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 May 2026 9.00 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
Louise Bussell, Board Nurse Director
Sarah Compton-Bishop, NHS Board Chair
Garret Corner, NHSH Board Non-Executive
Charlotte Craig, Business Improvement Manager (Argyll and Bute)
Kathryn Daley, Azets, Internal Audit
Fiona Davies, Chief Executive
Jennifer Davies, Director of Public Health
Claire Gardiner, Audit Scotland
Stephanie Hume, Azets, Internal Audit
Arlene Johnstone, Interim Chief Officer, HSCP
Richard MacDonald, Director of Estates, Facilities and Capital Planning
Brian Mitchell, Board Committee Administrator
Morven Moir, Head of Finance, Argyll and Bute
Gerry O'Brien, NHSH Board Non-Executive
David Park, Deputy Chief Executive
Boyd Peters, Board Medical Director
Liz Porter, Assistant Director of Financial Services
Iain Ross, Head of eHealth (from 9.20am)
Gavin Smith, Employee Director and NHSH Board Non-Executive
Dominic Watson, Head of Corporate Governance

Note: Minute transcribed by Karen Summers, Committee Services Manager, PSD Scotland

1.1 WELCOME, APOLOGIES AND DECLARATION OF INTERESTS

1.1.1 Apologies were noted from G Bell. The Chair noted the later circulation of papers for the meeting. Members were advised that the annual performance report would be considered briefly at this meeting, with further opportunity provided thereafter for detailed comment.

1.2 DECLARATION OF INTERESTS

1.2.1 There were no Declarations made.

1.3 MINUTE AND ACTION PLAN OF MEETING HELD ON 10 MARCH 2026

1.3.1 The Minute of the meeting held on 10 March 2026 was **Approved.**

The Committee Approved the draft Minute.

1.4 MATTERS ARISING

1.4.1 Update on Third Sector Allocations Argyll & Bute

1.4.1.1 The Audit Committee were provided with an update as follows:

- Draft Standard Operating Procedure had been developed, with an update paper scheduled for the Argyll and Bute SLT for end June 2026 for approval.
- Relevant training package developed and being checked with Head of Procurement to ensure appropriate. Expressions of interest in training being gathered, for commencement in June 2026.
- Contracts Register had been updated for 2026/27 in relation to expired and new contracts. On target for completion by 31 August 2026, including relevant KPIs and escalation processes. Standardised agenda set for future contract meetings.

1.4.1.2 Members noted the closure of the Committee action to provide a progress update on this matter.

The Committee so Noted.

1.4.2 Health and Safety Review

1.4.2.1 The Audit Committee were provided with an update as follows:

- Contractor appointed to complete water risk assessments within three months, with legal compliance questionnaires being issued to third party building owners thereby allowing timelines to be brought forward. Future arrangements would ensure standardised organisational processes.
- Electronic tracking system was being implemented to monitor fire and water risk assessments, with overdue actions escalated through safety groups to Health and Safety Committee. Advised safety groups review actions and escalate issues to the Health and Safety Committee, with various technical groups monitoring relevant action logs. Governance for safety groups had been reviewed and strengthened.

1.4.2.2 Members noted the closure of the Committee action to provide a progress update on this matter. Members requested further updates on actions to address the remaining Internal Audit recommendations at future meetings through the Internal Audit progress reports and emphasised the need for timely closure of the points raised and clarity on the plan to do so.

The Committee so Noted.

1.4.3 Children's Services Transitions Audit Actions Update

1.4.3.1 The Committee were provided with an update on the Children's Services Transitions Audit position as follows;

- Work was underway to align the NHS and Highland Council audit responses into a single shared approach for young people in transition.

- A further paper on revised governance arrangements, including a strengthened transitions board and supporting workstreams, was to be presented to Joint Chief Executives by the end of May 2026.
- Progress on forecasting and oversight of complex case approvals was continuing, although this had not advanced at the desired pace. Revised timescales had therefore been set during June.
- There was confidence that the financial resource authorisation framework would be in place by then to support this and that forecasting work would have commenced.

The Committee so Noted.

Action: To provide further update on the outcome of the discussions at the Joint Chief Executives Committee meeting to a future meeting of the Committee.

2 INTERNAL AUDIT PROGRESS REPORT AND INDIVIDUAL REPORTS

2.1 Workforce Staffing Levels

2.1.1 Members noted the report presented and there was an overall assurance rating of **substantial improvement required** and included 22 recommendations. The report itself focused on the following key areas:

- Compliance with the Act
- Governance and oversight
- Workforce processes, systems and adherence to the Act
- Workforce planning arrangements

2.1.2 The Committee noted the principal findings, including the absence at the time of fieldwork of a formal overarching programme plan for compliance, limited granular information on current compliance across teams, inconsistencies in terms of reference and record-keeping across governance groups, limited formal reporting on system adherence, and the absence of a single organisation-wide approach to workforce planning.

2.1.3 Members were assured that management had accepted all recommendations. Outlined work to refresh governance structures, standardise assurance reporting, develop a more robust programme plan and rollout plan, and improve the granularity of information gathered from implementation groups. It was additionally noted that whilst compliance with the statutory duties remained complex and would require phased work, actions were underway to strengthen governance, reporting and planning.

2.1.4 Members discussed the distinction between statutory compliance and broader operational assurance, along with the need for clearer programme planning, risk escalation, visibility of arrangements beyond acute settings, implications for the medical workforce, and the need to understand the route to compliance. Members advised that the Committee wished to see a clear plan for achieving compliance brought back to a future meeting, while continuing to monitor progress through internal audit management actions and through the Staff Governance Committee route.

After detailed discussion, the Committee:

- **Noted the circulated report and associated findings.**
- **Agreed stated action timelines be prioritised, reviewed and updated for a future meeting.**

2.2 Performance Management

2.2.1 Members noted that the internal audit report on performance management had received an overall assurance rating of **substantial improvement required** and contained 17 recommendations, including five graded as priority 3. The main finding had been that there was no single consolidated, approved performance management framework operating consistently with the organisation. Additionally, there was inconsistency in indicators, targets, data requirements, reporting practice and narrative explanation of variances. Members noted that this had been the main purpose of this audit and welcomed the proposed action plan, which would be monitored through future updates to the Committee.

After discussion, the Committee

- **Noted the circulated report and associated findings.**
- **Action: To ensure consistency of reporting and action timelines be prioritised, reviewed and updated for a future meeting.**

2.3 Internal Audit Progress Report and Management Actions

2.3.1 Members discussed the Internal Audit Progress Report and noted that although the action tracker contained a high number of actions, this reflected the current approach of disaggregating recommendations across reports rather than any deterioration in overall performance. It was noted that most actions were not yet beyond their original due dates. Whilst some updates had been received late, internal audit had seen evidence that work was progressing and had no specific matters of concern to raise at this stage.

2.3.2 It was noted that updates on operational performance and compliance monitoring would be prioritised for the next meeting.

2.3.3 The Committee also noted positive progress on the resident doctor's rota compliance actions.

2.3.4 It was further noted that the annual internal audit opinion for 2025/26 remained on track for presentation to the June meeting, alongside minor amendments to the 2026/27 plan, including a revised whistleblowing scope, deferral of consultants' job planning, and inclusion of a patient funds audit.

After discussion, the Committee Noted the circulated report.

Action: To provide final report to June meeting.

3 DRAFT ANNUAL PERFORMANCE REPORT

3.1 Members were provided with an update on the development of the annual performance report. Members were advised that the report had been strengthened in response to previous audit feedback and now included statements from the Chair and Chief Officers, a charity update, and a spotlight section on facilities and estates. Further refinements were still being made, including updates on primary care and nursing, removal of duplicate charts, and design support to improve presentation.

3.2 It was emphasised that the report had been brought to the Committee at a much earlier stage than in previous years to allow fuller member input before sign-off. Members were invited to review the draft in advance of the forthcoming Board development session and to provide feedback by email to Assistant Director of Financial Services.

After discussion, the Committee Noted the circulated report.

Action: All to feedback comments on the Draft Annual Performance Report to Assistant Director of Financial Services

The Committee adjourned at 10.19am and reconvened at 10.25am.

4 COUNTER FRAUD

4.1a Counter Fraud Update

4.1a.1 The Committee noted ongoing work against the counter fraud standards and the revised presentation of allegation categories. Although details of live allegations could not be discussed because of confidentiality, the report provided assurance regarding the types of allegations being received and the action being taken in response.

4.1a.2 The Committee also noted the Counter Fraud Services annual delivery plan for 2026/27, which would inform local work and standards compliance. The National Fraud Initiative exercise had been completed, with no significant issues identified and assurance that controls were operating effectively. Counter fraud training was now mandatory through TURAS, and a future report would include organisational completion information. Members also discussed avoiding unnecessary duplication of governance around mandatory training, provided appropriate assurance could be evidenced through an existing committee route.

4.1b Counter Fraud Actions (Operation Dunnet) – Final Report

4.1.b.1 Members noted the full report which had now been received, including the completed management responses as discussed at the previous meeting. Members asked about the wider learning from the case, progress against recommendations and the potential for recovery of public funds. It was noted that the matter had been referred to the Procurator Fiscal and that the organisation was awaiting a decision on next steps. Any attempt to recover monies would depend on the legal process. Broader learning would be shared more fully once the case was no longer live, although counter fraud teams would disseminate learning across Boards where appropriate. The Committee agreed that updates on progress against recommendations should be brought back as part of future counter fraud reporting.

The Committee Noted the circulated reports and current progress.

5 NHS HIGHLAND BOARD RISK REGISTER

5.1 Members noted the progress made against the previously agreed risk management road map and that implementation remained on track. Work continued on development of a revised Risk Management Policy and associated Risk Appetite Statement. Additional training would be provided to identified risk leads to continue to strengthen executive and operational oversight.

5.2 Members asked for further thought to be given to ensure that the risk appetite statement fully aligned with the emerging corporate strategy for NHS Highland and the appropriate routes for governance and consultation to ensure Trade Union engagement.

After discussion, the Committee:

- **Noted the report content and agreed to take Substantial assurance.**

6 ARGYLL AND BUTE IJB AUDIT COMMITTEE SIX MONTHLY UPDATE

6.1 Members were provided with a brief update on the work of the Argyll and Bute Audit and Risk Committee. Members noted the following;

- Work on operational risk registers had resumed and was being aligned with the NHS Highland approach, including consideration of a risk champion model. This would promote consistency while reflecting the specific governance context of the Integration Joint Board.
- The governance handbook was expected to be completed and presented by September
- Work on the strategic commissioning plan was progressing in parallel with workforce planning and engagement with partner organisations
- No high-risk concerns were highlighted at this stage.

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

7 AUDIT SCOTLAND REPORTS

7.1 Members noted the update provided and that no significant concerns had been identified that required further discussion.

The Committee so Noted.

8 COMMITTEE GOVERNANCE AND ADMINISTRATION

8.1 Audit Committee Annual Report 2025/26 – Report by Committee Chair

8.1.1 The Head of Corporate Governance presented the Audit Committee Annual Report for 2025-26 for approval onward transmission to the NHS Highland Board.

8.1.2 Members were content to approve the report for submission to the appropriate Board meeting.

The Committee Approved the NHS Highland Audit Committee report for submission to the Board as part of the normal governance process.

8.2 Governance Committees Annual Assurance Reports for 2025/26

8.2.1 The Annual Reports from NHS Highland Board Committees for the period 2025/26 were presented to the Committee for approval for onward transmission to the Board.

8.2.2 Members were content to approve the reports for submission to the appropriate Board meeting.

The Committee Approved the Annual Reports for all NHS Highland Board Committees 2025/26 for submission to the Board as part of the normal governance process.

9 ITEMS ESCALATED FROM OTHER COMMITTEES

9.1 There were no other issues escalated from other governance committees for discussion.

10 ANY OTHER COMPETENT BUSINESS

10.1 There was no other competent business raised at the meeting.

11 DATE OF NEXT MEETING

The next meeting was to be on **Tuesday 17 June 2026** at **9.00 am** on a virtual basis.

The meeting closed at 11.50am.