

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	13 May 2025 9.00 am	

Present: Emily Austin, Non-Executive (Chair)
 Alasdair Christie, NHS Board Non-Executive
 Heledd Cooper, Director of Finance
 Bert Donald, NHS Board Non-Executive
 Gerry O'Brien, NHS Board Non-Executive

In Attendance: Gareth Adkins, Director of People and Culture
 Louise Bussell, Board Nurse Director
 Garret Corner, NHS Board Non-Executive
 Charlotte Craig, Argyll and Bute IJB
 Claire Gardiner, Audit Scotland, External Auditors
 Stephanie Hume, Azets, Internal Auditors
 Stephanie Innes, Assistant Financial Accountant
 Brian Mitchell, Board Committee Administrator
 David Park, Deputy Chief Executive
 Dr Boyd Peters, Board Medical Director
 Liz Porter, Assistant Director of Financial Services
 Iain Ross, Head of eHealth
 Nathan Ware, Corporate Governance and Records Manager
 Dominic Watson, Head of Corporate Governance (Observing)

1.1 WELCOME, APOLOGIES AND DECLARATION OF INTERESTS

Apologies were noted from A Anderson and F Davies.

The Chair welcomed G O'Brien to the meeting, noting his attendance, for the purposes of ensuring meeting quoracy.

1.2 DECLARATION OF INTERESTS

A Christie advised that, as a Highland Councillor, he had applied the objective test outlined in paragraphs 5.3 and 5.4 of the Code of Conduct in relation to Items on the Agenda and concluded that these interests did not preclude his involvement in the meeting.

1.3 MINUTE AND ACTION PLAN OF MEETING HELD ON 11 MARCH 2025

The Minute of the meeting held on 11 March 2025, and Committee Work Plan were **Approved**.

In relation to the Committee Action Plan, the following was **Noted**:

Action 5 – Confirmed relevant Plan in place, with update included in Internal Audit Actions update under 2.2 on agenda. **Agreed** Action can be **closed**.
 Action 6 – To be discussed later on agenda.

The Committee:

- **Approved** the draft Minute and Committee Work Plan.
- **Agreed** in relation to Rolling Action Plan, Action 5 be **closed**.

1.4. MATTERS ARISING

There were no matters discussed in relation to this Item.

2 INTERNAL AUDIT PROGRESS REPORT AND INDIVIDUAL REPORTS

2.1 Internal Audit Progress Report

S Hume spoke to the report, advising as to the position as at 2 May 2025 and indicating a follow up exercise had been completed since the previous meeting. Work remained on track to deliver the Internal Audit Plan for 2024/25 by the June 2025 Audit Committee. It was noted the scope of the Children's Services review had been formally agreed, fieldwork had commenced, and the final report would now form part of the 2025/26 Internal Audit Plan and be reported to the September 2025 Audit Committee meeting. The plan for the following quarter was outlined as relating to submission of the 2024/25 Internal Audit Report. Internal audit themes identified as part of the 2024/25 audit process were indicated as relating to aligning financial and performance data, policies and procedures, and roles and responsibilities. An overall update on progress against the 2024/25 audit plan was provided along with an indication of the relevant audit outcomes to date and relevant Key Performance Indicator (KPI) status. The Committee was invited to note the circulated report, endorse the plan for the next quarter and provide any relevant comment.

The following was discussed:

- Children Services Review. Advised initial assessment of original audit questions received, with discussion to be held with relevant teams. A sample had been selected of individuals who had transitioned from Children's Services into Adult Services, for appropriate review. Overall, relevant fieldwork was continuing and not subject to pause. Highland Council had indicated their associated activity was progressing well, the findings of which would be shared. An update was also provided in relation to the process for obtaining relevant information and how this had been formally progressed.

The Committee:

- **Noted** the content of the circulated report.
- **Noted** the Children's Services report would be submitted to the September 2025 meeting.

2.2 Internal Audit Actions Update

There had been 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 49 actions identified, some progress had been made in relation to each. It was reported management had made with the completion of actions, with no outstanding actions where no progress had been made. Of the 32 actions assessed as 'Action on track of being progressed with revised completion date', 24 had had their due dates moved on at least one occasion from that set at the time of finalising the original report. There had been provided a note of the number of times all actions which remained open had had their

due date moved. Members again acknowledged the progress made since the last Committee meeting, and recognised the efforts of all involved.

There was discussion of the following, relating to actions associated with reviews involving the following areas:

- Cyber Security (Network Controls). Advised all relevant delivery dates had been met, with remaining actions on track for completion through May/June 2025 as agreed. Progress was monitored on a weekly basis. Action relating to Policy development had been moved. An update was also provided in relation to associated audit activity undertaken with the external national standards group. Organisational risk was assessed as low.
- Adult Complex Care Packages. Noted number of actions listed as complete, pending internal audit review. Advised outstanding work related to the development of a framework for the allocation and monitoring of high cost care adult social care packages, further detail in relation to which had been requested.
- Adult Social Care Services. Noted a management representative would be requested to provide an update on actions at the next meeting.

After discussion, the Committee

- **Noted** the circulated report.
- **Noted** the updates provided in relation to Cyber Security (Network Controls) and Adult Complex Care Review actions.
- **Noted** an update on completion of Adult Social Care Services Review actions would be provided at the next meeting, including in relation to CM2000.

3 LOSSES AND SPECIAL PAYMENTS – NSS APPROVED WRITE-OFF

H Cooper spoke to the circulated report, advising an advance payment had been made by NHS National Services Scotland (NSS) to Community Pharmacies in January 2023 along with cumulative overpayments to Pharmacies during the implementation of a new system throughout 2023. Lloyds Pharmacy, who had received part of these advances had since gone into liquidation. The Committee was asked to approve the write-off of £1,078,898.11 due to NHS Highland from Lloyds Pharmacy. Detail of the associated process, including relevant action at national level was provided. There was discussion of the lessons learned from this case, noting advance payments were not a common approach within NHS processes.

After further discussion of reporting aspects, the Committee Agreed to Approve the requested financial write-off.

The following Item was taken later in the meeting.

4 ARGYLL AND BUTE IJB AUDIT COMMITTEE 6 MONTH UPDATE

C Craig spoke to the circulated report, providing an update on the scope and detail of the recent activity of the Argyll and Bute Integrated Joint Board Audit and Risk Committee and advising this had met twice since the last update provided to this Committee. The report proposed the Committee take **Moderate** assurance.

The Committee:

- **Noted** the content of the circulated report.
- **Agreed** to take **Moderate** assurance.

5 BLUEPRINT FOR GOOD GOVERNANCE 6 MONTHLY UPDATE (IMPLEMENTING SELF-ASSESSMENT FINDINGS)

N Ware spoke to the circulated report, providing an update on the delivery of longer-term actions contained within the NHS Board's agreed Blueprint for Good Governance Improvement Plan 2023 with relevance to this Committee. It was reported the outstanding actions relating to the Audit Committee's remit were focused on reviewing and revising organisational controls in line with risk appetite and that the cascading of associated organisational training would be ongoing activity extending beyond the end of 2024. Specific updates were provided in relation to the resetting of NHS Board Risk Appetite activity; translation of revised risk appetite into workable processes for colleagues; and upskilling of the workforce in risk management knowledge and methodology. The Report proposed the Committee take **Moderate** assurance.

In relation to the stated periodic review of risk appetite, members were advised this was expected take place annually, with no set dates yet agreed.

The Committee:

- **Noted** the content of the circulated report.
- **Agreed** to take **Moderate** assurance.

6 GOVERNANCE COMMITTEE ANNUAL ASSURANCE REPORTS 2024/25

N Ware spoke to the circulated report, advising all Governance Committees were required to provide an Annual Statement of Assurance on their activities throughout the financial year to the Audit Committee and NHS Board. The report included the Annual Governance Committee Reports for the period 1 April 2024 to 31 March 2025 in relation to the Clinical Governance; Finance, Resources and Performance; Highland Health and Social Care; Pharmacy Practices, Remuneration and Staff Governance Committees. It was reported Governance Committees had reviewed their Terms of Reference during November 2024 and January 2025, with agreed documents being endorsed by the Audit Committee in March 2025 and incorporated into a refreshed Code of Corporate Governance approved by the NHS Board in March 2025. The report proposed the Committee take **Substantial** assurance.

The Committee:

- **Noted** the content of the circulated report.
- **Agreed** to **Approve** and **Recommend** to the NHS Board the circulated Governance Committee Annual Reports 2024/25, as evidence in support of the Annual Accounts Governance Statement.

7 RISK MANAGEMENT UPDATE

B Peters spoke to the circulated report providing a detailed update on risk systems and improvement work to ensure NHS Highland was aligned with best practice across Scotland and with national guidance on governance and risk management including the Blueprint for Good Governance document and the Scottish Government's Orange Book. The report proposed the Committee note the continuing work on risk management processes in NHS Highland including Board level risk register; development work on linking this to risk appetite; oversight via the risk dashboard; and work underway in operational units around training and use of methodology in business-as-usual activities. It was proposed the Committee also take **Moderate** assurance.

He went on to give a short presentation to members, providing an overall summary of Risk Management in NHS Highland and indicating the existing position, including associated reporting and governance arrangements; providing an overview of the detail included within Risk Dashboard; detail of qualitative sampling undertaken at Levels 2 and 3; training provision by NHS Providers and the cascade of learning activity; and an outline of current and future actions. Additional presentation content related to aspects concerning risk appetite and the NHS Highland Board Strategic Risk Register including Risk Appetite Statement; associated risk appetite assessment criteria and grading activity; risk appetite scales by risk type considerations. An indication was also provided on activity planned for the upcoming year.

After discussion, the Committee:

- **Noted** the content and detail of the circulated report and associated presentation.
- **Agreed** to take **Moderate** assurance.
- **Agreed** Risk Management be maintained as a Standing Item on future agendas.

The Committee adjourned at 9.55am and reconvened at 10.05am.

8 COUNTER FRAUD

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; Counter Fraud Services (CFS); current cases and recent events; the NHS National Services Scotland/CFS Annual Delivery Plan 2025/26; NFI exercise activity; and relevant training actions. The report proposed the Committee take **Substantial** assurance.

In relation to translating the NHS National Services Scotland/CFS Annual Delivery Plan 2025/26 into specific actions for NHS Highland, it was advised relevant detail would be considered in terms of identifying specific risk analysis areas, dissemination of the same as appropriate and development of a local action plan.

There was discussion of the following:

- Progress on Counter Fraud Standards Components. Advised progress continued in nine component areas, remained on track and would be reported on later in 2025.
- TURAS Training Completion Rate for Finance Staff. Advised detail monitored by Counter Fraud Services, with future reporting detail being actively considered. An update would also be provided to a future Committee meeting on actions arising from an associated earlier Internal Audit Review.

After discussion, the Committee:

- **Noted** the content of the circulated report.
- **Agreed** to take **Substantial** assurance.

9 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.

10 ITEMS ESCALATED FROM OTHER COMMITTEES

Members **Agreed** to provide the NHS Board with a current update in relation to position regarding delays around the Internal Audit of Children's Services.

The Committee so Noted.

11 ANY OTHER COMPETENT BUSINESS

There were no matters discussed in relation to this Item.

12 DATE OF NEXT MEETING

The next meeting was to be on **Tuesday 24 June 2025 at 9.00 am** on a virtual basis.

The meeting closed at 10.15am.