

HIGHLAND NHS BOARD	Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 www.nhshighland.scot.nhs.uk 
MINUTE of MEETING of the NHS Board Audit Committee Microsoft Teams	12 January 2026 10.00 am

Present: Emily Austin, Non-Executive (Chair)
Alex Anderson, NHSH Board Non-Executive
Heledd Cooper, Director of Finance
Bert Donald, NHSH Board Non-Executive
Brian Steven, NHSH Board Non-Executive

In Attendance: Gareth Adkins, Director of People and Culture (from 10.50am)
Martin Baird, Azets, Internal Audit
Brian Battison, Audit Scotland
Louise Bussell, Board Nurse Director
Sarah Compton-Bishop, NHSH Board Chair
Garret Corner, NHSH Board Non-Executive
Charlotte Craig, Business Improvement Manager, Argyll and Bute
Gavin Davidson, Senior Administrator
Fiona Davies, Chief Executive
David Eardley, Azets, Internal Audit
Jamie Fraser, Azets, Internal Audit
Stephanie Hume, Azets, Internal Audit
Graham Ilsley, NHSH Board Non-Executive
Stephanie Innes, Assistant Financial Accountant
Arlene Johnstone, Interim Chief Officer, HSCP
Brian Mitchell, Board Committee Administrator
Gerry O'Brien, NHSH Board Non-Executive
David Park, Deputy Chief Executive
Liz Porter, Assistant Director of Financial Services
Iain Ross, Head of eHealth
Katherine Sutton, Chief Officer (Acute)
Nathan Ware, Corporate Governance and Records Manager
Dr Neil Wright, NHSH Board Non-Executive

1.1 WELCOME, APOLOGIES AND DECLARATION OF INTERESTS

Apologies were noted from Non-Committee members J Davies, J McCoy, J Mitchell and A Turnbull-Jukes.

The Chair took the opportunity to recognise A Christie, as outgoing Committee member, for his dedication and contribution to the work of the Committee including as previous Chair. She, in turn, welcomed B Steven to the membership of the Committee.

1.2 NOMINATION AND APPOINTMENT OF COMMITTEE VICE CHAIR

The Chair advised B Donald had been nominated to and had provisionally accepted the role of Committee Vice Chair.

The Committee Agreed to Endorse the appointment of B Donald as Committee Vice Chair.

1.3 DECLARATION OF INTERESTS

There were no Declarations made.

1.4 MINUTE AND ACTION PLAN OF MEETING HELD ON 9 SEPTEMBER 2025

The Minute of the meeting held on 9 September 2025, and Committee Work Plan were **Approved**.

In relation to the circulated Committee Action Plan, the noted actions would be closed as a result of this meeting.

The Committee otherwise Approved the draft Minute.

1.5 MATTERS ARISING

1.5.1 Potential Deviation from SFIs – Payments

The Chair referenced previous Committee discussion and advised members the matter would more appropriately be discussed within a separate forum, with the Population Health and Planning Committee being formally mentioned. The technical aspects of seeking change in this area were also outlined by the Director of Finance. It was noted aspects would also be considered as part of Third Sector audit activity.

After discussion, the Committee Noted the position and **Agreed** the subject be considered for inclusion as part of the work of the Population Health and Planning Committee.

1.5.2 NHSH Resident Doctor Compliance Update

There had been re-circulated the report considered by the Committee at the meeting held on 9 September 2025, at which it had been agreed a further update be requested for this meeting including on review of timescales for noted actions.

K Sutton outlined some of the background to the review and thanked Internal Audit colleagues for their detailed work in this area. She advised as to review findings and the work of her management team in preparing relevant responses and agreeing the stated recommendations and actions. It was confirmed a relevant action tracker had been developed, with one action remaining outstanding and due for completion by end January 2026 in association with Medical Staffing and Finance colleagues in relation to payments. An overview was provided in relation to ongoing associated rota activity and financial monitoring processes.

During discussion, members acknowledged the complex nature of the review and the progress made as a result. With regard to ongoing monitoring and governance in this area, members were advised a multidisciplinary team was in place and that governance aspects were to be discussed further with the Board Medical Director and Deputy Director of People and Culture. Aspects relating to previous changes in roles and responsibilities from the review in terms of rota management were noted and discussed in detail, with members also being advised achievement of zero non-compliance would require months to address. Activity relating to the monitoring and management/administration of relevant annual leave arrangements, including by relevant Service Leads, was also outlined.

After discussion, the Committee:

- **Noted** the circulated report and updates provided in discussion.
- **Agreed** a further progress update be provided to the September/December 2026 meeting.

1.5.3 Update on Timescale for Primary Care Management Actions

Members were advised relevant paperwork was being finalised and relevant contract documentation would be issued in early course.

The Committee Noted the position and **Agreed** an update be provided to the next meeting.

2 INTERNAL AUDIT PROGRESS REPORT AND INDIVIDUAL REPORTS

2.1 Remote Access Review and Update on Cyber Security Review Actions

M Baird spoke to the circulated report, the Executive Summary of which provided an audit rating of minor improvement being required. The report outlined the review background and scope, provided an overall control assessment and indicated 6 improvement actions had been identified, 3 of which related to compliance with existing procedures and 3 of which related to the design of controls themselves. Key findings were outlined, as was the impact on the NHS Corporate Risk Register, and detail of the relevant Management Action Plan was included. I Ross advised on all management actions and confirmed these were due for completion by financial year end. He added, in terms of multi-factor authentication matters NHS Highland was reliant on National Services Scotland (NSS) for assurance reporting.

There was discussion, as follows:

- **NSS Reliance for Assurance.** Advised formal assurance reports to be requested moving forward. Noted NSS do provide a series of assurance reports for NHS Boards, including for IT and Payroll activity. It was stated reports can be tailored according to individual NHS Board need where required. Internal dissemination aspects were also highlighted.
- **Ensuring Wider Assurance from External Sources.** The NHS Board Chair highlighted the need to consider this matter more widely across NHS Highland services, where services were supplied by an external provider.
- **Oversight of Management Actions.** Advised Head of eHealth providing oversight and all actions confirmed as on track. Progress was reported to a number of formal groups, including the Finance, Resources and Performance Committee (FRP).
- **Business Continuity Planning and Disaster Recovery Plan Testing.** Advised relevant matters to be considered at April 2025 meeting of FRP Committee. Noted additional resource was being placed within the resilience team at that time, and this would enable enhanced testing to take place.

After discussion, the Committee Noted the circulated report and updates provided.

2.2 Third Sector Allocations

S Hume spoke to the circulated report, the Executive Summary of which provided an audit rating of substantial improvement being required. The report outlined the review background and scope, provided an overall control assessment and indicated 13 improvement actions had been identified, 12 of which related to the design of controls and 5 of which had been designated high risk as indicated and outlined in discussion. Key findings were outlined, as

was the impact on the NHSH Corporate Risk Register, and detail of the relevant Management Action Plan was included.

The following was discussed:

- Contract Management. Advised relevant documentation relating to contract performance management was in the process of being developed.
- System Variance. Questioned level of scope for harmonisation across operational areas. Advised the point being highlighted had related to budget setting activity within relevant Council bodies. Learning was being taken and applied across both areas in relation to Adult Social Care. Third Sector Interface involved.
- Commissioning Plan. The NHS Board Chair highlighted the need for further consideration in relation to the relevant Commissioning Plan elements.
- Timescale for Management Actions. Confirmed relevant actions were on track.
- Annual Procurement Reporting. View expressed that relevant annual reporting did not include this area of activity and consideration should be given to ensuring improved links.

After discussion, the Committee:

- **Noted** the circulated report and updates provided.
- **Agreed** a further progress update be provided to the next meeting, including from Argyll and Bute colleagues where appropriate.

2.3 Financial Management and Savings Plan

D Eardley spoke to the circulated report, the Executive Summary of which provided an audit rating of substantial improvement being required. The report outlined the review background and scope, provided an overall control assessment and indicated 16 improvement actions had been identified, 14 of which related to the design of controls in place and 5 of which had been designated high risk as indicated and outlined in discussion. Key findings, areas of good practice and areas for improvement were outlined, as was the impact on the NHSH Corporate Risk Register. Detail of the relevant Management Action Plan was included. The Director of Finance confirmed many of the areas highlighted for improvement, including in relation to governance had been identified in advance of the review and discussed at Executive level. The Value and Efficiency Team were actively involved in strengthening the improvement actions being taken forward.

There was discussion of the following:

- Management Action Plan. Advised small number of actions being reconsidered in terms of realising the anticipated improvement within current resource and processes. Relevant stated processes were in place and considered to be working well.
- Executive Ownership of Activity. Questioned level of ownership and oversight provided. Advised greater focus required and being placed on budget setting and budget holder level, to enable an increased culture appropriate stewardship etc.
- Admin and Clerical Review (Argyll and Bute). Advised activity had been placed on hold at that time, with activity being focussed across all organisational areas with a view to utilising appropriate digital solutions. The relevant workstream was in the process of being developed and progressed.

After discussion, the Committee Noted the circulated report and updates provided.

2.4 Operational Performance and Compliance Monitoring Report

J Fraser spoke to the circulated report, the Executive Summary of which provided an audit rating of minor improvement being required. The report outlined the review background and scope, provided an overall control assessment and indicated 3 improvement actions had been identified, all of which related to the design of controls in place. Key findings, areas of good practice and areas for improvement were outlined, as was the impact on the NHS Corporate Risk Register. Detail of the relevant Management Action Plan was included.

After discussion, the Committee Noted the circulated report and updates provided.

2.5 Internal Audit Management Actions Update

The Chair advised the circulated report had been prepared for the December 2025 meeting that had not progressed and as such the report detail would require to be updated for the next meeting. S Hume then spoke to the circulated report, advising as to progress made by management in implementing agreed management actions previously identified. The summary of progress indicated that in relation to the 39 actions identified, updates had been received in relation to each. It was reported management had made progress with the completion of actions, with no outstanding actions where no progress had been made. 28 actions had been assessed as 'Action' on track or being progressed with revised completion date'.

After short discussion, the Committee:

- **Noted** the circulated report.
- **Requested** the report detail be updated for the next meeting.

2.6 Internal Audit Plan 2026/27

S Hume spoke to the circulated report outlining proposed audit areas for inclusion within the NHS Highland Internal Audit Plan for 2026/27. Members were invited to consider areas for inclusion and suggest areas of current and emerging risks where internal audit could add value in 2026/27. It was noted that following discussion, and receipt of comments the draft Plan would be further consulted upon directly with the Executive Directors Group with a view to the final draft Plan being presented for approval at the next Audit Committee meeting. Any agreed Plan would be subject to change through the review period as appropriate.

The Chair highlighted areas where the scope of intended review would require to be discussed in terms of narrowing relevant parameters. H Cooper advised as to the review process to date, confirmed further refining activity was continuing and that an updated draft Plan, based on best use of available audit resource had been developed.

There was discussion of the following:

- Mapping Wider Known External Best Practice. View expressed providing this wider detail would enable more informed consideration of proposed audit areas.
- Risk Management. Suggested as key area of activity for future review.
- Ensuring Appropriate Learning. Suggested greater focus on monitoring and ensuring learning activity was translated into action and appropriately captured.
- Statutory and Mandatory Training Activity. Members suggested an audit review would be beneficial and sought an update on work stated as being taken forward prior to any review being proposed. Advised current trajectory moving in positive direction, making this subject less of a priority area. National work on Protected Learning Time was being introduced alongside activity relating to national modules and TURAS data management capture, and actions arising from the previous review continued to be implemented.

After further discussion, the Committee:

- **Noted** the circulated report and draft Internal Audit Plan 2026/27.
- **Agreed** the potential scope of any review relating to Statutory and Mandatory Training be further considered to ensure appropriate added value to the current position.
- **Requested** the updated draft Plan be circulated for comment ahead of approval discussion at the next meeting.

2.7 Internal Audit Progress Report

D Eardley spoke to the circulated report providing a summary of internal audit activity since the last meeting and confirming the reviews planned for the upcoming quarter, including identifying any changes to the annual plan. It was reported progress had been made against the annual audit programme, with five reviews completed as indicated. Activity remained on track with a view to delivering the Internal Audit Opinion for 2025/26 by the June 2026 Audit Committee meeting. Progress to date was welcomed.

The Committee Noted the circulated report.

3 EXTERNAL AUDIT

There were no matters discussed in relation to this Item.

4 NHS HIGHLAND RISK MANAGEMENT REVIEW UPDATE AND DISCUSSION

D Park gave a presentation to members, advising an associated Appendix relating to processes and forms, would be circulated to members following the meeting. He provided updates in relation to the existing NHS Highland Risk structures, Risk Registers and review activity based on stated levels of risk and identified gaps and relevant opportunities for improvement. He stated relevant training provision and support activity was an active area within NHS Highland at that time. Suggested measures for further consideration and discussion were also outlined. Feedback from members was invited and welcomed.

There was discussion of the following:

- **Adverse Events.** The Chair highlighted the opportunity to use relevant Root Cause Analysis information to sense check relevant Risk Register entries.
- **Internal Audit Review Findings Impact on Risk Registers.** Sought update on how this activity informed and updated associated Risk Register review and detail. Advised Register was used to inform relevant audit activity and confirmed further consideration would be given to this point.
- **Risk Information and Detail Required for Committee.** The Chair invited members to consider what the Committee required to enable it to perform its stated role and remit on this activity area.
- **Risk Escalation Process.** Further detail was sought on the process for escalating relevant risks where appropriate. Suggested trending analysis would also be beneficial when considering this aspect. Advised ensuring appropriate oversight, in association with relevant metric consideration, was a key element.
- **Reporting Arrangements and Detail Provided.** Highlighted the need to avoid duplication of reporting at governance level. Suggested reporting should include greater detail on what risks were being reported to each of the governance Committees, and the level of Executive ownership of the same. This would be beneficial from an assurance perspective.

After discussion, the Committee:

- **Noted** the presentation content.
- **Noted** the presentation slide deck and associated Appendix would be circulated to members following the meeting.
- **Agreed** a further update and discussion be scheduled for the next meeting.

5 COUNTER FRAUD UPDATE

L Porter spoke to the circulated report, providing the Committee with an update as to the progress of Counter Fraud actions and services in order to highlight instances of fraud and provide assurance on the actions being taken to prevent fraud. Specific updates were provided in relation to Counter Fraud 12 components; 2025/26 Fraud Standard Statement return progress; Counter Fraud Services (CFS); current cases and recent events; Fraud Annual Action Plan completion for 2025/26; International Fraud Awareness Week activity; National Fraud Initiative (NFI) exercise activity; and relevant training actions. The report proposed the Committee take **Substantial** assurance.

There was discussion of the following:

- Operation Dunnet (eHealth). Advised formal report expected to be released and would be the subject of an update to the next meeting.
- Counter Fraud Standards. Further detail requested on activity relating to achieving relevant Standards.
- Cases and Allegations Reporting Detail. Advised limited as to the level of detail that can be provided to Committee, in terms of relevant actions undertaken where appropriate.

The Committee:

- **Noted** the circulated report and **Agreed** to take **Substantial** assurance.
- **Noted** an update on Operation Dunnet would be brought to the next meeting.
- **Agreed** further consideration would be given to the level of detail in future reports.

6 ARGYLL AND BUTE IJB AUDIT COMMITTEE SIX MONTH UPDATE

C Craig spoke to the circulated report on the activity of the Integration Joint Board Audit and Risk Committee over the previous six months, this having met twice during the reporting period. Matters relating to workforce risk were highlighted and the report proposed the Committee take **Moderate** assurance.

The Committee Noted the report content and **Agreed** to take **Moderate** assurance.

7 AUDIT SCOTLAND REPORTS

The Chair drew the committee's attention to the link for papers at the Audit Scotland website that had been selected for the interest of Committee members.

The Committee so Noted.

8 ITEMS ESCALATED FROM OTHER COMMITTEES

There were no matters raised in relation to this Item.

9 ANY OTHER COMPETENT BUSINESS

There were no matters raised in relation to this Item.

10 DATE OF NEXT MEETING

The next meeting was to be on **Tuesday 10 March 2026** at **9.00 am** on a virtual basis.

The meeting closed at 12.20pm.