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	**23 June 2026 9.30am**	

Present	Emily Austin, Non-Executive (Chair) Alexander Anderson, Non-Executive Graham Bell, Non-Executive Sarah Compton Bishop, NHS Board Chair Heledd Cooper, Director of Finance Fiona Davies, Chief Executive Albert Donald, Non-Executive Graham Ilsley, Non-Executive Karen Leach, Non-Executive Joanne McCoy, Non-Executive Gerry O'Brien, Non-Executive David Park, Deputy Chief Executive Boyd Peters, Medical Director Janice Preston, Non-Executive Gavin Smith, Employee Director Neil Wright, Non-Executive
In Attendance	Gareth Adkins, Director of People and Culture Stephanie Innes, Assistant Financial Accountant Arlene Johnstone, Chief Officer (Highland HSCP) Sophie Kiff, Head of Financial Services Andrew King, Governance and Corporate Records Manager Brian Mitchell, Corporate Administrator Catherine Myles, Charity Lead Liz Porter, Assistant Director of Financial Services Colin Stewart, Senior Contracts Officer

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 E Beswick, L Bussell, J Davies, R MacDonald and B Steven.

1.2 Declarations of Conflict of Interest

No Declarations of Interest were made.

1.3 Minute of Previous Audit Committee Meetings, 12 May and 17 June 2026 and Action Plan

The Committee **agreed to defer** the consideration of circulated draft Minutes and rolling action plan to the next meeting.

1.4 Matters Arising

There were no matters discussed in relation to this Item.

2 Assurance for the Consolidation of Endowment Fund Accounts

The Committee **noted** the Endowment Fund Accounts had been approved and took assurance 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 that the 2025/26 Annual Audit Report provided an unqualified audit opinion, confirming that the Annual Report and Accounts gave a true and fair view and were free from material misstatement.

She also highlighted:

- Audit Scotland had concluded their work, with continued improvements in narrative reporting and no material issues or adjustments identified.
- Opportunities had been identified to strengthen non-current asset accounting, payroll controls and the documentation of financial procedures. Actions had been included within the audit plan.
- Audit Scotland concluded that NHS Highland had effective arrangements for financial management, governance and best value. These were supported by appropriate scrutiny and decision-making processes.
- While an in-year break-even position had been achieved, this remained dependent on non-recurring savings and additional funding, and the current financial position was not considered sustainable without further support or transformational change.
- The medium-term financial outlook remained challenging with a significant funding gap and a need to move towards recurring solutions to achieve long-term sustainability.
- Although improvements had been seen in some performance areas, challenges remained in meeting waiting time standards and strengthening the organisation-wide performance management framework.
- NHS Highland continued to demonstrate a commitment to best value, fairness and equality, with ongoing work to enhance governance and performance arrangements.

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 the accompanying Schedule of Losses and Special Payments. It was noted that the Audit Committee had reviewed the documents on 17 June 2026, and it was confirmed that no amendments had been made to the financial elements of the report.

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.
- **Recommended** the Annual Report and Accounts for **approval** by the NHS Highland Board.

6 Any Other Competent Business

There were no matters discussed in relation to this Item.

7 Date of Next Meeting

The next meeting will be on **8 September 2026**.

The meeting closed at **10.10am**