Assurance section</p>		
<p>Committee will</p> <ul style="list-style-type: none"> Receive quarterly summary reports and an Annual Report from Information Assurance Committee which formally reports to Audit and Risk Committee 		<p>An Information Assurance Quarterly report was a standing agenda item at each Committee meeting. This has been supplemented in meetings during 2024/25 with an additional regular update on the Cyber Attack response.</p> <p>Regular updates have been provided on the following areas:</p> <ul style="list-style-type: none"> The Information Assurance Committee meets on quarterly basis and is alternating deep dives between Information Governance and Information Security at each of its meetings. Cyber Attack Updates were received throughout the year, detailing the Board’s response and lessons learned from the Cyber Attack. Fairwarning incidents – These remained low during 2024/25, and incidents within the MORSE system were included within monitoring. Quarterly reminders continue to be sent, all captured incidents are progressed with HR and the managers concerned. 2024/25 was the second year of the 3-year NIS report cycle, with the focus being on improving controls that were flagged during the first year. 41 controls were identified as being completed, however due to ongoing work around the Cyber Attack and a vacancy within the Cyber Security Manager post, the resources needed to submit evidence was beyond current capacity. A reduced report was submitted in October 2024. Other areas covered by the report included: compliance with training, Subject Access Requests (SARS), Windows 10, Cyber Upskilling, outstanding audit actions, and Data Protection Impact Assessments. <p>A detailed session on the Cyber Attack was held for Audit and Risk Committee members on 27 January 2025 to provide further detail on the Board’s response and timelines along with the outcome of the internal audit review.</p>

Assurance Need (from ToR)	Agreed Level of Assurance	Comments/Further Details
10. THE CONTROL ENVIRONMENT - INTEGRITY OF FINANCIAL STATEMENTS AND THE ANNUAL ACCOUNTS		
<p>See Assurance Log at Appendix 1</p> <p>MODERATE level of assurance agreed by Committee for Overall Control Environment</p> <p>MODERATE level of assurance agreed by Committee for Integrity of Financial Statements and the Annual Accounts section</p>		
<p>Committee will keep under review and monitor adherence to the Board's Standing Financial Instructions and Standing Orders, by means of:</p> <ul style="list-style-type: none"> The accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors. 		<p><u>Financial Quarterly Reporting Update</u></p> <p>Regular updates have been provided on the following areas: Terms of Reference assurance reviews, Audit Handbook Self-Assessment quarterly review, updates on external audit recommendations (from NHS Board and Dumfries and Galloway Health Board Endowment Fund and Private Funds); Annual Accounts workplan and timetable.</p> <p><u>Annual Accounts</u></p> <p>A Special Board on the Annual Accounts took place in the afternoon of 27 June 2024.</p> <p>Committee reviewed all relevant annual reports, end of year statements and the annual accounts for 2023/24 at its meeting on the afternoon of 24 June 2024 and recommended to Board to sign off the Annual Report and Accounts at its Special Board meeting on 27 June 2024, which was subsequently approved.</p> <p>Assurances for the Annual Report and Accounts for 2024/25 will be presented to Audit and Risk Committee on 16 June 2025. An additional Audit and Risk Committee meeting will be held on 23 June 2025 to enable the External Audit assurances to be presented. Following this, the Annual Report and Accounts will be presented to NHS Board for approval on 30 June 2025.</p>

Assurance Need (from ToR)	Agreed Level of Assurance	Comments/Further Details
11. ADMINISTRATION		
For information.		
The Committee will meet on at least a quarterly basis throughout any given financial year for a maximum of 3 hours per meeting.		Six meetings were held in 2024/25. All meetings were quorate. See attendance record at ANNEX 4 .
The Committee will review the Terms of Reference on an annual basis.		The Terms of Reference were reviewed at this year's Annual Self-Assessment session which took place on 14 April 2025. A number of amendments were proposed and these will be presented to Audit and Risk Committee for approval on 28 April 2025 (prior to formal approval by Board thereafter).
Committee membership		<ul style="list-style-type: none"> • Greg Black was Chair of the Committee during 2024/25. • Kim Dams was appointed Vice-Chair of the Committee from 6 April 2023 which then moved to Gwylim Gibbons at a later date. • Garry Forsyth joined Audit & Risk Committee following their appointments to the Board on 3 October 2024. • All new members have been provided with a welcome email and background information on joining the Committee and met with the Director of Finance to explain the role of the Committee in more detail.
Misc		<ul style="list-style-type: none"> • Agenda setting meetings take place on a quarterly basis. These are attended by the Chair of Committee, Director of Finance, Deputy Director of Finance, Chief Internal Auditor and EA to Director of Finance. • An agenda matrix is presented to Audit and Risk Committee each year for approval. The matrix is developed throughout the year as required and also discussed at agenda setting meetings. • A comprehensive Actions List is reviewed and updated at each meeting. • Meetings have been held virtually via TEAMs throughout 2024/25.

SECTION 2

SUMMARY OF ANY SIGNIFICANT CONTROL WEAKNESSES OR ISSUES AT THE YEAR END WHICH THE AUDIT AND RISK COMMITTEE HAS IDENTIFIED AND RECOMMENDS FOR DISCLOSURE IN THE GOVERNANCE STATEMENT

Audit and Risk Committee has not identified any significant control weaknesses for disclosure in the governance statement, however, improvements are needed and are a continued area of focus.

In particular the Board continues to sit with significantly more overdue audit actions than immediately pre-pandemic. At year end, the Board had 132 open internal audit actions of which 95 were overdue. More than half of the open actions (65%) have been assessed as being high risk. Committee will expect progress in this area while taking into account system pressures.

It is the opinion of the Audit and Risk Committee that the Governance Statement should present a transparent overview of the organisation's governance position in line levels of assurance identified in each area.

SECTION 3 – YEAR-END STATEMENT FROM THE CHAIR OF THE AUDIT AND RISK COMMITTEE

THIS SECTION TO BE UPDATED AFTER THE 16 JUNE 2025 ASSURANCES MEETING

The Audit and Risk Committee has reviewed its own effectiveness and is satisfied that it has operated effectively and in line with its Terms of Reference. The Committee has sought assurances across all areas of its remit, with assurance levels being agreed by Committee as detailed in this report.

At its meeting on 17 June 2024, the Audit and Risk Committee received and considered a number of reports in relation to financial year ending 2023/24, ahead of recommending the 2023/24 Annual Report and Accounts to Board on 12 August 2024 for approval:

- National Service Audit Reports 2023/24 – **Presented as Moderate; Committee agreed**
- Schedule of Losses – SFR18 - **Presented as Moderate; Committee agreed**
- Payment Verification Annual Report Year Ended 31 March 2024 - **Presented as Moderate; Committee agreed**
- Dumfries and Galloway Health Board Endowment Fund Annual Report and Accounts 2023/24 - **Presented as Significant; Committee agreed**
- Annual Risk Management Report 2023/24 - **Presented as Significant; Committee agreed Moderate**
- Cyber Attack Update – **Presented as Moderate; Committee agreed**
- Information Assurance Quarterly Update – **Presented as Limited; Committee agreed Moderate**
- Internal Audit Annual Report 2023/24 - **Presented as Moderate; Committee agreed**
- Annual Information Assurance Report 2023/24 - **Presented as Moderate; Committee agreed**
- Draft Governance Statement - **Presented as Significant; Committee agreed**
- Patients Private Funds for the year ended 31 March 2024 - **Presented as Moderate; Committee agreed**

The Audit and Risk Committee has reviewed the adequacy and effectiveness of the Board's arrangements. The Committee is satisfied that where there are areas of control weakness, these have been acknowledged, and good progress has been made to address these, however, Committee will expect that these will be continued to be progressed and Risk Management is embedded throughout all operating levels of the organisation. Committee would like to see addressing of open audit actions, specifically overdue audit actions.

Greg Black
Chair of Audit and Risk Committee
31 March 2025