

HIGHLAND NHS BOARD	Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 www.nhshighland.scot.nhs.uk	 NHS Highland na Gàidhealtachd
MINUTE of MEETING of the NHS Board Audit Committee Microsoft Teams	24 June 2025 1.11pm	

Present

Alexander Anderson, Non-Executive
 Dr Tim Allison, Director of Public Health
 Emily Austin, Non-Executive (Chair)
 Graham Bell, Non-Executive
 Elspeth Caithness, Employee Director
 Alasdair Christie, Non-Executive
 Sarah Compton Bishop, Chair
 Heledd Cooper, Director of Finance
 Garret Corner, Non-Executive (Argyll and Bute Council Stakeholder)
 Fiona Davies, Chief Executive
 Albert Donald, Non-Executive
 Karen Leach, Non-Executive
 Boyd Peters, Medical Director
 Janice Preston, Non-Executive
 Philip Macrae, Non-Executive
 Gerry O'Brien, Non-Executive
 Steve Walsh, Non-Executive
 Neil Wright, Non-Executive

In Attendance

Gareth Adkins, Director of People and Culture
 Andrew Devlin, Interim Head of Communications and Engagement
 David Eardley, Internal Auditor, Azets
 Patricia Fraser, Audit Scotland
 Claire Gardiner, Audit Scotland
 Kristin Gillies, Interim Head of Strategy and Transformation
 Jo McBain, Director of Allied Health Professionals
 Liz Porter, Assistant Director of Financial Services
 Nicki Sturzaker, Incoming Head of Communications and Engagement
 Katherine Sutton, Chief Officer, Acute
 Nathan Ware, Governance and Corporate Records Manager
 Dominic Watson, Head of Corporate Governance

The meeting was preceded by a meeting of the Trustees of the Endowment Fund for NHS Highland and followed immediately by an In Committee meeting of the NHS Highland Board.

1.1 Welcome and Apologies

Apologies were received from Joanne McCoy, Catriona Sinclair, Muriel Cockburn, Arlene Johnstone and Louise Bussell with Jo McBain deputising.

1.2 Declarations of Conflict of Interest

Alasdair Christie stated he had considered making a declaration of interest in his capacity as General Manager of Inverness, Badenoch and Strathspey Citizens Advice Bureau and as a Highland Council Councillor, but felt this was not necessary after completing the Objective Test.

1.3 Minute of Previous Audit Committee Meeting, 19 June 2025 and Action Plan

The Committee **approved** the minute of the meeting held on 19 June 2025 and **noted** the rolling action plan.

1.4 Matters Arising

None

2 Assurance for the Consolidation of Endowment Fund Accounts

The Committee **noted** that the Endowment Fund Accounts had been approved and that it could take assurance that having been audited, with an unqualified opinion, that they could be consolidated within NHS Highland's Accounts.

3 Draft Final External Audit Annual Report

C Gardiner spoke to the circulated report and advised the letter confirmed that the audit opinion for the year was unqualified, as disclosed.

She also highlighted:

- Audit Scotland had concluded their work, subject to the final review of the annual report and accounts by NHS Highland.
- The appendices included a letter of representation from the Chief Executive covering key areas such as fraud, contingent liabilities, and compliance with laws and regulations.
- A minor issue was identified in the draft accounts relating to the title of the Independent Auditor's Report which required to be corrected to reflect the appropriate addressees.
- She added that the full annual audit report provided an overview of the 2024/25 accounts and audit process and all audit opinions were unqualified, with no significant findings or adjustments above the £0.7 million reporting threshold.
- Audit Scotland were satisfied that all audit risks had been addressed with adequate assurance and the finance team were commended for delivering high-quality accounts on time.
- Members were reminded that they were obligated to confirm there were no known instances of fraud, legal non-compliance, or post-balance sheet events Audit Scotland were not aware of.

She confirmed that in terms of the wider scope work:

- NHS Highland ended the year with a small surplus, a significant improvement from the initially projected £120 million deficit which was achieved through £49.7 million in brokerage and £43.1 million in savings.
- It was noted the board remained heavily reliant on non-recurring measures, with a cumulative brokerage of £106 million and a starting deficit of £40 million for 2025/26.
- On governance and transparency, arrangements were found to be effective and improving, with a strong commitment to good governance.
- Regarding performance and best value, performance against national standards had been mixed, but there was a clear commitment to improvement. It was noted that NHS Highland has well established arrangements in place for securing best value.

The auditors concluded that the board's financial position was not sustainable, though this was consistent with sector-wide challenges.

The Committee **considered** the report of the External Auditor and **noted** the content.

4 Letter of Representation from NHS Highland to Audit Scotland

The Committee **noted** the content of the letter.

5 Draft Annual Report and Accounts 2024/25 for NHS Highland

The Chair introduced the report and thanked Board Members Gerry O'Brien and Neil Wright for their support in ensuring the Audit Committee meeting held on 19 June was quorate, enabling a full and timely review of the 2024/25 Annual Report and Accounts.

During discussion the following points were highlighted:

- The Chair sought clarification regarding the level of personal detail included in the write-off reports, questioning whether such detail was necessary or if anonymisation could have been considered. The Assistant Director of Financial Services confirmed that the level of detail provided was required to ensure full transparency in the reporting process.
- Committee Members sought clarity on the term 'going concern' and its context. The Director of Finance confirmed it was a term used for all NHS Boards as there was nothing in legislation that would suggest the services provided would cease.
- Committee Members expressed appreciation to all those involved in the preparation of all the component parts of the Annual Accounts for 2024/25.

The Committee:

- Took **Substantial Assurance** from the Annual Report and Accounts.
- **Noted** the submission of the NHS Highland Annual Report and Accounts including the Summary of Losses.
- **Noted** and **Agreed** the recommendations for the Debt Adjustments (Write Off's) over £15,000 and took **Moderate Assurance** from those reports and;
- **Recommended** the Annual Report and Accounts for **Approval** by the NHS Highland Board.

6 Any Other Competent Business

None

7 Date of Next Meeting

The next meeting will be on **9th September 2025**.

The meeting closed at **1.25pm**