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	**10 March 2026 10.00 am**

Present:

Emily Austin, Non-Executive (Chair)
Alex Anderson, NHSH Board Non-Executive
Heledd Cooper, Director of Finance
Brian Steven, NHSH Board Non-Executive (from 10.05am)

In Attendance:

Gareth Adkins, Director of People and Culture
Ashley Bickerstaff, Azets, Internal Audit
Louise Bussell, Board Nurse Director
Garret Corner, NHSH Board Non-Executive
Fiona Davies, Chief Executive
Jennifer Davies, Director of Public Health
Jamie Fraser, Azets, Internal Audit
Claire Gardiner, Audit Scotland
Stephanie Hume, Azets, Internal Audit
Arlene Johnstone, Interim Chief Officer, HSCP
Richard Keel, Support Team Leader, eHealth Services
Karen Leach, NHSH Board Non-Executive
Richard MacDonald, Director of Estates, Facilities and Capital Planning (from 9.15am)
Brian Mitchell, Board Committee Administrator
Gerry O'Brien, NHSH Board Non-Executive
David Park, Deputy Chief Executive
Liz Porter, Assistant Director of Financial Services
Janice Preston, NHSH Board Non-Executive
Iain Ross, Head of eHealth (from 9.25am)
Brian Steven, NHS Board Non-Executive (from 10.05am)
Dominic Watson, Head of Corporate Governance

1.1 WELCOME, APOLOGIES AND DECLARATION OF INTERESTS

Apologies were noted from Committee member B Donald, and Non-Committee member E Beswick.

1.2 DECLARATION OF INTERESTS

There were no Declarations made.

1.3 MINUTE AND ACTION PLAN OF MEETING HELD ON 12 JANUARY 2026

The Minute of the meeting held on 12 January 2026 was **Approved.**

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

Action 2 – Action to be retained and scheduled for future meeting.
Action 14 – Update to be provided to the next meeting.
Actions 16 to 20 – Actions be closed.

The Committee otherwise Approved the draft Minute.

1.5 MATTERS ARISING

1.5.1 Update on Timescale for Primary Care Management Actions

Members were advised all actions had been completed, and relevant GP contracts signed and issued the previous week.

The Committee so Noted.

1.5.2 Third Sector Allocations Update

There had been circulated an update on relevant actions relating to Highland HSCP, advising progress was being made in relation to each. Members noted the relating to Argyll and Bute HSCP would be reported to the next meeting.

The Committee:

- **Noted** the circulated update.
- **Agreed** a progress update be provided to the next meeting on Argyll and Bute actions.

2 INTERNAL AUDIT PROGRESS REPORT AND INDIVIDUAL REPORTS

2.1 Health and Safety

S Hume spoke in detail to the circulated report, the Executive Summary of which provided an audit rating of immediate major improvement being required. The report outlined the review background and scope, provided an overall control assessment and indicated 28 improvement actions had been identified, 18 of which related to the design of controls in place. Key findings and cultural observations were outlined, as was the impact on the NHSH Corporate Risk Register, and detail of the relevant Management Action Plan was included.

There was discussion of the following:

- Water Risk Assessment Activity. Highlighted as main finding of interest, with attention drawn to aspects relating to water safety risk assessment and certification across individual sites; oversight and monitoring of associated remedial actions; and the membership and role of the Water Safety Group. Members expressed concern and sought a wider update on relevant Water Risk Assessment (WRA) activity, testing schedules, findings identification and associated remedial action arrangements.
- Third Party Premises Oversight. Highlighted NHS Highland statutory responsibilities in this area, noting this did not include obtaining any relevant safety certification. There was a need for improved and clear mechanisms relating to receiving appropriate assurance from the owners of third party premises on safety standards and certification requirements.
- Culture and Reporting. Advised as to improved reporting activity through the Health and Safety Committee to Staff Governance Committee, including through portfolio of associated Technical Sub Groups, the Terms of Reference for which would be reviewed. Noted a three year Health and Safety Strategy established. Members highlighted matters relating to risk register oversight and links with wider organisational governance framework.

- RIDDOR Reporting. Members noted the management responses, with concern. Advised continual discussion held with Health and Safety Executive (HSE) on relevant matters. Highlighted a focus on improving relevant processes.
- Fire Risk Assessment Activity. Noted the areas highlighted as requiring improvement. Advised as to activity relating to establishing relevant fire safety groups.
- Backlog Maintenance Impact on Health and Safety Risk Profile. Questioned if adequately captured within Corporate Risk Register. Further questioned how the Internal Audit report findings more generally inform updates to the Risk Register and the associated review process relating to the same. Advised as to role of Business Continuity Investment Plan.
- Target Completion Dates for Actions. Noted the wide range of actions outlined and agreed the need to monitor progress, especially on those actions highlighted as Red. Stated relevant completion dates for actions, including those relating to Fire and Water Safety, would be reviewed ahead of the next meeting.
- In relation to target completion dates, members felt for some actions (especially those relating to water and fire risk assessments) the timelines for completion were not short enough as the biggest gaps needed to be addressed with more urgency. Conversely, for some of the more complex actions it was felt the target completion dates needed to be further in the future to allow the necessary work to be completed to the required standard. Management were asked to review all action timelines in light of these comments and in view of other operational pressures and revert with any changes.

After detailed discussion, the Committee:

- **Noted** the circulated report and associated findings.
- **Agreed** stated action timelines be prioritised, reviewed and updated for the next meeting.
- **Agreed** an update be provided to the next meeting on any changes proposed to the Corporate Risk Register in light of internal audit recommendations from the circulated report and more widely.

2.2 SSTS Processes

J Fraser 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 17 improvement actions had been identified, 14 of which related to the design of controls. Key findings were outlined, as was the impact on the NHSH Corporate Risk Register, and detail of the relevant Management Action Plan was included. G Adkins reflected on the audit process and noted this had provided a focus on relevant systems rather than management responsibility aspects. He confirmed relevant actions were in the process of being taken forward.

The following was discussed:

- Optima Interface. Questioned relevant data flow arrangements. Advised Optima would be rolled out and become the front end user interface rota solution for managers. Members were provided an update on a number of system technical aspects and noted this would link into and provide relevant data for the SSTS system.
- Annual Leave. Questioned if matter highlighted had been followed up. Advised arrangements to further investigate position to be discussed. Confirmed local arrangements in place for managing staff annual leave.
- Action Timelines. Noted relevant actions held by one officer and suggested consideration be given to review of timelines for individual elements.

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

2.3 IT Change Controls

A Bickerstaff 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, 2 of which related to compliance with existing procedures, rather than the design of controls themselves. 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 Head of eHealth reflected on the audit process and advised as to the need for planned audit activity to be scheduled to enable appropriate sampling activity, findings review and agreement of informed management responses. He confirmed a NHS Highland Change Management Policy was being developed at that time and that oversight of change arrangements had been assumed by a Support Team Leader.

There was discussion of the following:

- Process for Authorisation and Notification of Change. Advised many changes do not impact staff however many do, with those requiring wider organisational engagement on aspects such as testing, training, potential system downtime and appropriate change scheduling. Change control processes, for capturing and recording this activity were to be improved through the current review. Technical aspects were also highlighted relating to updates conducted by external suppliers, and the associated processes around that.

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

2.4 Internal Audit Management Actions Update

S Hume spoke to the circulated report, advising as to progress made by management in implementing the agreed management actions previously identified. The summary of progress indicated that in relation to the 66 actions identified, updates had been received in relation to each. It was reported that management had made progress with the completion of all actions. It was advised that of the 37 open actions more than half had been either closed or closed, pending receipt of evidence. 18 actions had been assessed as 'Action' on track or being progressed with a revised completion date'.

There was discussion of the following:

- Actions with Future Completion Dates. Advised current updates being received provided assurance these remained on track. There was a robust process for obtaining updates.
- Outstanding Cyber Security Actions. Questioned position in relation to meeting stated deadlines. Advised as to matters relating to support requirements relating to the national implementation of the Cylera system that may impact the stated deadline. Update also provided on multi-factor authentication for admin staff, this requiring product identification and a potential delay to the stated deadline. All actions were subject to regular review. Agreed to review how actions reliant on national activity were captured and monitored.
- Children's Services Actions. Agreed an update be provided to the next meeting.
- Consideration of Financial Aspects. Questioned if potential financial aspects relating to actions had been reflected in the 2026/27 financial planning process. Confirmed this was the case, working with relevant service areas and management accounting colleagues.

After short discussion, the Committee:

- **Noted** the circulated report.
- **Agreed** an update on Children's Services actions be submitted to the next meeting.

2.5 Internal Audit Plan 2026/27

S Hume spoke to the circulated report outlining proposed audit areas suggested for inclusion within the NHS Highland Internal Audit Plan for 2026/27, this having been informed by a series of consultations and review. There had been 9 reviews planned in total, the high level of objectives relating to which were outlined. Further discussion would be held with relevant Review Sponsors on defining individual audit review focus specifics prior to receipt of Executive Director Group approval to proceed. The plan had been cross-referenced to the NHS Highland Corporate Risk Register. The report also included the Corporate Risk Register, 2026/27 review timetable, internal audit universe and internal audit charter. Members were invited to review and approve the internal Audit Plan for 2026/7. The agreed Plan would be subject to change through the review period as appropriate.

There was discussion of the following:

- Consultant Job Planning Review. Questioned if waiting list management guidance and application would form part of the planned review. An overview was provided in relation to the elements considered in relation to a Job Planning process review, including waiting list planning, guidance and wider service objectives.

After further discussion, the Committee Agreed to **Approve** the Draft Internal Audit Plan 2026/27.

2.6 Internal Audit Progress Report

S Hume 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 four 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 following was also noted:

- Internal Audit Opinion 2025/26. Advised the findings relating to the Health and Safety Review, considered earlier in the meeting, would likely be referenced within the formal Internal Audit Opinion for 2025/26. The contribution of all those contributing to the work of the Health and Safety Review was recognised.

After discussion, the Committee Noted the circulated report.

3 EXTERNAL AUDIT

C Gardiner spoke in detail to the circulated report providing an overview of the planned scope and timing of the 2025/26 audit of NHS Highland's annual report and accounts. It outlined the audit work planned to meet the audit requirements set out in auditing standards and the Code of Audit Practice including supplementary guidance. Matters relating to materiality were referenced, the relevant timeframe remained on track, and the overall audit fee was detailed. Matters were highlighted in relation to aspects including the outcome of risk assessment procedures on the group audit, wider scope and best value, and Fairness and Equality activity. It was reported 2025/26 represented the fourth year of a five-year audit appointment.

After discussion, the Committee Noted the circulated report.

The Committee adjourned at 10.35am and reconvened at 10.45am.

4 NHS HIGHLAND RISK MANAGEMENT UPDATE AND DISCUSSION

D Park spoke to the recently circulated report, advising a comprehensive review of all risk registers was being undertaken in early 2026, with opportunities for refreshing risk registers across the organisation having been identified. It was stated the planned transition to Healthcare Guardian required the implementation of a structured management approach to review of all risk registers to ensure accuracy and relevance as well as implementation of a training programme. The report provided an assessment of training, governance and guidance, and reporting processes, work in relation to support and standardisation activity, and risk register identification. There were a number of risks on the Level 2 and 3 risk registers due for review, which had been scheduled into the improvement plan for review to strengthen the overall organisational risk management. Accountable owners and risk register owners had been identified across all key directorates and Risk Champions were in place or being identified in the majority of directorates. A structured improvement programme with milestones has been developed covering March 2026 to June 2026 and beyond, the Programme Objectives for which were outlined. The relevant roadmap, timeline and Key Performance Indicators for the NHS Highland Risk Management Framework were also provided, noting relevant mention of future consideration of relevant risk appetite aspects. D Park went on to highlight the importance of incorporating feedback from the last audit committee and connecting risk management with other information sources, such as internal audit reviews and adverse events. He stated procedural changes would ensure audit findings were appropriately assessed and acted upon, with the Associate Director for Quality involved in linking clinical risk considerations. The report proposed the Committee take **Substantial** assurance.

There followed discussion of the following:

- Tracking Areas of Increasing Risk. Advised the Healthcare Guardian system was expected to provide and facilitate better analysis of risk movement, risk review dates and relevant escalation processes. This area was under further active consideration.
- Risk Management Assignment and Ownership. Noted previous reference in Internal Audit reviews. Advised leadership training and governance aspects central to work in relation to addressing gaps in ownership and escalation, with continuing focus on ensuring risk owners are responsible for mitigating action beyond the initial point of escalation. Emphasised the ownership and review of ongoing risk assessment was a critical aspect.
- Healthcare Guardian Functionality. Advised relevant core requirements were in the process of being mapped, with associated reporting and analysis features currently under review. Where the system did not provide required reporting, relevant data extraction and reporting would be subject to manual activity as required. There continued to be discussion with relevant system developers.

After discussion, the Committee:

- **Noted** the report content and agreed to take **Substantial** assurance.
- **Noted** regular updates on the relevant Plan would be brought to future meetings.

5 COUNTER FRAUD

5.1 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; Cyber Scotland Fraud Awareness Week activity; National Fraud Initiative (NFI) exercise activity; and relevant training actions. The report proposed the Committee take **Substantial** assurance.

The Committee Noted the circulated report and **Agreed** to take **Substantial** assurance.

5.2 Operation Dunnet Update

H Cooper spoke to the circulated draft formal report, providing an update relating to a Counter Fraud investigation and providing a series of recommendations to aid with the prevention of similar fraud attempts. It was reported Counter Fraud Services (CFS) had made the relevant assessment as highlighted within the report and the case had been reported to the Crown Office and Procurator Fiscal (COPFS). The result was as yet unknown. Recommendations had been made by CFS in order to prevent such fraud being committed in the future and relevant management responses would be provided and shared with the Executive Directors Group (EDG). The report proposed the Committee take **Substantial** assurance.

There followed very detailed discussion in relation to aspects such as links to wider devolved procurement audit activity; verification of potential agency staff qualifications activity and associated process framework, including for both clinical and non-clinical staff; tendering processes, associated declarations of interest, and segregation of duties; timescale for conclusion of the individual case concerned; contractual review of activity provided by external specialists; and future press activity. Members also noted a range of service redesign activity underway across a number of areas of function associated with relevant discussion points.

The Committee:

- **Noted** the circulated report and **Agreed** to take **Substantial** assurance.
- **Agreed** an overview of relevant learning points be provided as part of the formal closure report to be provided to a future meeting.

6 INFORMATION ASSURANCE GROUP SIX MONTH UPDATE

I Ross spoke to the circulated report, providing an update on the work of the Information Assurance Group and assurance NHS Highland was operating in compliance with applicable Information Security and Data protection legislation. Specific updates were provided in relation to the Data Protection Risk Register; regulatory audit activity; the work of The Caldicott Guardian; Adult Social Care; Corporate Records Management; Clinical Records Management; Freedom of Information; Subject Access Requests; IT Security; other significant areas of discussion as indicated; detail of reportable incidents during the reporting period; Role Based Access Control; and records destruction and data retention. There had also been circulated Minutes of Meetings of the Information Assurance Group held on 25 |June and 24 September 2025. The report proposed the Committee take **Substantial** assurance.

There was discussion of the following:

- Record Retention Policy. Advised national Policies were applied, with guidance from Health Records Manager.
- Freedom of Information requests. Advised team in place to consider and respond to requests, with input from senior Executives. Resource requirements were a contributory factor when considering response process activity.
- Activity Links to Risk Register. Advised cross referencing activity undertaken as part of reporting process. Consideration to be given on capturing relevant detail for future reports.

After discussion, the Committee Noted the report content and Agreed to take **Substantial** assurance.

7 AUDIT SCOTLAND REPORTS

The Chair drew the committee's attention to a report on the Audit Scotland website relating to Delayed Discharge, the relevant link to which would be shared with members.

The Committee so Noted.

8 COMMITTEE GOVERNANCE AND ADMINISTRATION

8.1 Review of Committee Terms of Reference

The Chair introduced the circulated Committee Terms of Reference, submitted for annual review, and advised there were no amendments proposed at this time.

The Committee otherwise Approved the circulated Committee Terms of Reference.

8.2 Committee Work Plan 2026/27

There had been circulated draft Committee Work Plan for 2026/27. The Plan had been submitted for approval and would continue to be kept under review.

The Committee Approved the circulated draft Work Plan 2026/27, subject to the inclusion of the relevant Internal Audit review reporting schedule for the same period.

8.3 Code of Corporate Governance

The Committee **Noted** consideration of this Item had been deferred to the May 2026 meeting.

9 ITEMS ESCALATED FROM OTHER COMMITTEES

Members **Agreed** that matters relating to the Health and Safety Internal Audit Review findings be highlighted to the NHS Board, including the potential for the materiality relating to which to impact on the year end opinion as part of the Annual Accounts process.

10 ANY OTHER COMPETENT BUSINESS

Members were advised as to the referral of an outstanding debt to a collection agency; the due process being followed and the potential for further legal action to be authorised by NHS Highland. The Committee so **Noted.**

11 DATE OF NEXT MEETING

The next meeting was to be on **Tuesday 12 May 2026** at **9.00 am** on a virtual basis.

The meeting closed at 12.00pm.